

Cautious tone to investor sentiment

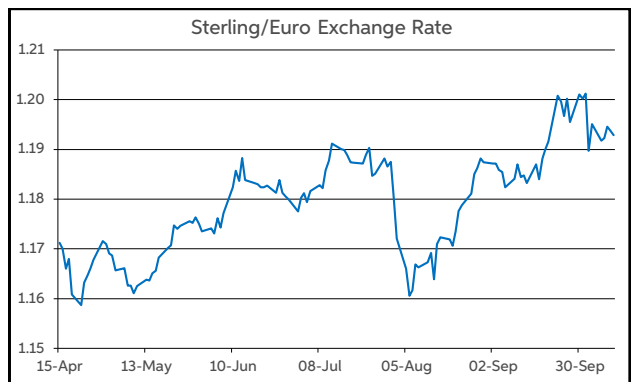
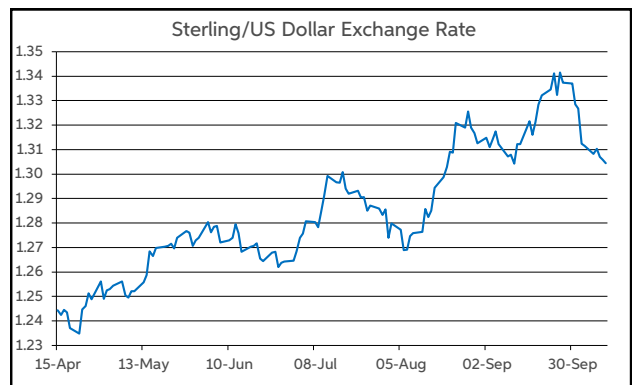
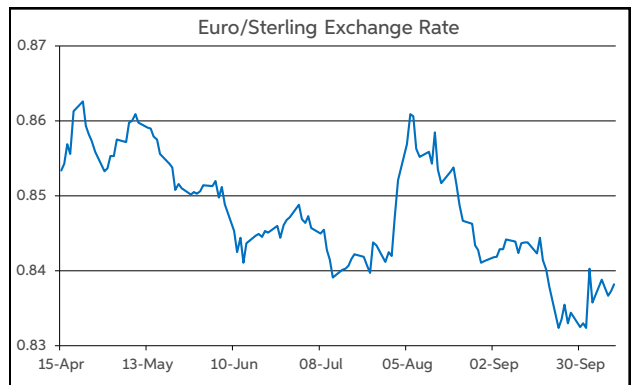
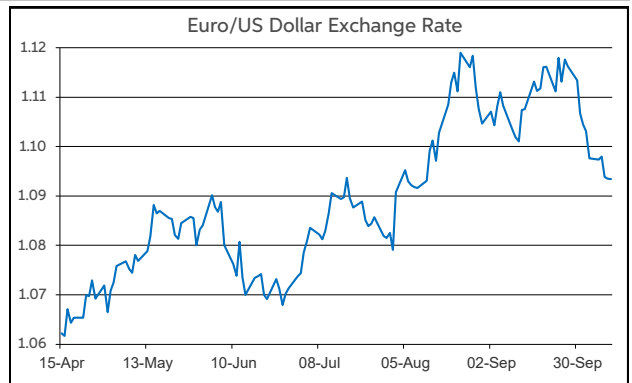
There was a cautious tone to investor sentiment yesterday, amid a mixed bag of US data and the ongoing conflict in the Middle East. Both the Euro Stoxx 50 and the S&P 500 declined by 0.2%. Meantime, oil prices moved higher, with Brent crude up by circa 3% to \$79 per barrel.

Data-wise, US CPI inflation for September printed above the consensus. The headline rate edged down to 2.4% (vs. 2.3% f'cast), while core-CPI rose to 3.3% (vs. 3.2% f'cast). Meanwhile, the latest initial jobless claims jumped to 258k up from 225k, albeit this was partly due to the impact of Hurricane Helene. Overall, the data indicate that the Fed is likely to cut rates at a gradual pace. Elsewhere, the latest ECB meeting minutes suggest that the Governing Council is also in favour of a steady pace of rate cuts. However, more recent remarks from ECB officials have opened the door to a faster pace of easing.

On the currency front, the dollar firmed in the initial aftermath of the US CPI inflation release. EUR/USD dropped to a session low of \$1.091, while GBP/USD fell to a trough of \$1.3025. However, the greenback handed back its gains before the close. Elsewhere, the yen recouped some of its recent losses yesterday. In level terms, EUR/USD opens this morning in the bottom half of the \$1.09-1.10 range. GBP/USD is near the halfway mark of \$1.30-1.31. Meantime, EUR/GBP remains in the top half of the 83-84p band. USD/JPY is changing hands above the midpoint of ¥148-149.

Already this morning, UK GDP has printed in line with expectations, rising by 0.2% in August. However, the July reading was revised lower to +0.3% from +0.5%. The data have not impacted sterling in early trading. The remainder of today's data calendar is quiet.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0934	-0.06	-0.92
EUR/GBP	0.8382	0.16	-3.30
GBP/USD	1.3045	-0.21	2.48
GBP/EUR	1.193	-0.16	3.41
USD/JPY	148.72	-0.46	5.43
EUR/JPY	162.63	-0.50	4.50

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
Base Rate	Money Market			Swap Rates		
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	4.88	4.78	4.64	4.13	4.04	3.84
EUR	3.65	3.26	3.22	2.75	2.46	2.38
GBP	5.00	4.92	4.76	4.36	4.30	4.09

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Euro

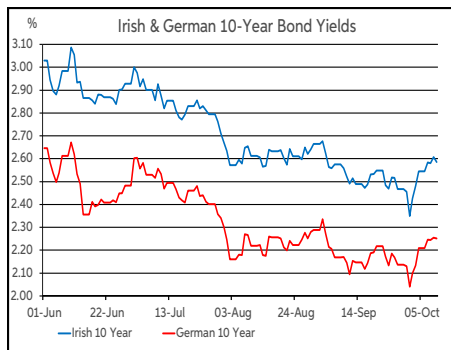
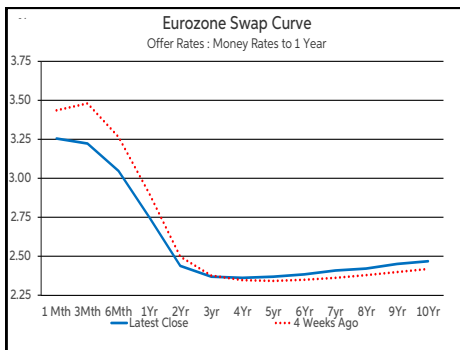
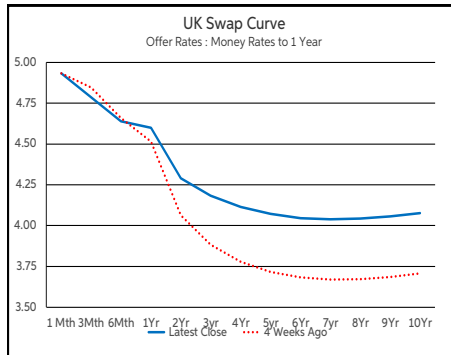
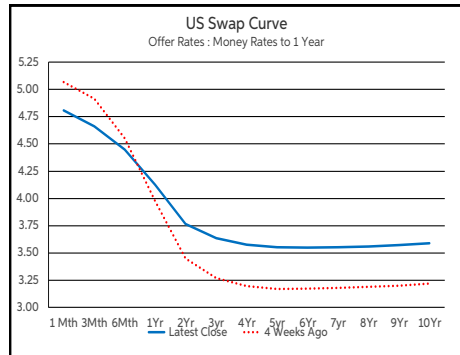
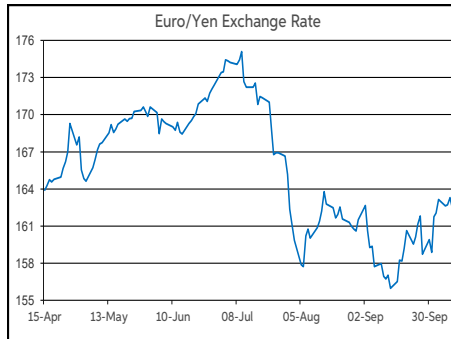
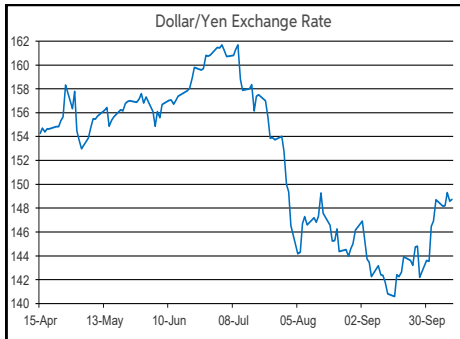
EUR/GBP	0.8382
EUR/USD	1.0934
EUR/JPY	162.63
EUR/SEK	11.3743
EUR/DKK	7.4596
EUR/NOK	11.7676
EUR/CHF	0.9375
EUR/AUD	1.6247
EUR/HKD	8.4963
EUR/CAD	1.5054

Sterling

GBP/EUR	1.193
GBP/USD	1.3045
GBP/CAD	1.7959
GBP/NZD	2.1414
GBP/JPY	194.01
GBP/SEK	13.568
GBP/DKK	8.8998
GBP/NOK	14.0371
GBP/CHF	1.1184
GBP/AUD	1.9382

Dollar

USD/JPY	148.72
USD/CAD	1.3764
USD/CHF	0.8574
USD/CNY	7.077
USD/BRL	5.5828
USD/RUB	96.7
USD/INR	84.045
AUD/USD	0.6728
NZD/USD	0.6089



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	4.09	+3	+41	+23
Germany	2.25	-0	+10	+23
UK	4.22	+3	+43	+68
5 Year Swap %				
US	3.81	-4	+41	+2
Eurozone	2.37	-3	+4	-6
UK	4.07	-1	+36	+42
2 Year Swap %				
US	4.01	-7	+35	-32
Eurozone	2.44	-4	-5	-36
UK	4.29	-4	+23	+3
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	+0	-1	+4
Belgium	61	-1	+1	-5
France	77	-0	+8	+24
Italy	128	-2	-11	-39
Spain	74	-2	-7	-22
Portugal	51	-1	-10	-25
Greece	96	-0	-4	-9

Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	79.4	+3.68	+10.32	+3.06
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2629.5	+0.83	+2.76	+27.48

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