

## European bond yields continue to rise

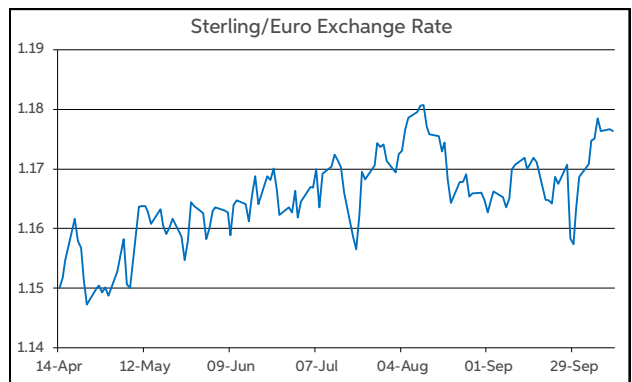
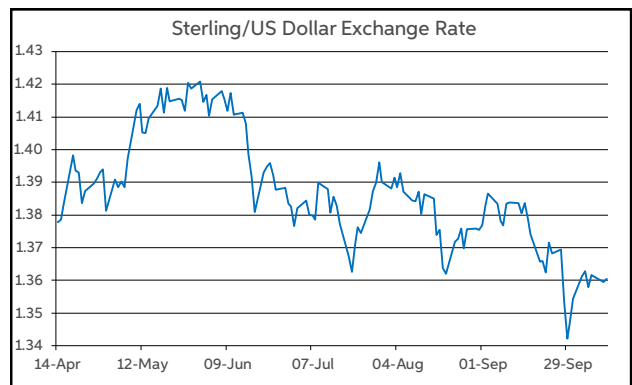
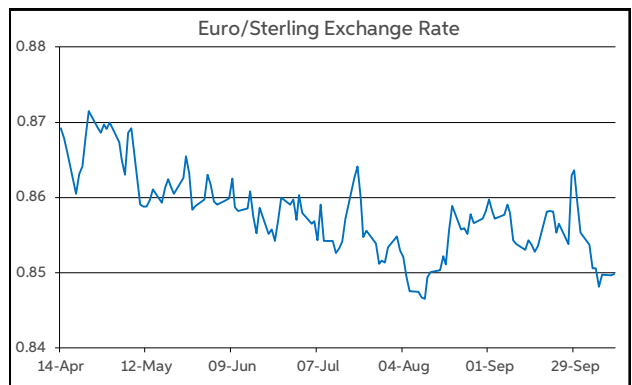
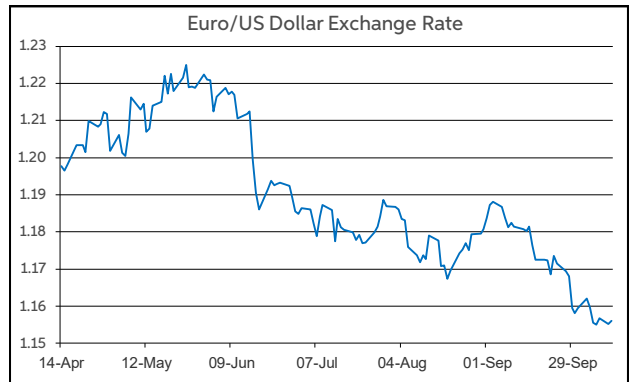
Investor sentiment was holding a cautious tone yesterday, although the price action was relatively muted. Some US markets were closed for the Columbus Day holiday, while there were also no data releases from across the Atlantic. The European macro diary was very quiet. The only release of any note was Italian industrial output for August. It came in slightly ahead of forecasts registering a -0.2% fall in the month (vs. -0.3% f'cast). On equity markets, the Euro Stoxx 50 was flat. Meanwhile, at the close on Wall Street last night, the S&P 500 was down by 0.7%.

Elsewhere, the recent sell-off in European debt continued yesterday. The yield on 10 year UK gilts rose 3bps following hawkish weekend comments from some BoE policymakers, including Governor Bailey. At the same time, the German 10 year Bund yield also rose 3bps, to near -0.11%, its highest level since May.

Currency-wise, the main pairs were subdued for much of yesterday. This has continued in overnight trading. As a result, most of the majors open this morning showing only modest changes from 24 hours earlier. In level terms, this is reflected in EUR/USD trading just above the midpoint of the \$1.15-1.16 trading band. Meantime, EUR/GBP has edged back up towards the 85p mark. GBP/USD is changing hands down near to the \$1.36 handle.

Today's data diary is busier. Indeed, already this morning we have got a raft of labour market data from the UK for August. This included the unemployment rate falling as anticipated to 4.5%. Later today, we get the German ZEW survey (Oct) as well as US job openings (Aug) and small business optimism (Sept).

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1563	-0.08	-5.32
EUR/GBP	0.8498	0.19	-4.91
GBP/USD	1.3606	-0.25	-0.49
GBP/EUR	1.1764	-0.19	5.17
USD/JPY	113.17	0.45	9.62
EUR/JPY	130.86	0.37	3.73

\* 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	0.125	0.09	0.12	0.18	0.47	1.16
EUR	0.00	-0.56	-0.55	-0.49	-0.39	-0.10
GBP	0.10	0.06	0.11	0.62	0.92	1.16

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

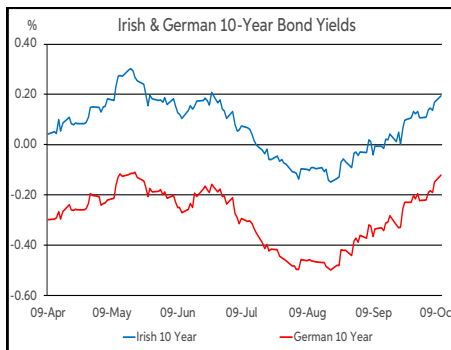
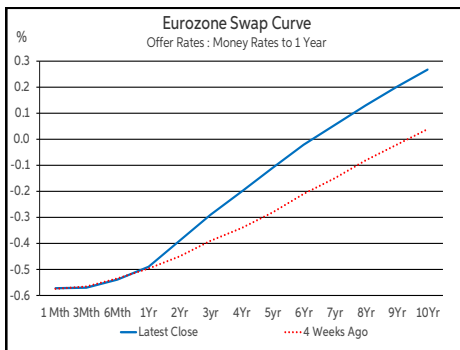
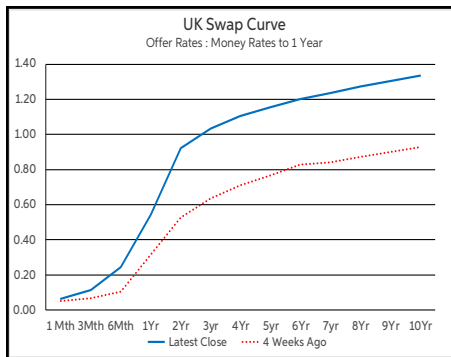
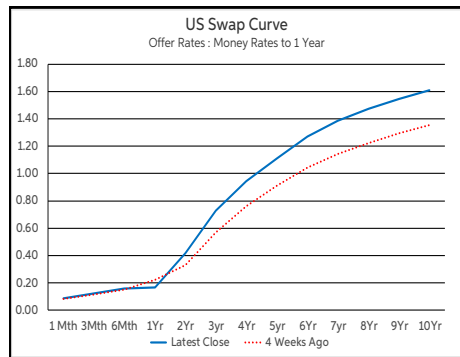
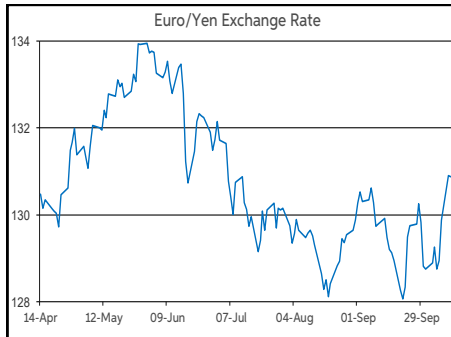
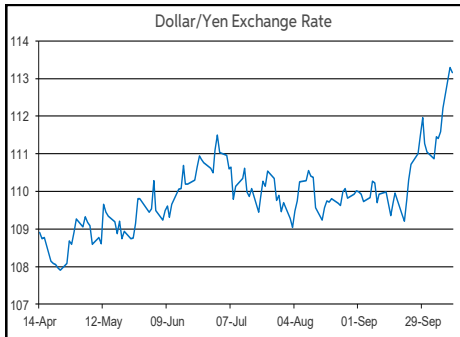
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Tuesday 12 October 2021  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8498	GBP/EUR	1.1764	USD/JPY	113.17
EUR/USD	1.1563	GBP/USD	1.3606	USD/CAD	1.248
EUR/JPY	130.86	GBP/CAD	1.6981	USD/CHF	0.9269
EUR/SEK	10.1381	GBP/NZD	1.9588	USD/CNY	6.4523
EUR/DKK	7.4403	GBP/JPY	153.98	USD/BRL	5.5365
EUR/NOK	9.9238	GBP/SEK	11.9238	USD/RUB	71.825
EUR/CHF	1.072	GBP/DKK	8.7525	USD/INR	75.305
EUR/AUD	1.5732	GBP/NOK	11.6768	AUD/USD	0.7349
EUR/HKD	8.9964	GBP/CHF	1.2611	NZD/USD	0.6943
EUR/CAD	1.443	GBP/AUD	1.8511		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.61	+4	+29	+70
Germany	-0.12	+3	+21	+46
UK	1.19	+3	+44	+100
<b>5 Year Swap %</b>				
US	1.11	-1	+23	+69
Eurozone	-0.11	+3	+18	+35
UK	1.15	+4	+39	+96
<b>2 Year Swap %</b>				
US	0.42	+1	+12	+23
Eurozone	-0.39	+1	+7	+14
UK	0.92	+9	+40	+90
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-0	-1	+11
Belgium	31	-0	-0	+12
France	34	-0	+1	+10
Italy	103	+0	+1	-6
Spain	64	-0	-3	+1
Portugal	52	-1	-4	-12
Greece	105	+1	-4	-16

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	83.65	+1.53	+13.79	+61.49
West Texas Oil	79.55	+1.39	+12.77	+64.53
Gold \$	1753.9	-0.16	-2.21	-7.52

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