

## Volatile times for sterling

Investor sentiment continued to hold a nervous tone yesterday. Concerns over the macro outlook, elevated bond yields and the impact of the recent acceleration in interest rate hikes continued to weigh on risk appetite. This was reflected in falls in the main equity indices on both sides of the Atlantic.

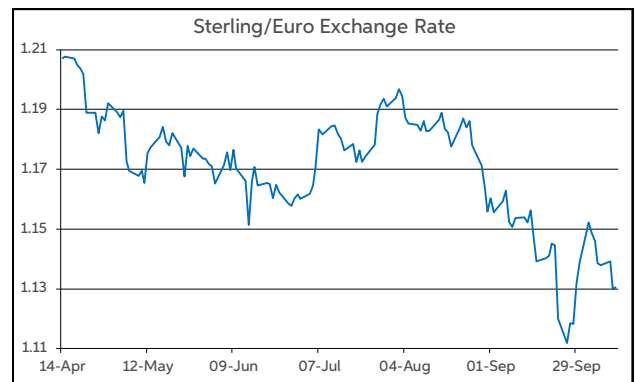
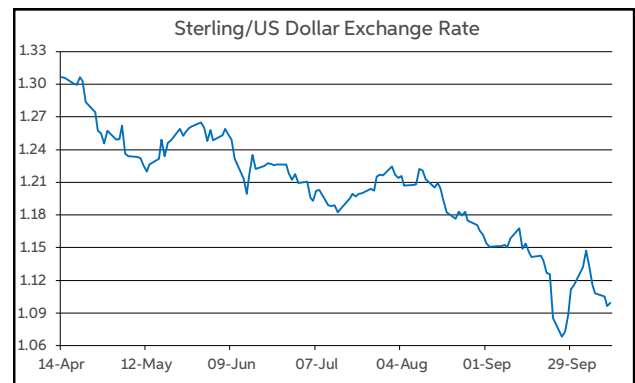
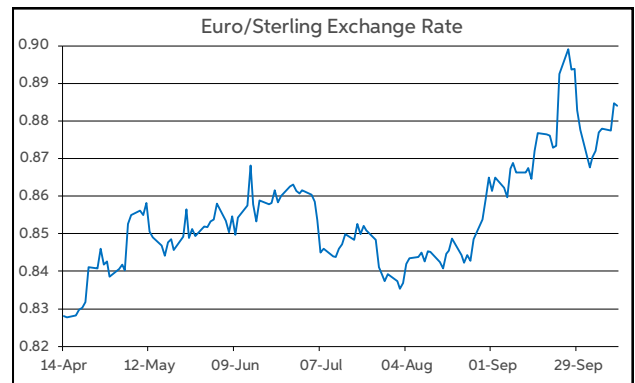
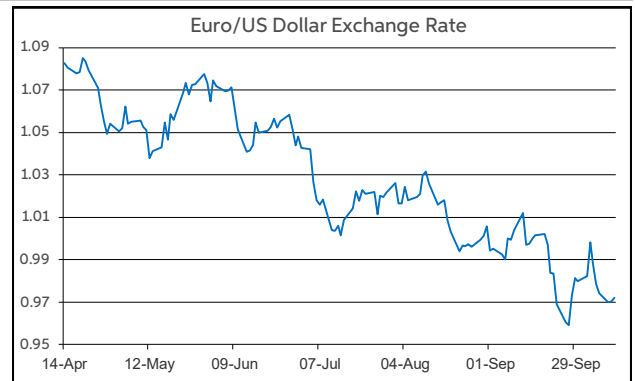
On bond markets, UK Gilts remained in focus yesterday. There was a modest fall in shorter dated UK Gilt yields as the BoE expanded its scope of temporary purchases. At the same time on currency markets, sterling managed to eke out some modest gains during yesterday's European trading session.

However, comments last night from BoE Governor Bailey that the central bank would, as planned, stop its emergency bond buying programme on Friday, prompted some renewed downward pressure on sterling. The EUR/GBP rate went from being near the midpoint of 87-88p to back up into the top half of 88-89p. Meantime, GBP/USD fell back from \$1.11 to a low of \$1.092.

Sterling sensitivity to UK Gilt newsflow has continued overnight. Reports this morning that the BoE may in fact consider extending the deadline of its emergency bond buying has provided some support to sterling. Elsewhere on the currency front, EUR/USD has managed to edge slightly higher over the past 24 hours, with the pair regaining the \$0.97 mark. Meanwhile, USD/JPY has reached new multi-year highs, trading up above ¥146.

The UK remains in the spotlight today. Already this morning, GDP data for August showed that the UK economy contracted by 0.3% m/m (vs. 0.0% f'cast). After the European close this evening, the Fed meeting minutes will be released.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9721	0.48	-14.49
EUR/GBP	0.884	0.72	5.24
GBP/USD	1.0994	-0.26	-18.74
GBP/EUR	1.1306	-0.71	-4.98
USD/JPY	146.16	0.27	27.01
EUR/JPY	142.08	0.72	8.57

\* 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	3.125	3.35	3.94	4.68	4.62	4.16
EUR	1.25	0.81	1.32	2.61	3.01	3.18
GBP	2.25	2.55	3.49	5.25	5.58	5.53

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

Wednesday 12 October 2022  
07:20 am



## Euro

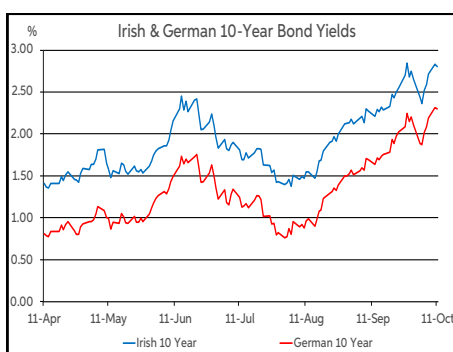
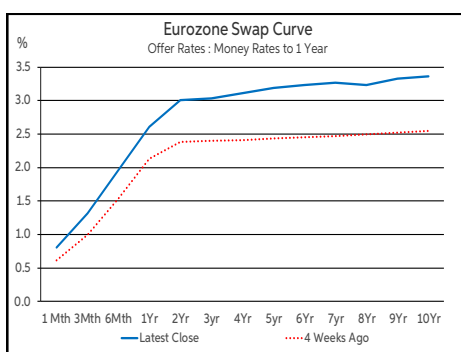
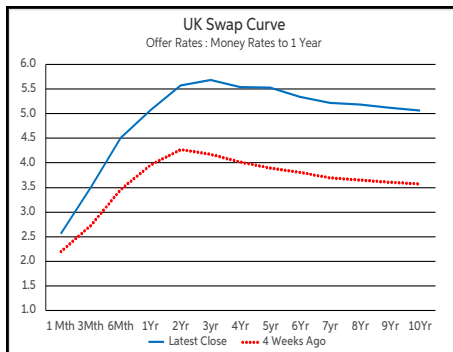
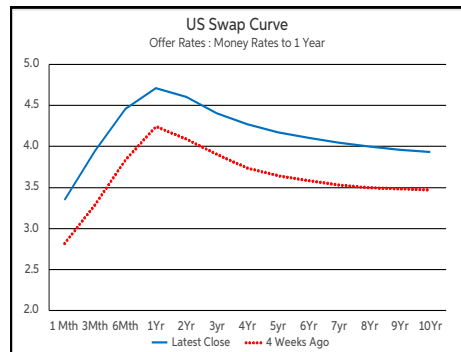
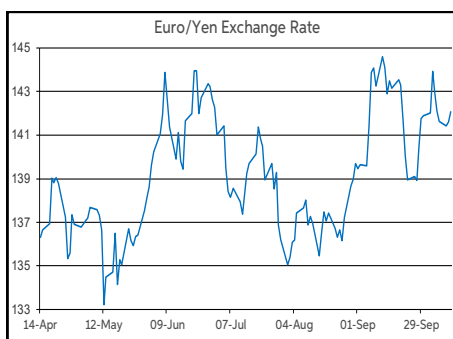
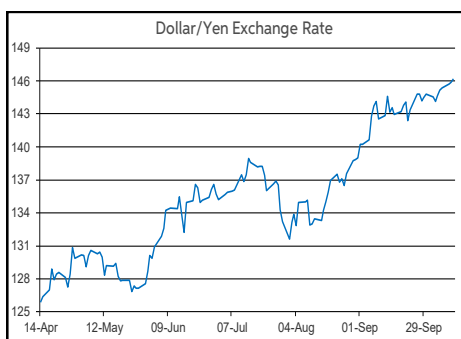
EUR/GBP	0.8841
EUR/USD	0.9722
EUR/JPY	142.08
EUR/SEK	11.0197
EUR/DKK	7.4388
EUR/NOK	10.426
EUR/CHF	0.9674
EUR/AUD	1.5493
EUR/HKD	7.631
EUR/CAD	1.3409

## Sterling

GBP/EUR	1.1306
GBP/USD	1.0994
GBP/CAD	1.5167
GBP/NZD	1.9622
GBP/JPY	160.69
GBP/SEK	12.47
GBP/DKK	8.4116
GBP/NOK	11.7899
GBP/CHF	1.0942
GBP/AUD	1.7522

## Dollar

USD/JPY	146.16
USD/CAD	1.3794
USD/CHF	0.9952
USD/CNY	7.1574
USD/BRL	5.2929
USD/RUB	64.15
USD/INR	82.211
AUD/USD	0.6272
NZD/USD	0.5601



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.95	+6	+53	+243
Germany	2.31	-2	+58	+249
UK	4.45	-2	+128	+348
<b>Ireland</b>				
Ireland	2.84	-3	+51	+259
Belgium	2.95	-1	+61	+277
France	2.89	-2	+60	+270
Italy	4.69	+7	+69	+350
Spain	3.47	-2	+61	+287
Portugal	3.39	+0	+62	+290
Greece	4.96	+5	+73	+364
<b>5 Year Swap %</b>				
US	4.17	+2	+56	+283
Eurozone	3.19	-0	+76	+318
UK	5.53	+7	+168	+425
<b>2 Year Swap %</b>				
US	4.60	-1	+55	+366
Eurozone	3.00	+4	+63	+330
UK	5.57	-6	+130	+438
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	54	-1	-7	+11
Belgium	64	+1	+2	+29
France	58	+0	+1	+21
Italy	238	+9	+11	+101
Spain	116	+0	+2	+39
Portugal	108	+2	+3	+42
Greece	265	+7	+15	+116

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.29	-1.98	+1.20	+21.23
West Texas Oil	89.75	-2.02	+2.17	+19.14
Gold \$	1665.3	-0.16	-2.13	-8.92

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