

## Euro and sterling edge higher versus dollar

There was a subdued tone to investor sentiment for much of yesterday. A quiet data calendar meant there was no major macro releases to influence markets. The only release of note was US producer price inflation for September. The headline rate of 'factory gate' inflation rose unexpectedly to 2.2% from 1.6%.

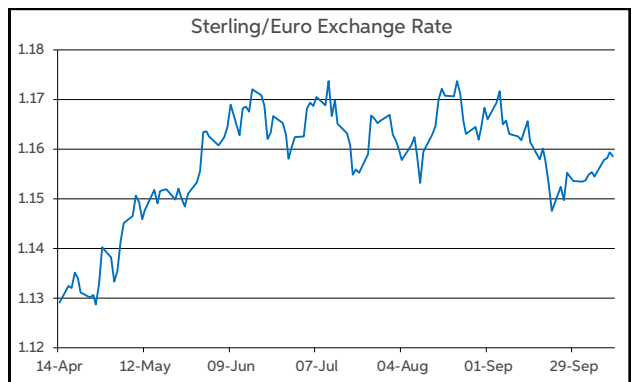
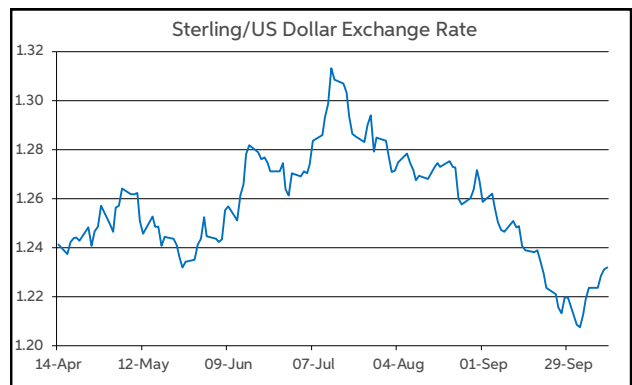
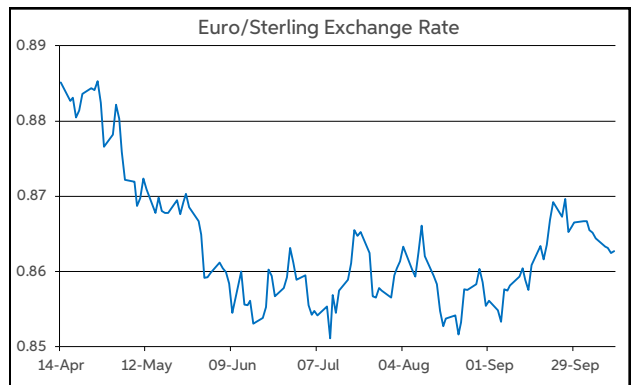
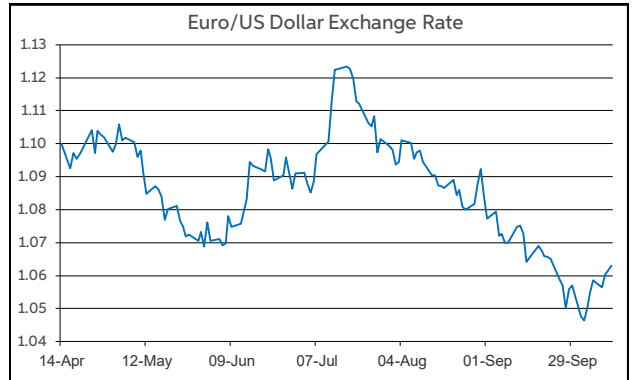
Meanwhile, in terms of monetary policy newsflow, there was no major new insight to glean from the release of the Fed September minutes. At the meeting, the Fed left rates unchanged, in a target range of 5.25-5.50%, whilst maintaining a hawkish tone. However, in recent days, a number of FOMC members have been sounding less hawkish on the need for additional rate hikes.

The muted mood to risk appetite was evident in the main European equity indices being in side-ways mode yesterday. At the closing bell on Wall Street last night, the S&P 500 was up by a modest 0.4%. In contrast, there was a bit more activity on bond markets, with yields declining. The 10-year US Treasury yield fell by 10bps, moving back down below the 4.6% threshold.

Currency-wise, the main pairs remained within confined ranges. Of the limited action to register, the euro and sterling continued to eke out some slight gains versus the dollar. EUR/USD edged marginally higher within the lower half of \$1.06-1.07, while GBP/USD moved back above \$1.23. Elsewhere, EUR/GBP continued to trade just below the midpoint of 86-87p.

Today's macro calendar is busier. Already this morning we have got UK GDP for August. Its rose by 0.2% m/m, which was in line with expectations. Later today, we get US CPI figures for September. The ECB meeting account from September is also due.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.063	0.25	-0.67
EUR/GBP	0.8627	0.05	-2.45
GBP/USD	1.2318	0.22	1.83
GBP/EUR	1.1585	-0.05	2.52
USD/JPY	149.11	0.17	13.73
EUR/JPY	158.51	0.43	12.98

\* 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	5.38	5.45	5.66	5.62	5.19	4.64
EUR	4.50	3.86	3.99	4.10	3.73	3.31
GBP	5.25	5.21	5.27	5.36	5.29	4.78

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

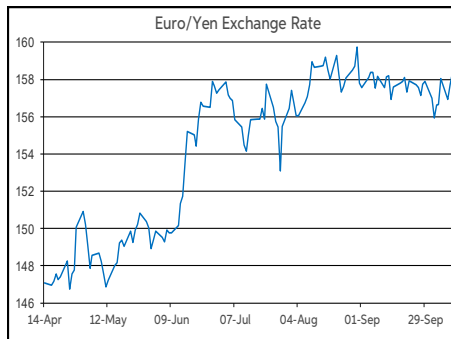
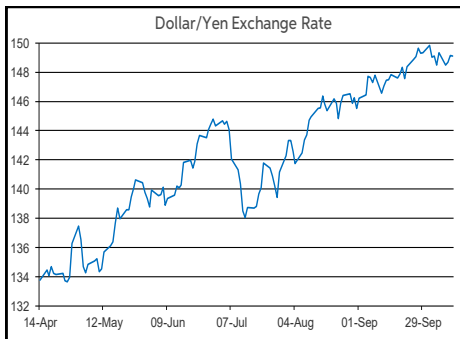
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

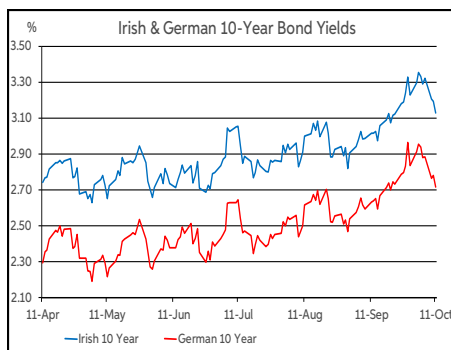
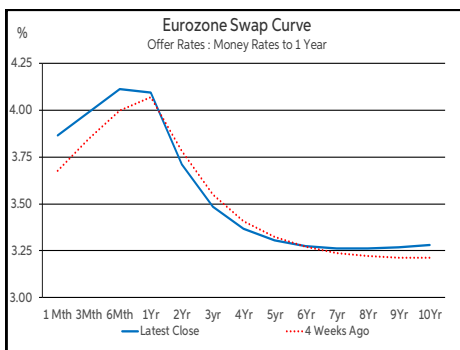
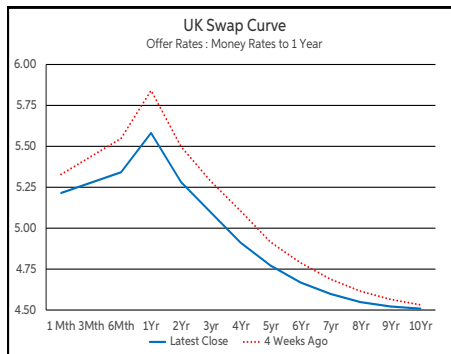
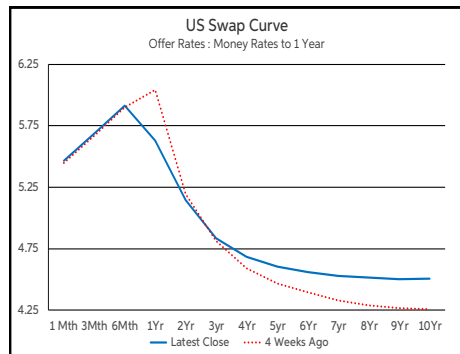
Thursday 12 October 2023  
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8627	GBP/EUR	1.1585	USD/JPY	149.11
EUR/USD	1.063	GBP/USD	1.2318	USD/CAD	1.3582
EUR/JPY	158.51	GBP/CAD	1.6732	USD/CHF	0.8991
EUR/SEK	11.5895	GBP/NZD	2.05	USD/CNY	7.2998
EUR/DKK	7.4571	GBP/JPY	183.7	USD/BRL	5.0496
EUR/NOK	11.536	GBP/SEK	13.4309	USD/RUB	96.9925
EUR/CHF	0.956	GBP/DKK	8.6395	USD/INR	83.19
EUR/AUD	1.6569	GBP/NOK	13.3689	AUD/USD	0.6415
EUR/HKD	8.314	GBP/CHF	1.1079	NZD/USD	0.6006
EUR/CAD	1.4439	GBP/AUD	1.9199		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.56	-10	+30	+68
Germany	2.72	-6	+6	+15
UK	4.34	-10	-1	+67
<b>Ireland</b>				
Ireland	3.16	-6	+11	+1
Belgium	3.37	-7	+8	+17
France	3.28	-6	+7	+16
Italy	4.67	-7	+20	-4
Spain	3.81	-7	+9	+16
Portugal	3.42	-9	+1	-18
Greece	4.24	-13	+17	-36
<b>5 Year Swap %</b>				
US	4.61	-3	+18	+61
Eurozone	3.31	-1	-1	+8
UK	4.77	-4	-14	+47
<b>2 Year Swap %</b>				
US	5.15	+0	-1	+47
Eurozone	3.71	+3	-6	+32
UK	5.28	-0	-21	+60
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	44	+1	+5	-14
Belgium	66	-0	+1	+2
France	56	+0	+1	+1
Italy	195	-0	+14	-19
Spain	110	-0	+2	+0
Portugal	71	-2	-5	-33
Greece	152	-6	+10	-51



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	85.82	-2.09	-6.60	-0.10
West Texas Oil	83.7	-2.55	-5.52	+4.42
Gold \$	1873.6	+0.73	-1.72	+2.70

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