

US CPI inflation in focus today

There was a subdued tone to investor sentiment for much of yesterday. Investors remained on edge amid the uncertain and weakening macro outlook, while at the same time, central banks are aggressively hiking interest rates.

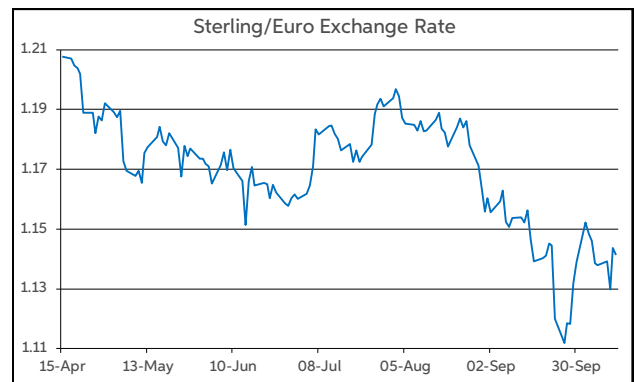
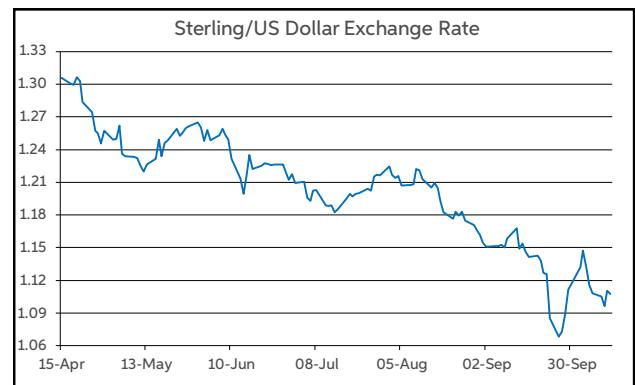
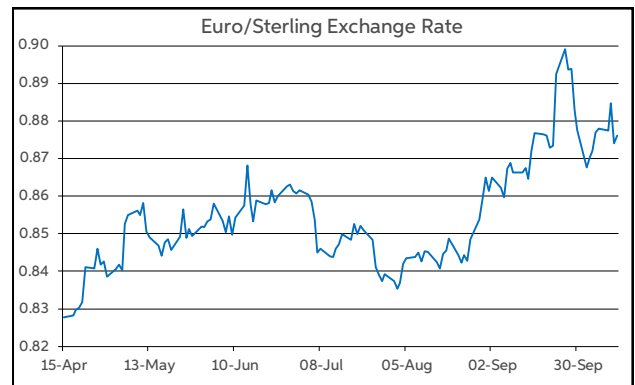
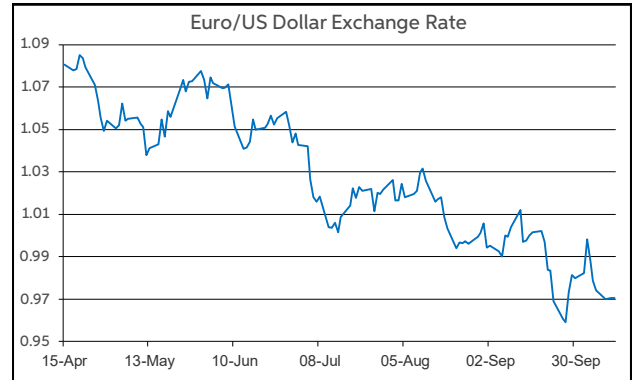
The sombre mood was reflected in the main equity indices being in sideways mode throughout most of the day. In Europe, the Euro Stoxx 50 finished 0.3% lower. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 had also posted a 0.3% loss.

On bond markets, the focus remained on UK Gilts. Longer dated Gilt yields continued to experience some volatile trading conditions amid the mixed messaging coming from the BoE over the past 48 hours, regarding whether or not it would extend its emergency bond buying beyond its Friday deadline.

On the currency front, sterling managed to recover some ground, supported by reports that the BoE may extend the aforementioned deadline. In level terms, the EUR/GBP pair fell back below the 88p mark, to trade near to the midpoint of 87-88p. Cable (GBP/USD) traded upward within the \$1.10-1.11 band. Meanwhile, EUR/USD has spent much of the last 24 hours hovering in and around the \$0.97 threshold.

Ahead today, attention will likely remain on UK Gilts, meaning some potential for sterling volatility. Data-wise, the focus will be on US CPI inflation numbers for September. The August reading was above consensus which prompted a sell off on equity markets, a sharp rise in Treasury yields and a stronger dollar. Headline inflation is forecast at 8.1% in September (8.3% in Aug).

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9703	-0.10	-14.65
EUR/GBP	0.876	-0.83	4.29
GBP/USD	1.1074	0.73	-18.15
GBP/EUR	1.1405	0.83	-4.11
USD/JPY	146.8	0.40	27.56
EUR/JPY	142.47	0.30	8.86

* 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	3.34	4.01	4.74	4.65	4.17
EUR	1.25	0.84	1.34	2.59	2.94	3.14
GBP	2.25	2.62	3.49	5.17	5.47	5.48

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
---------	---	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

Thursday 13 October 2022
07:24 am



Euro

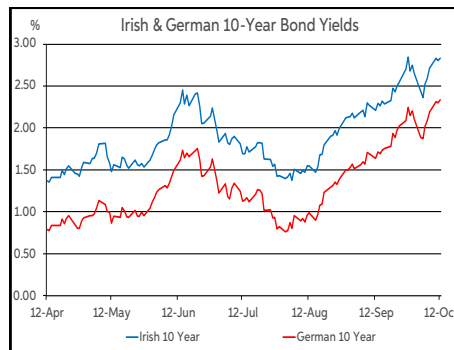
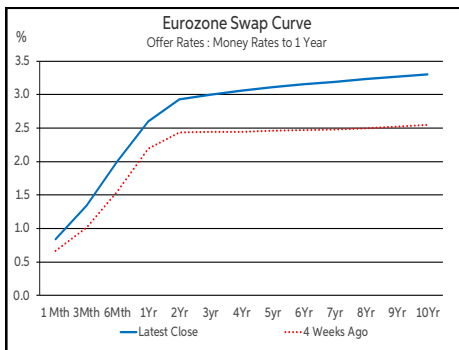
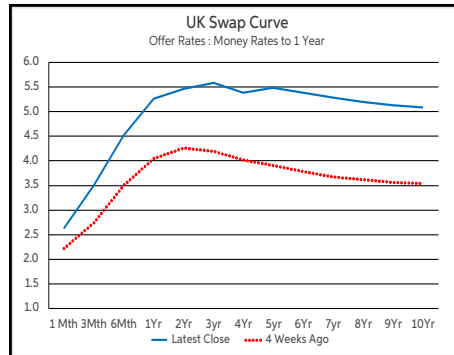
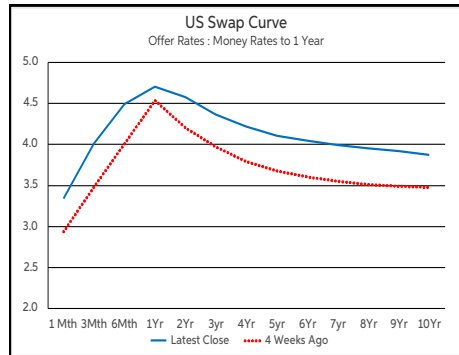
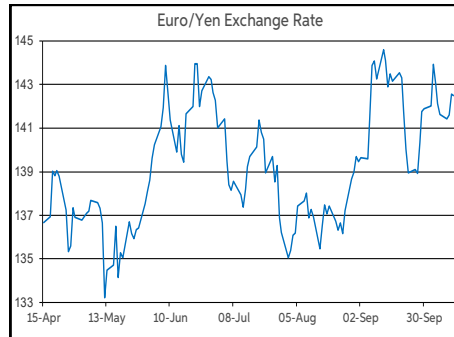
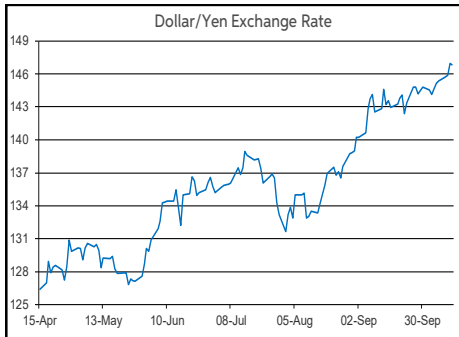
EUR/GBP	0.876
EUR/USD	0.9703
EUR/JPY	142.47
EUR/SEK	11.0017
EUR/DKK	7.439
EUR/NOK	10.4586
EUR/CHF	0.968
EUR/AUD	1.5465
EUR/HKD	7.6176
EUR/CAD	1.3417

Sterling

GBP/EUR	1.1405
GBP/USD	1.1074
GBP/CAD	1.5311
GBP/NZD	1.9746
GBP/JPY	162.57
GBP/SEK	12.5554
GBP/DKK	8.4875
GBP/NOK	11.9354
GBP/CHF	1.1047
GBP/AUD	1.7648

Dollar

USD/JPY	146.8
USD/CAD	1.3825
USD/CHF	0.9975
USD/CNY	7.1859
USD/BRL	5.293
USD/RUB	63.8
USD/INR	82.359
AUD/USD	0.6274
NZD/USD	0.5606



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.90	-4	+50	+239
Germany	2.35	+4	+65	+253
UK	4.41	-4	+128	+344
Ireland	2.87	+3	+56	+262
Belgium	3.01	+6	+71	+283
France	2.95	+7	+69	+276
Italy	4.82	+13	+84	+363
Spain	3.54	+7	+69	+294
Portugal	3.45	+6	+68	+296
Greece	5.02	+6	+74	+371
5 Year Swap %				
US	4.10	-6	+46	+277
Eurozone	3.11	-8	+66	+310
UK	5.48	-5	+158	+420
2 Year Swap %				
US	4.58	-2	+42	+363
Eurozone	2.93	-8	+50	+323
UK	5.46	-11	+120	+427
10 Year Government Bond Spreads to Benchmark bps				
Ireland	52	-1	-9	+10
Belgium	67	+2	+6	+31
France	61	+3	+4	+24
Italy	247	+9	+19	+111
Spain	119	+3	+4	+42
Portugal	110	+2	+4	+44
Greece	268	+2	+9	+118

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	92.45	-1.95	-1.75	+18.86
West Texas Oil	87.83	-2.14	-1.18	+16.59
Gold \$	1672.5	+0.43	-1.37	-8.53

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.