

## Dollar firms post US CPI data

Risk appetite remained subdued on both sides of the Atlantic yesterday, as marginally higher than anticipated US inflation for September sparked a sharp move higher in bond yields and a firming in US rate hike expectations. The Euro Stoxx 50 finished flat for the day, while the S&P 500 lost 0.6%. Meantime, Brent crude oil prices rose slightly, to \$86 per barrel.

US CPI inflation stayed at 3.7% in September, but this was slightly above the 3.6% rate forecast. Core-CPI eased to 4.1% from 4.3%, in-line with expectations. However, the “super-core” rate, which is closely followed by Fed officials rose by a strong 0.6% m/m.

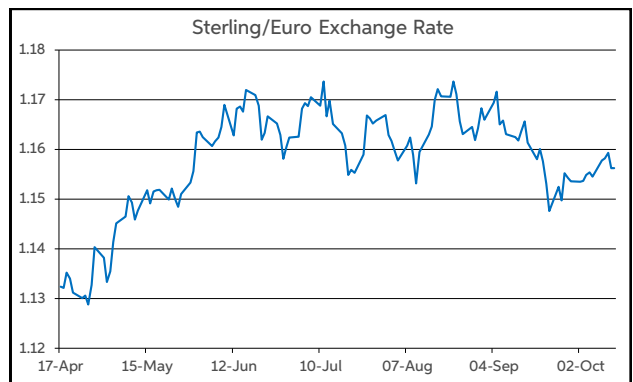
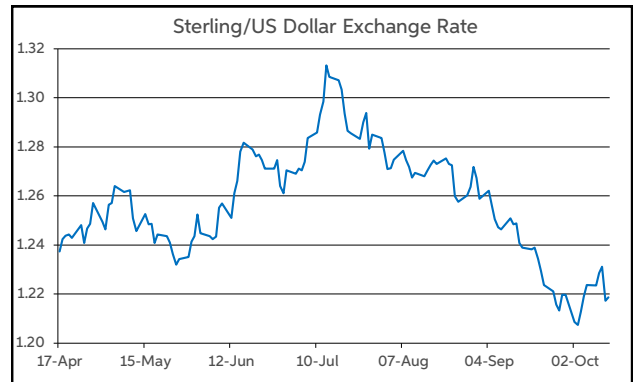
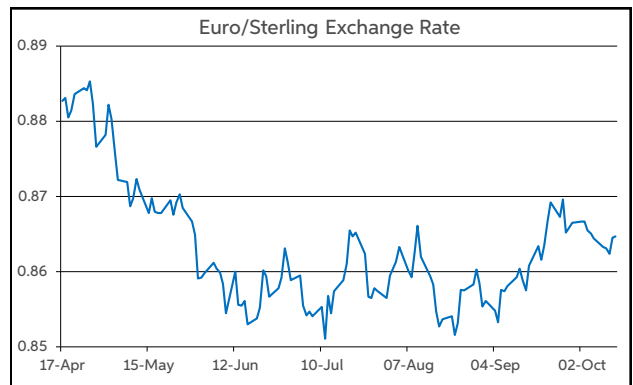
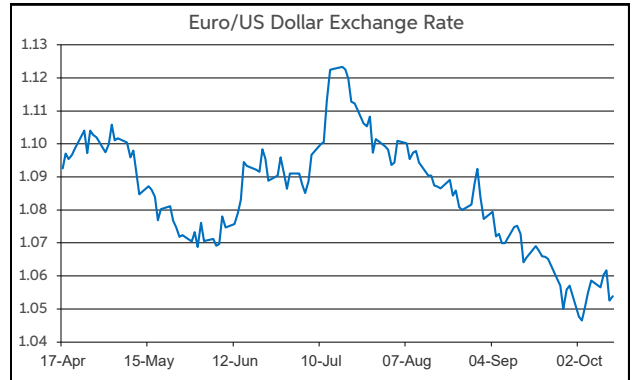
After the release, futures contracts hardened and current pricing indicates there is around a 40% chance the Fed will raise rates by 25bps, up from 30% before the release. US Treasury yields also moved higher after the CPI update, and finished the day up by 9-14bps along the curve. Rising US Treasury yields pulled German Bund and UK Gilt yields upwards by 6-9bps.

Against this backdrop, the dollar gained close to 1% against the euro and sterling. From a euro perspective, the currency was not impacted by the ECB policy meeting account for September.

In level terms, the firmer dollar tone sees EUR/USD open this morning back below the midpoint of \$1.05-1.06. GBP/USD is down below the \$1.22 threshold. EUR/GBP remains between 86-87p.

Today, Eurozone industrial production for August will be the highlight. In the US, the Michigan measure of consumer sentiment for September is due. However, barring any major surprises, the data are unlikely to impact on markets.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0538	-0.86	-1.53
EUR/GBP	0.8644	0.19	-2.26
GBP/USD	1.2187	-1.06	0.74
GBP/EUR	1.1564	-0.19	2.31
USD/JPY	149.74	0.41	14.21
EUR/JPY	157.8	-0.46	12.47

\* 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	5.64	5.23	4.73
EUR	4.50	3.87	3.95	4.10	3.77	3.38
GBP	5.25	5.21	5.29	5.38	5.31	4.81

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

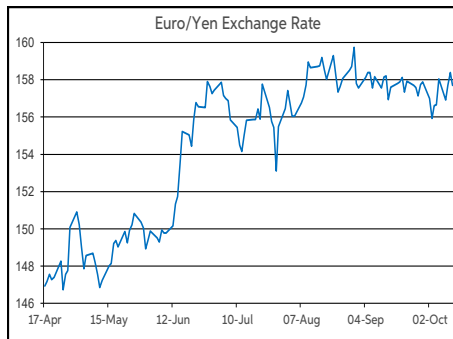
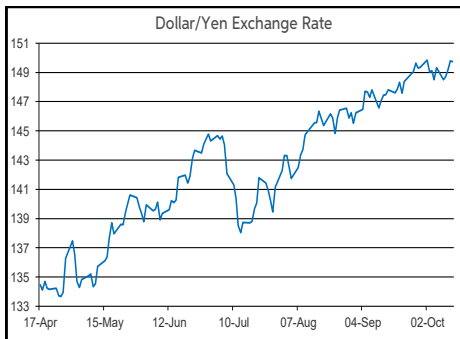
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

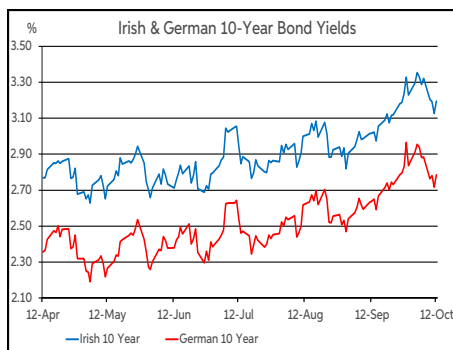
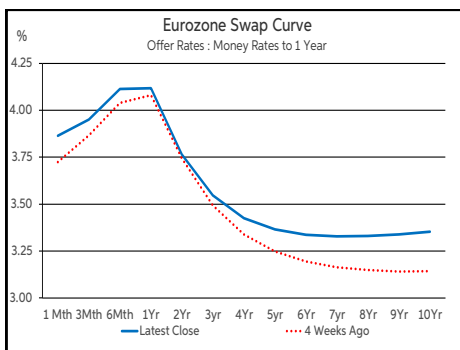
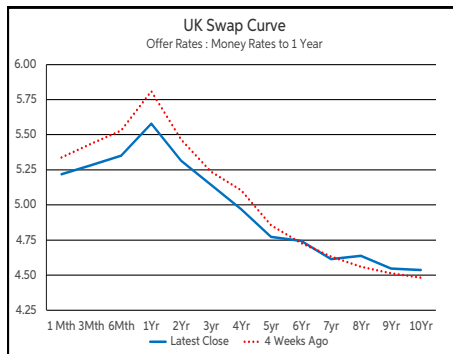
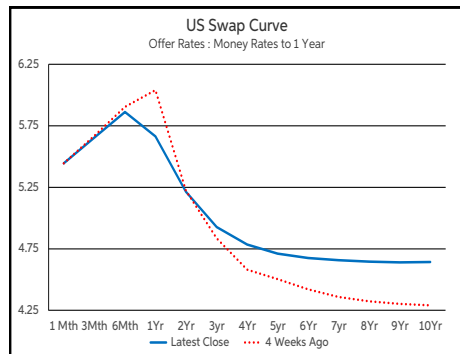
Friday 13 October 2023  
07:40 am



Euro		Sterling		Dollar	
EUR/GBP	0.8644	GBP/EUR	1.1564	USD/JPY	149.74
EUR/USD	1.0538	GBP/USD	1.2187	USD/CAD	1.3685
EUR/JPY	157.8	GBP/CAD	1.668	USD/CHF	0.9074
EUR/SEK	11.5432	GBP/NZD	2.0613	USD/CNY	7.3054
EUR/DKK	7.4562	GBP/JPY	182.49	USD/BRL	5.046
EUR/NOK	11.5636	GBP/SEK	13.3556	USD/RUB	97.5325
EUR/CHF	0.9562	GBP/DKK	8.6221	USD/INR	83.255
EUR/AUD	1.6689	GBP/NOK	13.374	AUD/USD	0.6314
EUR/HKD	8.2421	GBP/CHF	1.1062	NZD/USD	0.5912
EUR/CAD	1.4422	GBP/AUD	1.9302		



Debt Markets				
	Close	Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.70	+14	+41	+82
Germany	2.79	+7	+19	+22
UK	4.42	+9	+14	+75
<b>5 Year Swap %</b>				
US	4.71	+12	+25	+72
Eurozone	3.37	+6	+13	+14
UK	4.77	-0	-8	+47
<b>2 Year Swap %</b>				
US	5.22	+5	+3	+54
Eurozone	3.77	+6	+3	+38
UK	5.31	+3	-15	+63
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	43	-1	+3	-15
Belgium	66	+0	+3	+2
France	56	-0	+2	+1
Italy	197	+2	+21	-17
Spain	111	+1	+6	+2
Portugal	72	+1	-1	-32
Greece	147	-5	+6	-56



Commodities				
	Close	Day	4 Weeks	End 22
Brent Oil	86	+0.21	-8.22	+0.10
West Texas Oil	82.87	-0.99	-8.06	+3.38
Gold \$	1868.6	-0.26	-2.18	+2.43

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