

Volatile day on markets

It was a very volatile day on financial markets yesterday. However, after initially moving lower, equity markets managed to finish the day higher, without any obvious catalyst for the move. These gains broke a six-day losing streak, with the S&P 500 up 2.6%.

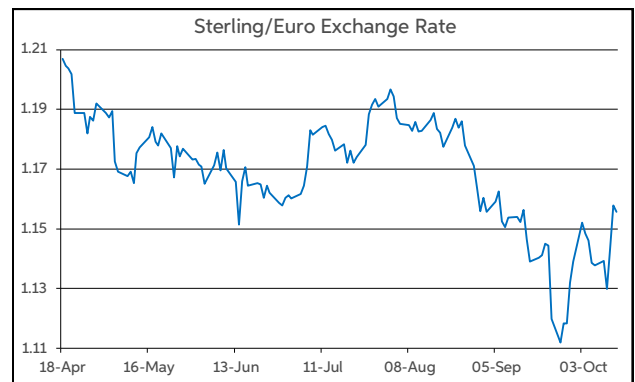
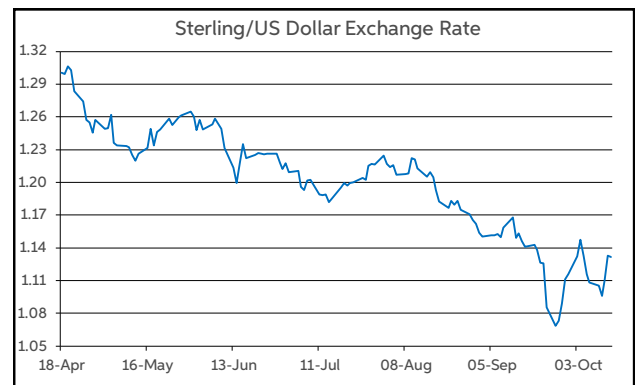
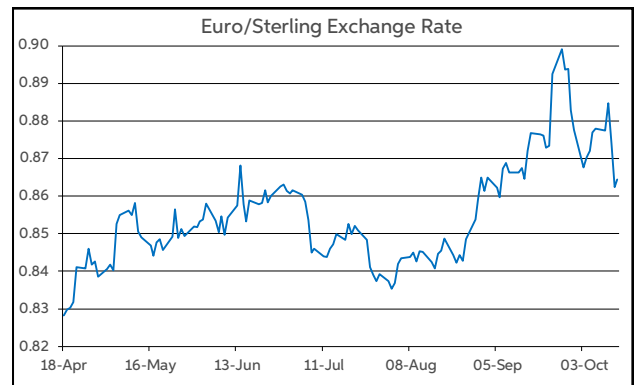
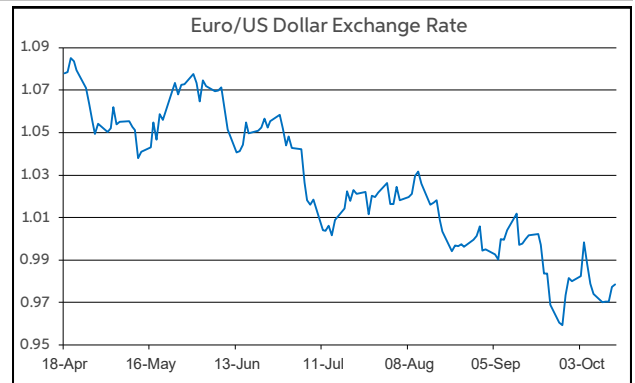
On bond markets, UK Gilts remained the centre of attention. Reports that the UK Government may reverse course on some of its planned fiscal measures, saw Gilt yields fall sharply by 20-25bps, as well as supporting sterling. Elsewhere, the 2-year US Treasury yield moved higher, finishing the day up 10bps, following another above consensus CPI inflation print.

The aforementioned CPI report showed that headline inflation inched lower to 8.2% (vs. 8.3% f'cast) in September. Meanwhile, core CPI rose to 6.6% (vs. 6.5% f'cast). US rate expectations hardened in the immediate aftermath of the release, with the peak rising to near 5% for 2023. However, they later settled back lower, with the peak currently at 4.8%. Currency-wise, the dollar initially found some momentum following the CPI data also, although the currency ended the day on the back-foot.

Overall, amid choppy trading conditions on the exchanges, sterling held the upper hand, boosted by the UK fiscal policy newsflow. This is reflected in EUR/GBP opening this morning back at the midpoint of 86-87p. GBP/USD is changing hands above \$1.13, having started yesterday between \$1.10-1.11. Meantime, EUR/USD is operating just below the \$0.98 threshold.

Ahead today, US retail sales (Sep) and consumer sentiment (Oct) are due. Elsewhere, UK markets will remain in focus as the BoE prepares to wind up its temporary Gilt purchase programme.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9787	0.88	-13.91
EUR/GBP	0.8649	-1.17	2.96
GBP/USD	1.1315	2.04	-16.36
GBP/EUR	1.1557	1.18	-2.88
USD/JPY	147.48	0.45	28.15
EUR/JPY	144.36	1.33	10.31

* 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	4.90	4.79	4.21
EUR	1.25	0.85	1.36	2.63	2.98	3.09
GBP	2.25	2.62	3.49	5.12	5.29	5.23

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

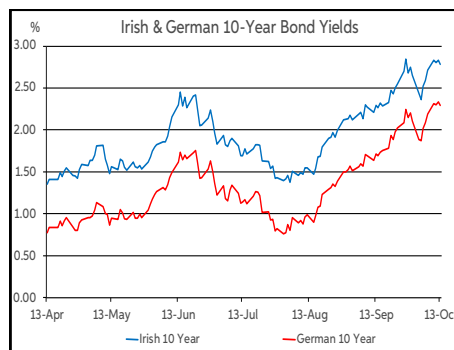
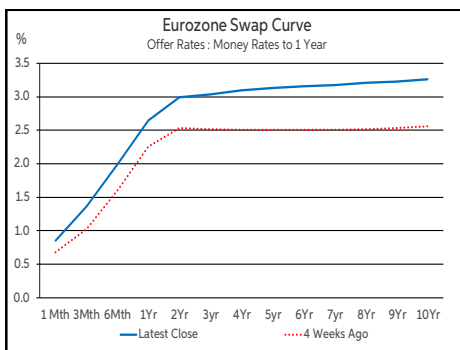
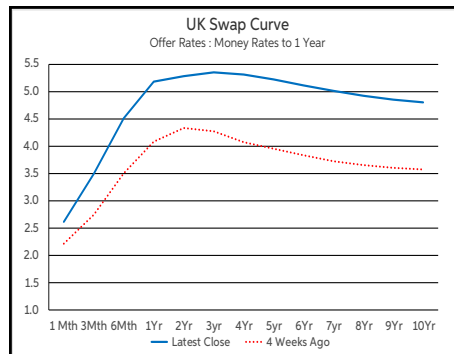
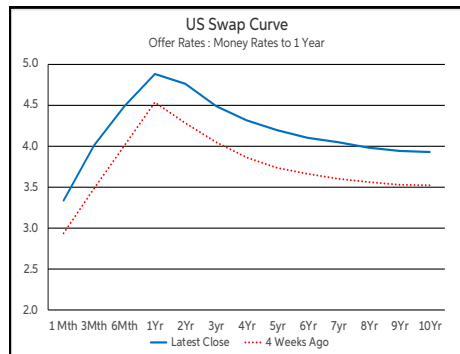
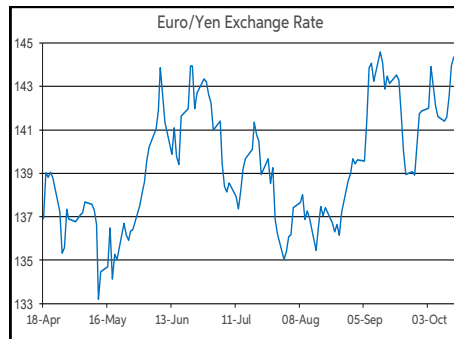
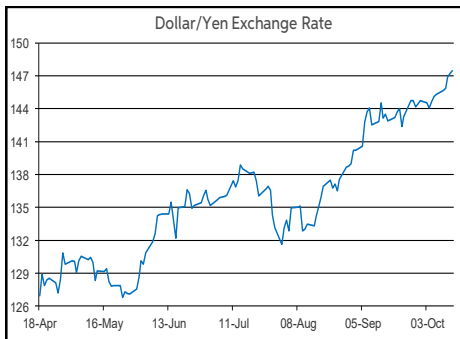
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Friday 14 October 2022
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8649	GBP/EUR	1.1557	USD/JPY	147.48
EUR/USD	0.9787	GBP/USD	1.1315	USD/CAD	1.3718
EUR/JPY	144.36	GBP/CAD	1.5523	USD/CHF	0.9972
EUR/SEK	10.9807	GBP/NZD	1.9963	USD/CNY	7.1724
EUR/DKK	7.4374	GBP/JPY	166.87	USD/BRL	5.2605
EUR/NOK	10.3085	GBP/SEK	12.6939	USD/RUB	63.5
EUR/CHF	0.9761	GBP/DKK	8.5959	USD/INR	82.39
EUR/AUD	1.5456	GBP/NOK	11.9174	AUD/USD	0.6332
EUR/HKD	7.6837	GBP/CHF	1.1284	NZD/USD	0.5665
EUR/CAD	1.3428	GBP/AUD	1.7867		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.95	+5	+50	+244
Germany	2.30	-5	+56	+248
UK	4.18	-23	+102	+321
5 Year Swap %				
US	4.20	+9	+49	+286
Eurozone	3.13	+2	+63	+312
UK	5.22	-26	+127	+395
2 Year Swap %				
US	4.76	+17	+51	+382
Eurozone	2.99	+6	+46	+329
UK	5.28	-18	+95	+409
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	+1	-9	+11
Belgium	63	-4	+3	+27
France	57	-4	+1	+20
Italy	237	-10	+8	+101
Spain	115	-4	-1	+38
Portugal	109	-1	+3	+43
Greece	263	-4	+15	+114

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.57	+2.29	+4.11	+21.59
West Texas Oil	89.59	+2.00	+4.51	+18.93
Gold \$	1665.8	-0.40	+0.12	-8.89

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