

## EUR/GBP at 20-month lows

Similar to the previous week, investor sentiment was holding a cautious tone for the early part of the week. However, towards the end of the week there was a strong improvement in risk appetite without any specific catalyst. As a result, the main equity indices finished the week with gains of between 1.5-2.5%.

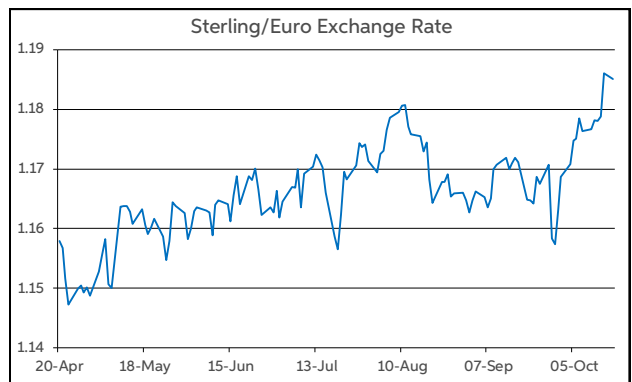
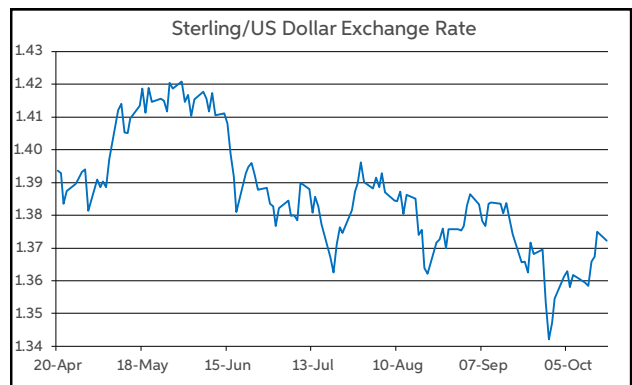
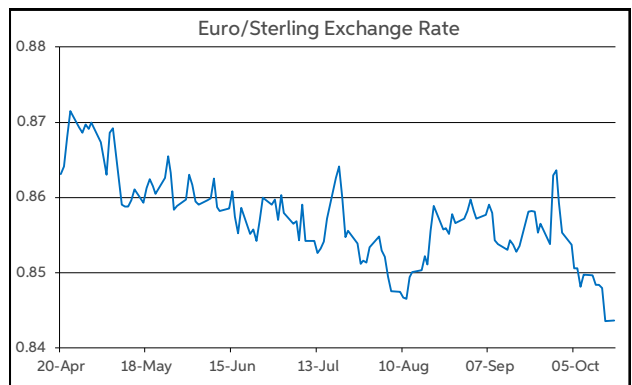
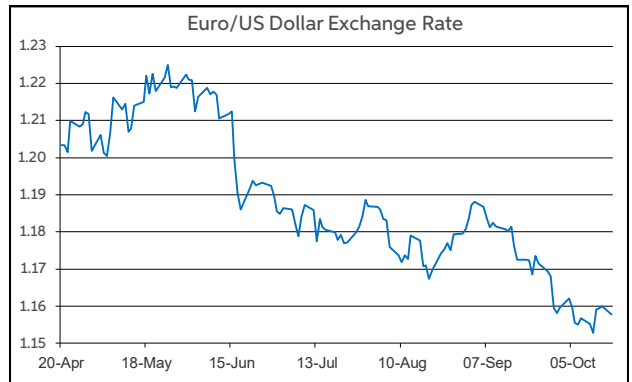
Meanwhile, there was a continuation of the robust action on bond markets. European sovereign bonds were under selling pressure for much of the week. This included both German Bunds and UK gilt yields rising further amid markets anticipating rate hikes sooner than previously envisaged. However, this selling pressure eased somewhat in the second half of the week.

Currency-wise, the Japanese yen was a notable underperformer on the exchanges. This coincided with the improvement in risk appetite towards the end of last week. USD/JPY moved by over 1%, to above the ¥114 level, representing a 3 year low for the yen.

Elsewhere, sterling registered some gains as markets started to speculate on the possibility of a BoE rate hike before year end. This was reflected in EUR/GBP trading to a 20-month low of 84.3p and GBP/USD regaining the \$1.37 mark. Meantime, the EUR/USD pair spent much of the week in the upper half of the \$1.15-1.16 band.

Looking ahead to this week, the flash PMIs (due on Friday) for October from the US, Eurozone and UK will be one the main data highlights. The market will look to the survey data for any additional signs of a loss of momentum in the economic recovery. UK CPI and retail sales data as well as a speech by BoE Governor Bailey will also warrant attention in light of recent heightened speculation around an early UK rate hike.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1576	-0.26	-5.22
EUR/GBP	0.8436	-0.52	-5.61
GBP/USD	1.3723	0.27	0.37
GBP/EUR	1.1852	0.52	5.94
USD/JPY	114.28	0.29	10.69
EUR/JPY	132.3	0.02	4.87

\* 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	0.125	0.08	0.12	0.22	0.58	1.24
EUR	0.00	-0.56	-0.55	-0.51	-0.37	-0.08
GBP	0.10	0.07	0.13	0.64	0.95	1.15

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

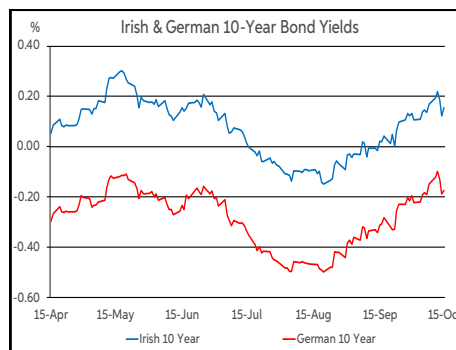
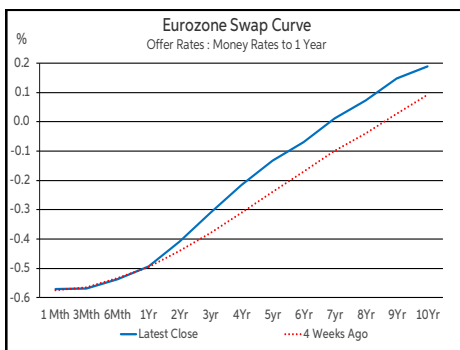
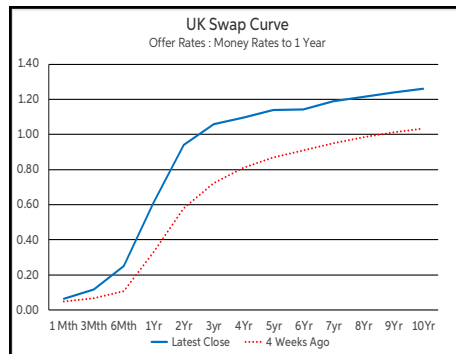
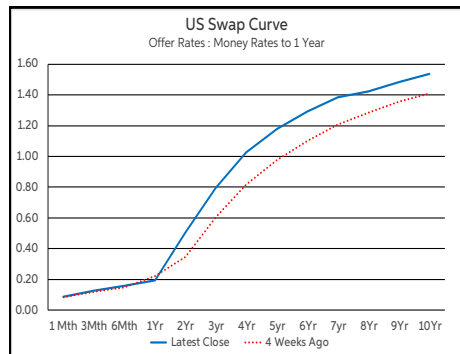
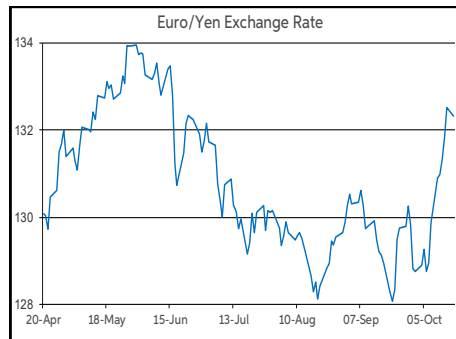
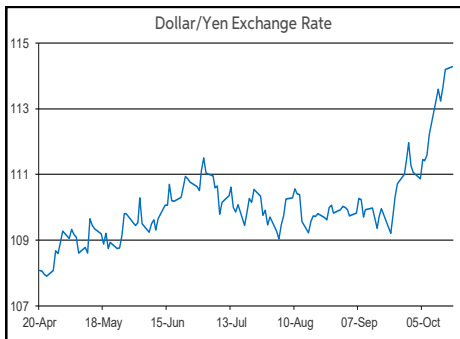
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Monday 18 October 2021  
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8434	GBP/EUR	1.1853	USD/JPY	114.27
EUR/USD	1.1577	GBP/USD	1.3722	USD/CAD	1.2399
EUR/JPY	132.3	GBP/CAD	1.7017	USD/CHF	0.9256
EUR/SEK	10.0018	GBP/NZD	1.9429	USD/CNY	6.4361
EUR/DKK	7.4406	GBP/JPY	156.81	USD/BRL	5.4609
EUR/NOK	9.7959	GBP/SEK	11.8498	USD/RUB	71.093
EUR/CHF	1.0716	GBP/DKK	8.8188	USD/INR	75.34
EUR/AUD	1.5653	GBP/NOK	11.6065	AUD/USD	0.7394
EUR/HKD	9.0058	GBP/CHF	1.2703	NZD/USD	0.7062
EUR/CAD	1.4355	GBP/AUD	1.8554		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.57	+6	+21	+66
Germany	-0.17	+1	+11	+40
UK	1.11	+6	+26	+91
<b>5 Year Swap %</b>				
US	1.18	+8	+24	+76
Eurozone	-0.13	+2	+12	+33
UK	1.14	+7	+27	+95
<b>2 Year Swap %</b>				
US	0.50	+2	+20	+31
Eurozone	-0.41	-0	+4	+12
UK	0.94	+4	+37	+91
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	+2	+1	+12
Belgium	31	+2	+1	+12
France	34	+2	+2	+11
Italy	104	+2	+4	-5
Spain	64	+2	+0	+1
Portugal	52	+1	-1	-11
Greece	109	-1	-1	-11

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	84.86	+1.02	+12.64	+63.82
West Texas Oil	82.39	+1.18	+14.29	+70.40
Gold \$	1767.3	-1.58	+0.75	-6.81

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