

## Sterling's momentum stalls

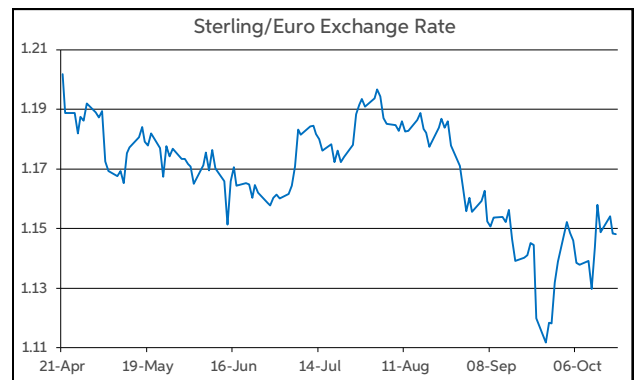
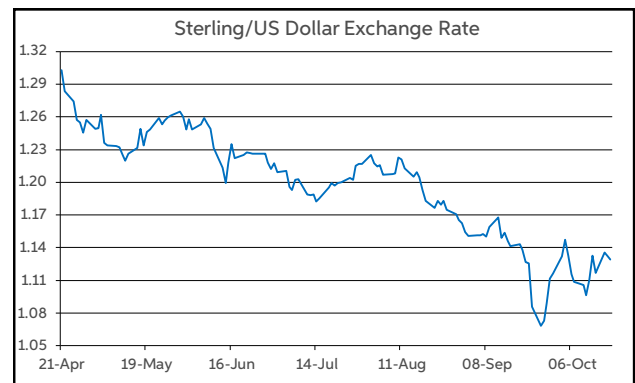
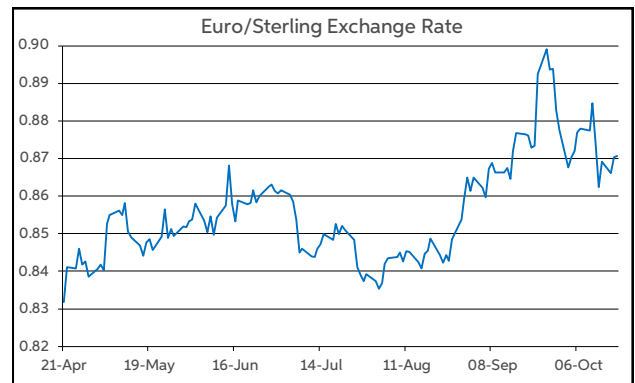
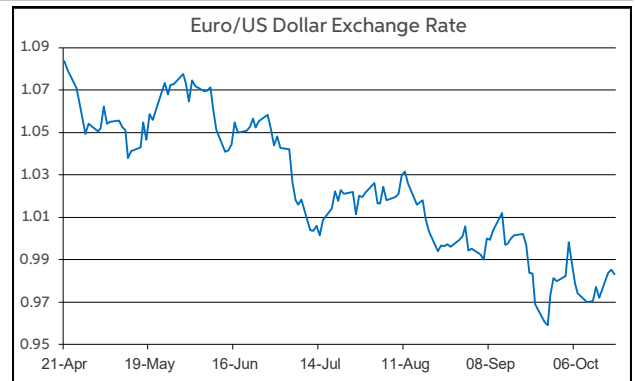
There was a positive tone to risk appetite yesterday. In Europe, the Euro Stoxx 50 was up 0.6%. Meanwhile, on Wall Street last night, the S&P 500 was 1.1% higher on the day. On bond markets, the policy sensitive 2-year UK Gilt yield rose by around 15bps as UK rate hike expectations hardened somewhat. The BoE confirmed that it will proceed with plans to start QT early next month.

Data-wise, the main releases were from the US. It was a mixed bag in terms of results. Homebuilder sentiment fell by more than expected in September to its lowest level since May 2020, providing further evidence of the downturn taking hold in the US housing market. Meanwhile, US industrial production for September printed ahead of expectations. Headline production rose by 0.4% in the month (f'cast for 0.1%). The upside surprise was due to a stronger than anticipated performance from the manufacturing sector. The US data had limited impact on the dollar.

Overall, from a currency perspective, the main pairs were confined to relatively tight ranges. Of the action to register, the recent improvement in sterling stalled and the currency gave up some ground to both the dollar and the euro. The GBP/USD rate was unable to hold above the \$1.13 threshold. Meanwhile, EUR/GBP traded back up to the 87p mark. Elsewhere, the EUR/USD pair edged down into the lower half of \$0.98-0.99.

Today's macro schedule has already seen UK CPI inflation for September released earlier this morning. Headline inflation rose to 10.1%, from 9.9% and slightly ahead of the consensus forecast for 10%. The other main data highlight today is US housing starts for September.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9833	-0.23	-13.50
EUR/GBP	0.8706	0.61	3.64
GBP/USD	1.1292	-0.84	-16.53
GBP/EUR	1.1479	-0.61	-3.51
USD/JPY	149.36	0.39	29.79
EUR/JPY	146.89	0.16	12.24

\* 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	3.49	4.24	4.97	4.85	4.29
EUR	1.25	0.91	1.46	2.65	3.01	3.14
GBP	2.25	2.68	3.40	4.91	5.08	4.92

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

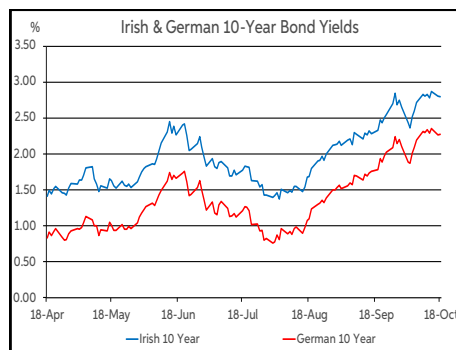
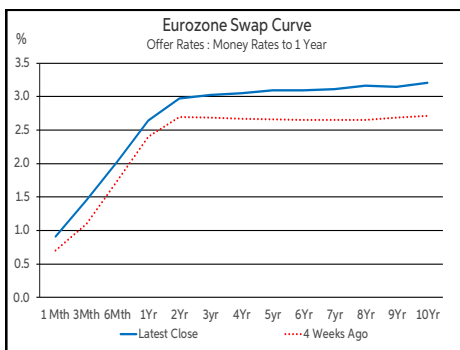
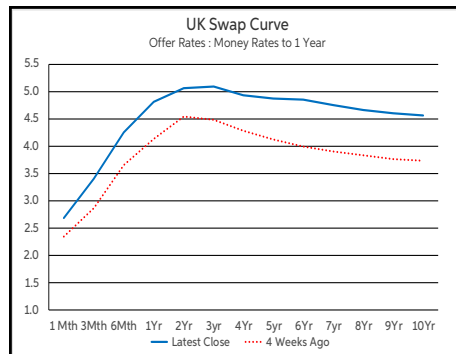
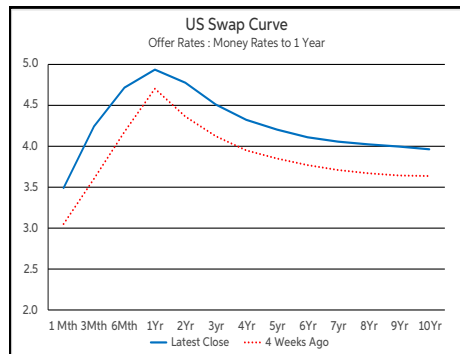
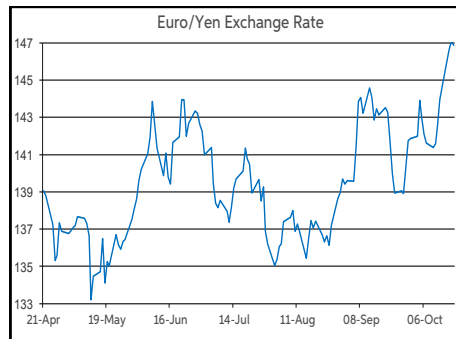
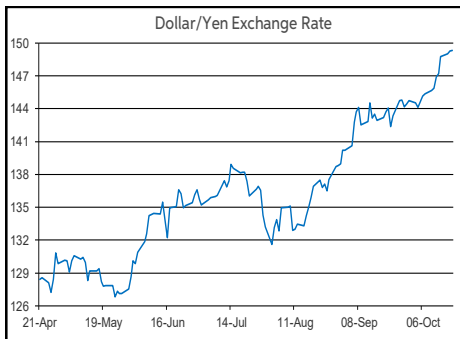
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Wednesday 19 October 2022  
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8706	GBP/EUR	1.1479	USD/JPY	149.36
EUR/USD	0.9833	GBP/USD	1.1292	USD/CAD	1.3763
EUR/JPY	146.89	GBP/CAD	1.5541	USD/CHF	0.9969
EUR/SEK	10.9334	GBP/NZD	1.9883	USD/CNY	7.2236
EUR/DKK	7.4395	GBP/JPY	168.66	USD/BRL	5.2408
EUR/NOK	10.4087	GBP/SEK	12.5534	USD/RUB	61.8
EUR/CHF	0.9802	GBP/DKK	8.5425	USD/INR	82.364
EUR/AUD	1.5616	GBP/NOK	11.949	AUD/USD	0.6297
EUR/HKD	7.7181	GBP/CHF	1.1255	NZD/USD	0.5678
EUR/CAD	1.3534	GBP/AUD	1.7932		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	4.01	-1	+44	+249
Germany	2.28	+1	+34	+246
UK	3.94	-4	+65	+297
<b>Ireland</b>				
Ireland	2.82	-1	+30	+257
Belgium	2.92	+0	+40	+275
France	2.85	+0	+36	+266
Italy	4.68	+2	+49	+349
Spain	3.43	-0	+34	+283
Portugal	3.36	+0	+37	+287
Greece	4.98	+6	+50	+367
<b>5 Year Swap %</b>				
US	4.20	-1	+40	+287
Eurozone	3.10	-2	+44	+309
UK	4.87	-4	+76	+360
<b>2 Year Swap %</b>				
US	4.77	-3	+45	+383
Eurozone	2.97	-1	+28	+327
UK	5.06	+7	+53	+387
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	54	-2	-4	+11
Belgium	65	-0	+6	+29
France	58	-0	+2	+20
Italy	240	+1	+15	+104
Spain	115	-1	+0	+37
Portugal	108	-1	+3	+42
Greece	270	+5	+16	+121

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	90.03	-1.74	-0.65	+15.75
West Texas Oil	83.29	-3.15	-1.65	+10.57
Gold \$	1651.8	+0.11	-0.68	-9.66

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