

## Risk off tone to market sentiment

There was a risk averse mood to investor sentiment yesterday. This was against the backdrop of markets assessing the uncertainty over the conflict in the Middle East and a rise in bond yields. Oil prices also moved higher, with Brent crude above \$91 per barrel. The 'risk off' mood was evident in falls on equity markets on both sides of the Atlantic. In Europe, the Euro Stoxx 50 fell by 1.1%. At the close on Wall Street last night, the S&P 500 was 1.3% lower on the day.

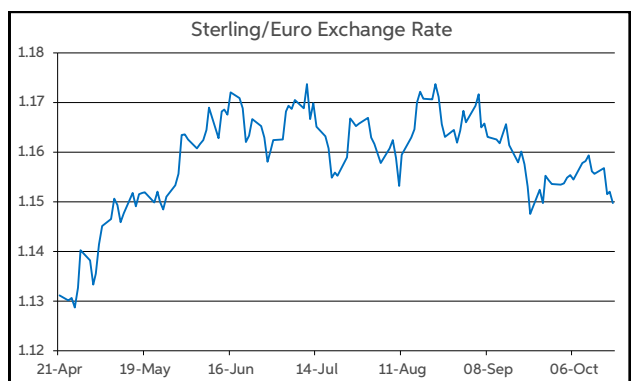
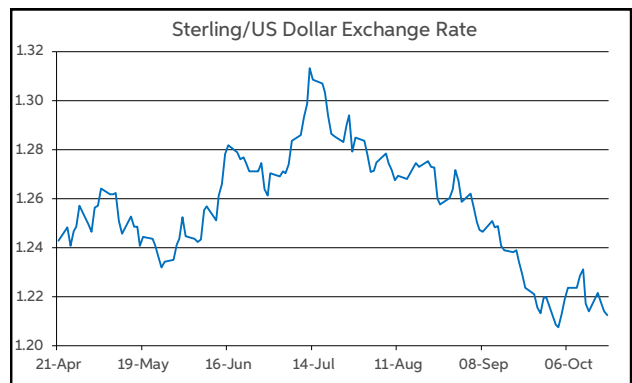
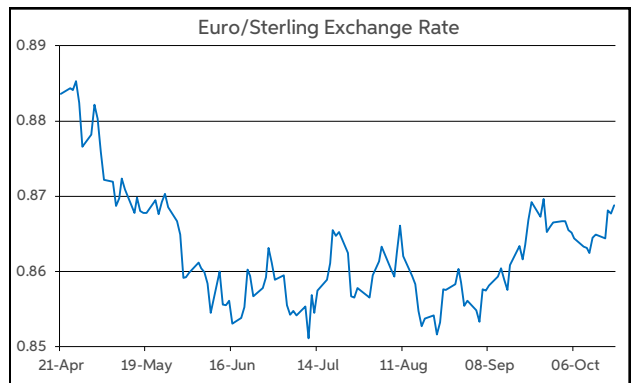
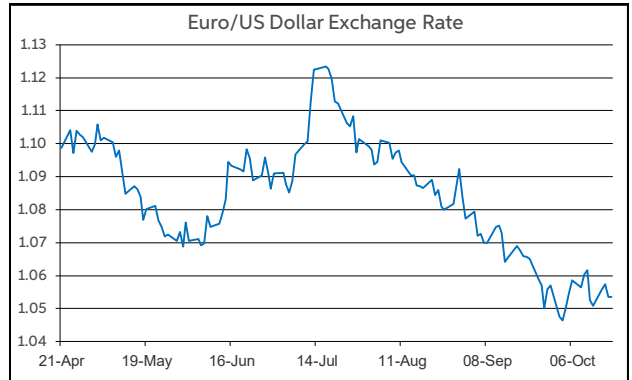
In terms of bond markets, there was some notable upward momentum in UK Gilt yields. This came in the aftermath of both headline and core UK CPI inflation rates for September printing slightly ahead of forecasts. The 10-year UK yield rose by 15bps to above 4.6%. Elsewhere, the 10-year US Treasury yield moved above the 4.9% threshold, to a new cycle high of 4.96%.

From a currency viewpoint, the majors were confined to fairly narrow ranges yesterday. Part of the reason for the subdued trading was the lack of any significant data releases. Aside from the pre-open release of the aforementioned UK CPI figures, the remainder of yesterday's macro schedule was quiet.

Of the muted FX action to register, amid the risk averse mood, the dollar was holding the upper hand versus the euro and sterling. In level terms, EUR/USD has edged down, to trade back below the midpoint of \$1.05-1.06, while GBP/USD is in the lower half of \$1.21-1.22. EUR/GBP continues to operate within 86-87p.

Today's macro diary is US centric. The data highlights are the weekly jobless claims, existing home sales (Sept) and the regional Philly Fed survey (Oct). Meanwhile, a speech by Fed Chair Powell at the Economic Club of New York will warrant attention.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0536	-0.35	-1.55
EUR/GBP	0.8689	0.08	-1.75
GBP/USD	1.2127	-0.44	0.25
GBP/EUR	1.1506	-0.08	1.78
USD/JPY	149.75	0.05	14.22
EUR/JPY	157.82	-0.29	12.49

\* 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	5.68	5.73	5.41	5.01
EUR	4.50	3.85	3.97	4.15	3.86	3.50
GBP	5.25	5.21	5.28	5.44	5.44	5.01

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

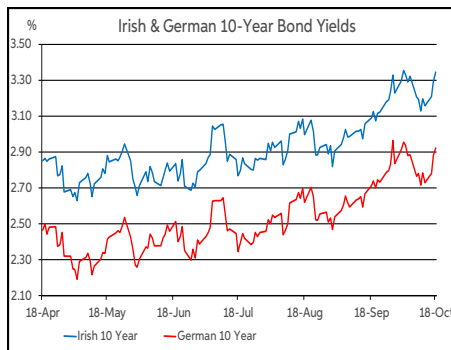
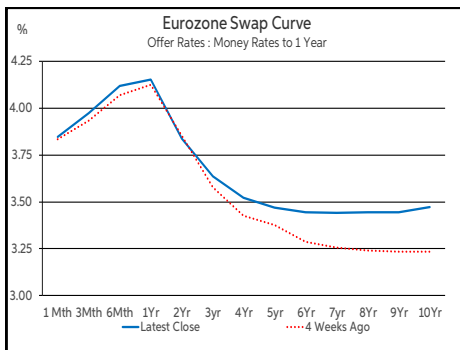
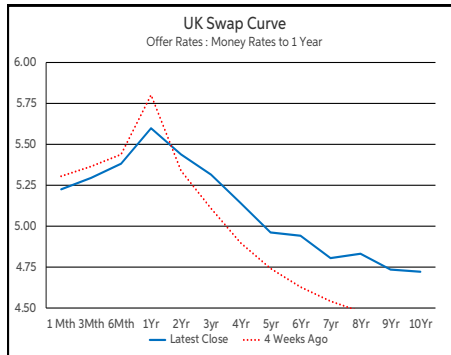
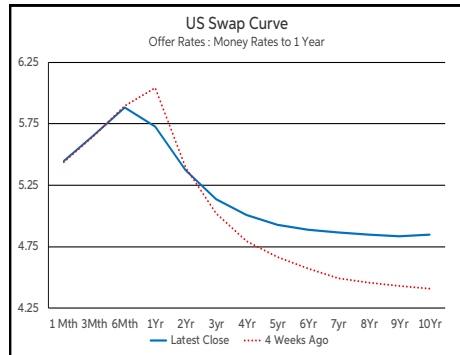
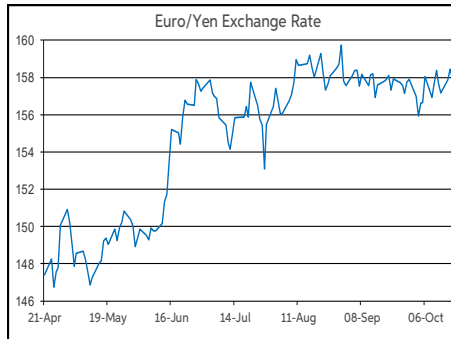
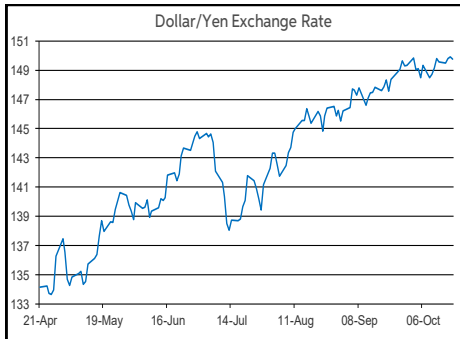
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Thursday 19 October 2023  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8689	GBP/EUR	1.1506	USD/JPY	149.75
EUR/USD	1.0536	GBP/USD	1.2127	USD/CAD	1.3724
EUR/JPY	157.82	GBP/CAD	1.6643	USD/CHF	0.8983
EUR/SEK	11.6192	GBP/NZD	2.08	USD/CNY	7.3163
EUR/DKK	7.4615	GBP/JPY	181.6	USD/BRL	5.0593
EUR/NOK	11.6707	GBP/SEK	13.3752	USD/RUB	97.4025
EUR/CHF	0.9465	GBP/DKK	8.5848	USD/INR	83.2675
EUR/AUD	1.6713	GBP/NOK	13.427		
EUR/HKD	8.2492	GBP/CHF	1.0894	AUD/USD	0.6305
EUR/CAD	1.4462	GBP/AUD	1.9231	NZD/USD	0.5827



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.91	+7	+51	+103
Germany	2.92	+4	+22	+36
UK	4.66	+15	+45	+99
<b>5 Year Swap %</b>				
US	4.93	+5	+30	+93
Eurozone	3.47	+3	+10	+24
UK	4.96	+15	+22	+66
<b>2 Year Swap %</b>				
US	5.37	+4	+2	+70
Eurozone	3.84	+2	-1	+45
UK	5.44	+9	+11	+76
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	45	+1	+5	-13
Belgium	68	+0	+5	+4
France	63	+1	+9	+8
Italy	206	+5	+31	-8
Spain	113	+1	+8	+4
Portugal	73	+1	+0	-30
Greece	147	-2	+6	-56

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	91.5	+1.78	-2.17	+6.51
West Texas Oil	88.35	+1.95	-0.95	+10.22
Gold \$	1947.7	+1.28	+0.93	+6.76

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