

Dollar in the ascendancy

There was a mixed mood on markets yesterday. The Euro Stoxx 50 notched a 0.2% gain. However, on Wall Street, the S&P 500 finished the day down by 0.7%, despite some above consensus Q3 earnings reports.

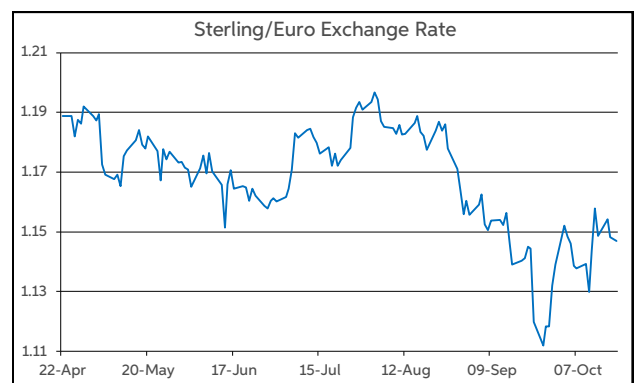
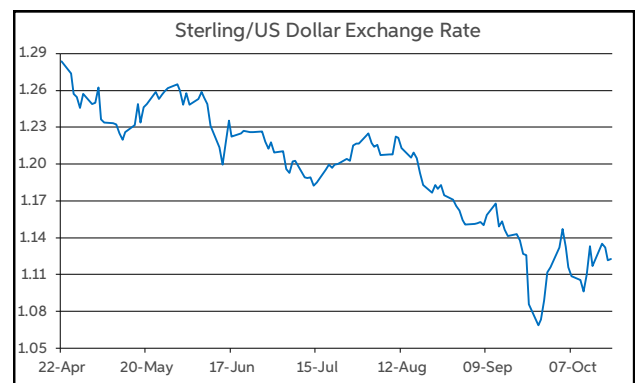
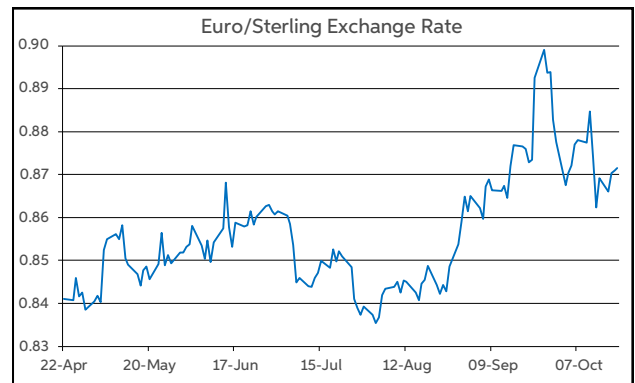
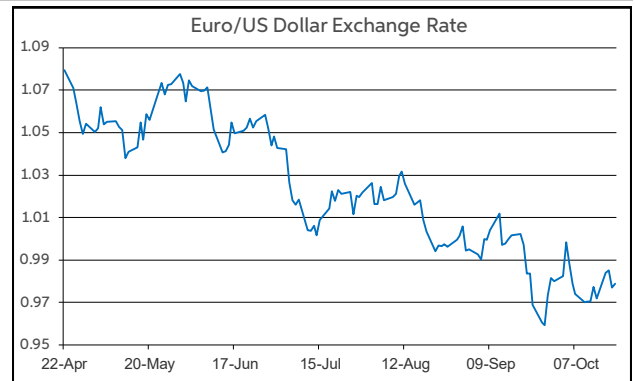
On bond markets, 30-year Gilt yields plunged by circa 25bps, as the market digested the BoE announcement that they will be exempt from its QT programme in Q4. The yield on shorter-dated UK bonds fell by a more modest 7-12bps yesterday.

Elsewhere, the German Bund yield curve bear flattened by 3-12bps following some hawkish ECB rhetoric. Markets currently expect a second consecutive 75bps rate hike from the central bank next week. The final reading of HICP for September showed inflation had risen to 9.9% from 9.1% in August, and also suggests a 75bps rate hike is likely. Meanwhile, in the US, Treasury yields climbed 10-13bps higher along the curve, with the benchmark 10-year yield rising above 4.1% for the first time since October 2008.

Currency-wise, the dollar was in the ascendancy as risk appetite softened. In level terms, this sees EUR/USD open this morning back below the \$0.98 threshold. Meantime, GBP/USD is operating down in the lower half of the \$1.12-1.13 range. EUR/GBP is changing hands just up above 87p. Elsewhere, USD/JPY is trading a whisker below ¥150, a level it has not reached since 1990.

Today the only releases of note are tier 2 data from the US. However, existing home sales (Sept), the latest weekly jobless claims figure and the Philly Fed index (Oct) are unlikely to impact the dollar. Meanwhile, the two-day EU Leaders Summit gets underway, with measures to limit energy prices under discussion.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9786	-0.54	-13.92
EUR/GBP	0.8718	0.36	3.79
GBP/USD	1.1224	-0.88	-17.04
GBP/EUR	1.1465	-0.36	-3.65
USD/JPY	149.93	0.43	30.28
EUR/JPY	146.75	-0.10	12.13

* 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	5.04	4.95	4.40
EUR	1.25	0.92	1.46	2.69	3.08	3.22
GBP	2.25	2.68	3.40	4.84	5.04	4.87

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

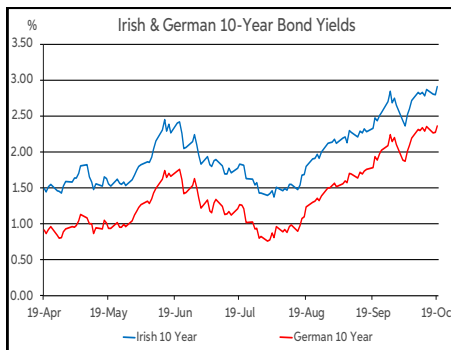
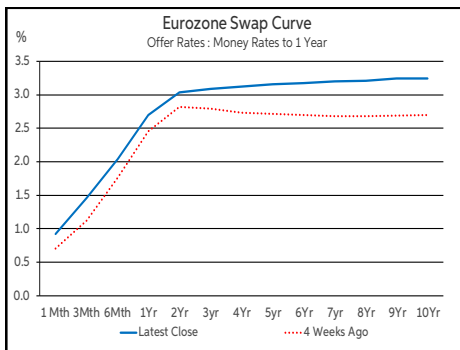
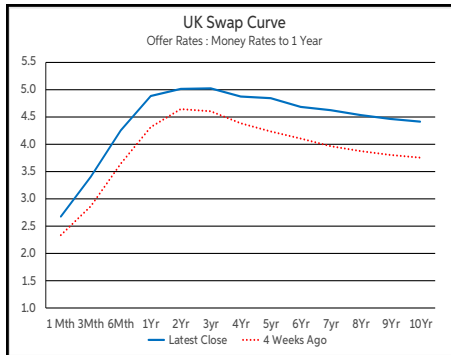
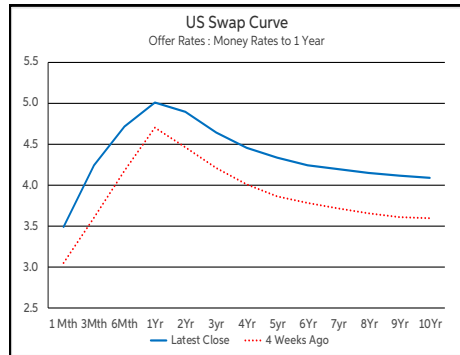
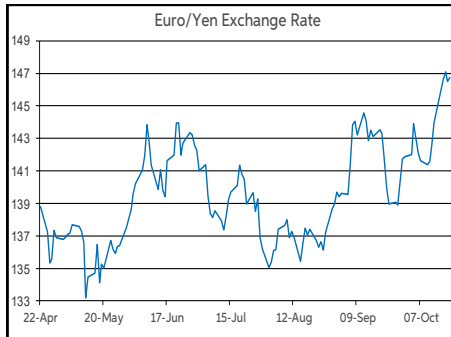
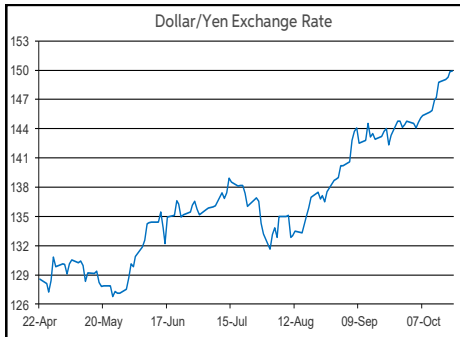
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 20 October 2022
07:56 am



Euro		Sterling		Dollar	
EUR/GBP	0.8718	GBP/EUR	1.1465	USD/JPY	149.93
EUR/USD	0.9786	GBP/USD	1.1224	USD/CAD	1.3759
EUR/JPY	146.75	GBP/CAD	1.5444	USD/CHF	1.005
EUR/SEK	10.959	GBP/NZD	1.983	USD/CNY	7.229
EUR/DKK	7.4388	GBP/JPY	168.28	USD/BRL	5.2703
EUR/NOK	10.3756	GBP/SEK	12.569	USD/RUB	61.65
EUR/CHF	0.9838	GBP/DKK	8.5303	USD/INR	83.1925
EUR/AUD	1.5626	GBP/NOK	11.9	AUD/USD	0.6263
EUR/HKD	7.6817	GBP/CHF	1.1282	NZD/USD	0.5659
EUR/CAD	1.3465	GBP/AUD	1.7921		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	4.14	+13	+60	+263
Germany	2.37	+9	+48	+255
UK	3.87	-7	+56	+290
5 Year Swap %				
US	4.34	+13	+51	+300
Eurozone	3.15	+6	+45	+314
UK	4.84	-3	+66	+357
2 Year Swap %				
US	4.89	+11	+47	+395
Eurozone	3.03	+6	+22	+333
UK	5.01	-5	+37	+382
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	+2	-2	+13
Belgium	66	+1	+7	+30
France	59	+1	+4	+21
Italy	240	+0	+17	+104
Spain	116	+1	+3	+39
Portugal	107	-1	+2	+41
Greece	268	-2	+12	+119

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	92.41	+2.64	+2.87	+18.81
West Texas Oil	86	+3.25	+3.14	+14.16
Gold \$	1628.5	-1.41	-2.70	-10.93

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