

Sterling holds a slightly softer tone

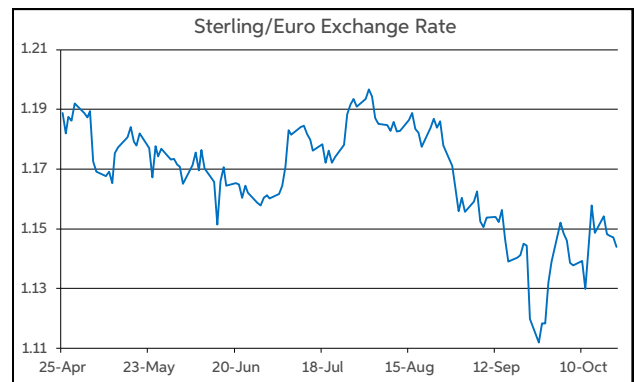
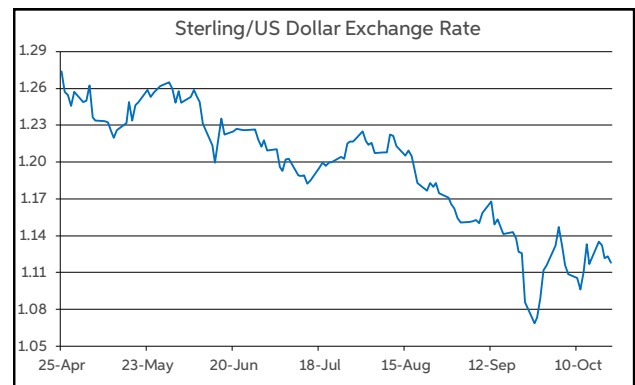
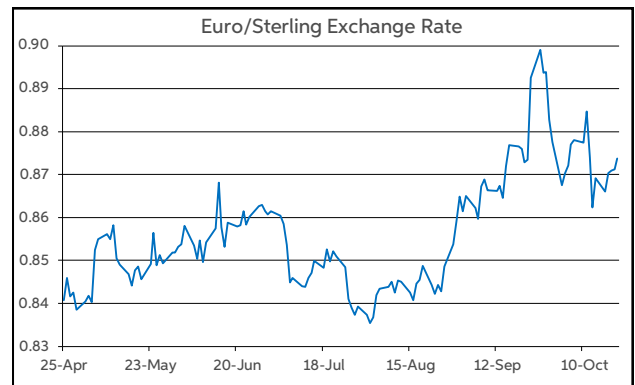
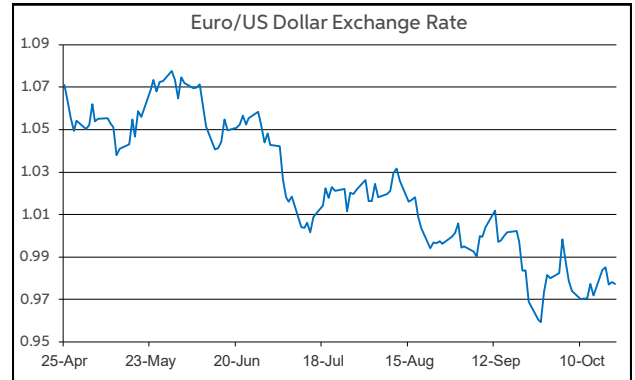
Investor sentiment remained mixed on markets yesterday. The Euro Stoxx 50 gained 0.6%, while the S&P 500 moved 0.8% lower. In terms of fixed income, yields continued to climb higher. US Treasury yields rose by 4-9bps and German Bund yields moved up by 2-5bps. In the UK, amid another volatile session, Gilt yields ended the day up by 6-10bps. Already this morning, 2-year Gilt yields are up by 20bps, indicating more volatility may lie ahead.

In the UK, PM Truss resigned as leader of the Conservative party, sparking a leadership contest to replace her and become the next PM. There was some volatility immediately after Truss's resignation. However, a speech given by BoE Deputy Governor Broadbent seemed to generate more of a reaction on markets. He stated the BoE will "act promptly" to changes in fiscal policy but added that if Bank rate rose to 5.25% - as markets expected - the hit to GDP would likely be around 5%. Rate expectations in the UK moved lower by circa 25bps in response, with the peak now at 5%.

On the currency front, sterling was holding a slightly softer tone amid choppy trading conditions yesterday. It briefly rose above \$1.13 mark amid the political developments. However, as trading gets underway this morning, GBP/USD is operating down below \$1.12. EUR/GBP is changing hands up above 87p. Meantime, EUR/USD remains in the top half of \$0.97-0.98. Elsewhere, USD/JPY is above the ¥150 level, for the first time since 1990.

Data-wise, releases from the UK out already this morning show retail sales fell by 1.4% in September (vs.-0.5% f'cast), while consumer confidence improved slightly in October, but remained at a very weak level. Later today, the EC measure of Eurozone consumer confidence is projected to deteriorate in October.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9771	-0.07	-14.05
EUR/GBP	0.8737	0.28	4.01
GBP/USD	1.1182	-0.35	-17.35
GBP/EUR	1.1439	-0.27	-3.86
USD/JPY	150.37	0.31	30.67
EUR/JPY	146.96	0.27	12.29

* 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	3.50	4.28	5.09	5.01	4.51
EUR	1.25	0.94	1.46	2.72	3.14	3.26
GBP	2.25	2.72	3.40	4.83	5.05	4.85

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

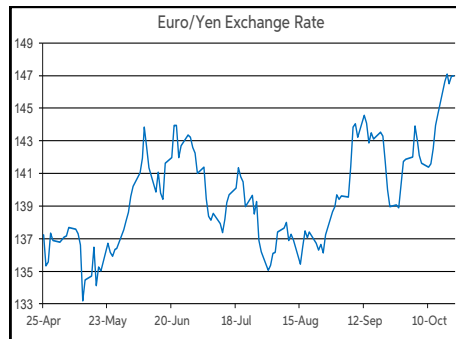
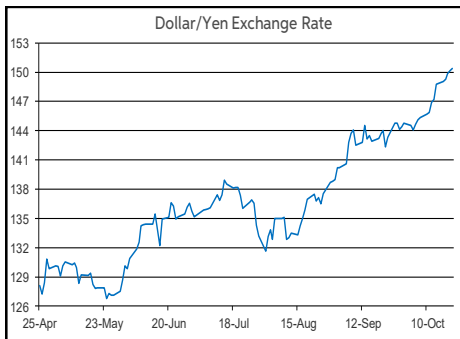
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

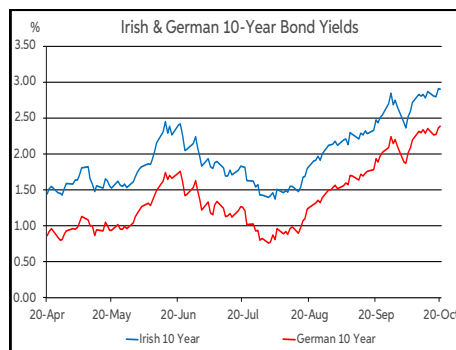
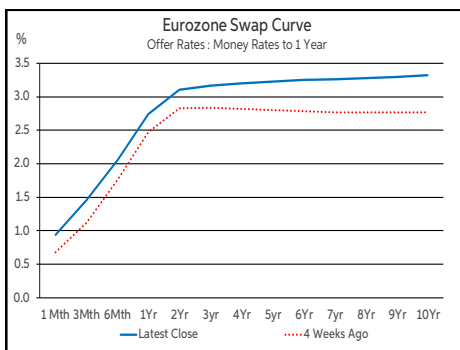
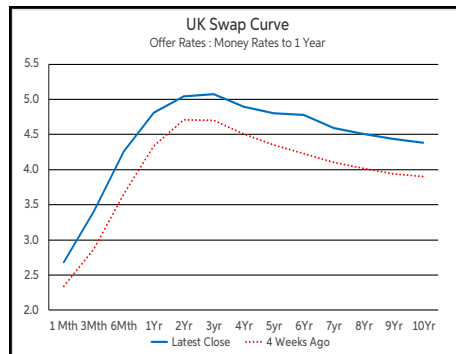
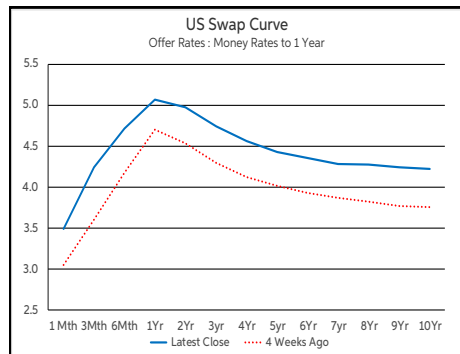
Friday 21 October 2022
07:06 am



Euro		Sterling		Dollar	
EUR/GBP	0.8737	GBP/EUR	1.1439	USD/JPY	150.37
EUR/USD	0.9771	GBP/USD	1.1182	USD/CAD	1.379
EUR/JPY	146.96	GBP/CAD	1.5421	USD/CHF	1.0058
EUR/SEK	11.0283	GBP/NZD	1.9777	USD/CNY	7.2472
EUR/DKK	7.438	GBP/JPY	168.14	USD/BRL	5.2176
EUR/NOK	10.4443	GBP/SEK	12.6207	USD/RUB	61.65
EUR/CHF	0.983	GBP/DKK	8.5094	USD/INR	82.8425
EUR/AUD	1.5607	GBP/NOK	11.9529		
EUR/HKD	7.6711	GBP/CHF	1.1248	AUD/USD	0.626
EUR/CAD	1.3477	GBP/AUD	1.7857	NZD/USD	0.5652



	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	4.23	+9	+52	+272
Germany	2.39	+2	+42	+257
UK	3.90	+3	+42	+293
5 Year Swap %				
US	4.43	+9	+45	+310
Eurozone	3.23	+8	+43	+322
UK	4.80	-4	+47	+353
2 Year Swap %				
US	4.97	+8	+47	+403
Eurozone	3.10	+7	+28	+340
UK	5.04	+3	+34	+385
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	-3	-3	+11
Belgium	63	-3	+4	+28
France	56	-3	+1	+19
Italy	234	-6	+15	+98
Spain	115	-0	+1	+38
Portugal	106	-1	+3	+40
Greece	265	-3	+15	+116



	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	92.38	-0.03	+2.12	+18.77
West Texas Oil	86.02	+0.02	+2.38	+14.19
Gold \$	1627.7	-0.05	-2.57	-10.98

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