

## ECB in the spotlight this week

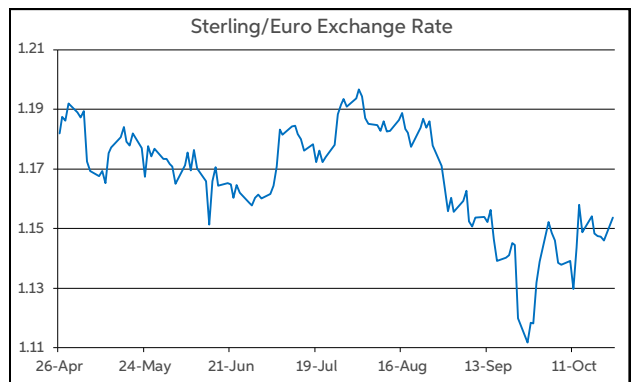
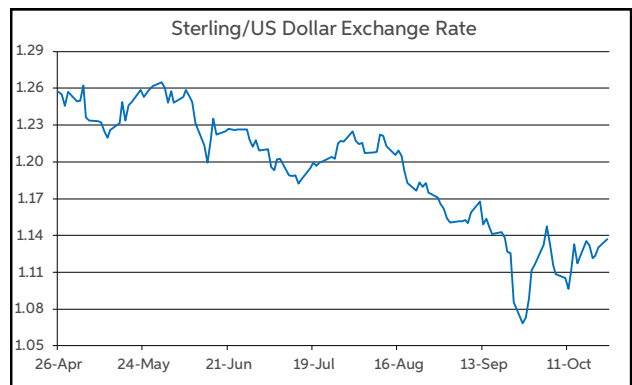
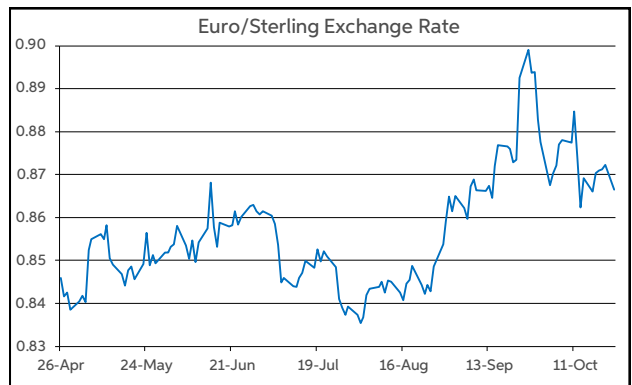
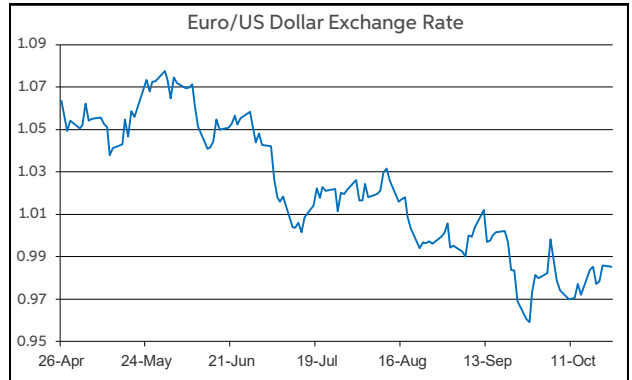
Once again UK newsflow dominated the headlines last week. The resignation of PM Truss generated some volatility in the initial aftermath, although the overall reaction was muted. There was also BoE news for the market to digest. The BoE confirmed that it would commence QT in early November. Meantime, Deputy Governor Broadbent stated that if the Bank Rate rose to where markets expected (5.25%), it could reduce GDP by around 5%.

Amid all the developments, UK Gilt yields moved lower. In the 2-10 year space, yields were down 10-30bps. Meantime, at the longer end of the curve, 30-year Gilt yields were down around 70bps, benefiting from the BoE stating that its bond sales in the initial stages of QT would cover only up to 20-year maturities.

Currency-wise, sterling continued to experience some volatility last week. Meanwhile, a Wall Street Journal article on Friday reporting that the US Fed may start to slow the pace of rate hikes after its November 1st-2nd meeting saw the dollar lose some ground. There was also some action in the yen on Friday, with speculation that Japanese authorities intervened to support the currency. EUR/USD opens this morning at the midpoint of \$0.98-0.99 with GBP/USD in the upper half of \$1.13-1.14. EUR/GBP starts the week below the 87p mark, while USD/JPY is just below ¥149.

This week, the ECB will be under the market spotlight. A second consecutive 75bps rate hike is expected. This would see the Depo rate rise to 1.5%. There may also be some changes to TLTROs. The meeting will entail some event risk for the euro. Data-wise, the calendar is full of key releases. This includes Q3 GDP from the US and Germany. We get US core-PCE inflation (Sept). There is also more timely data, in the form of the flash PMIs for October.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9853	0.85	-13.33
EUR/GBP	0.8663	-0.72	3.13
GBP/USD	1.1371	1.57	-15.95
GBP/EUR	1.1536	0.73	-3.04
USD/JPY	148.93	-0.96	29.41
EUR/JPY	146.77	-0.11	12.15

\* 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	3.59	4.36	4.93	4.80	4.27
EUR	1.25	0.98	1.54	2.63	2.92	3.05
GBP	2.25	2.72	3.38	4.82	5.11	4.99

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

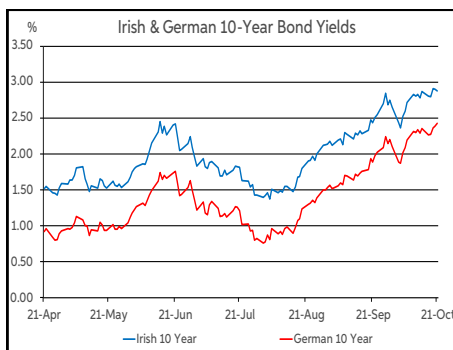
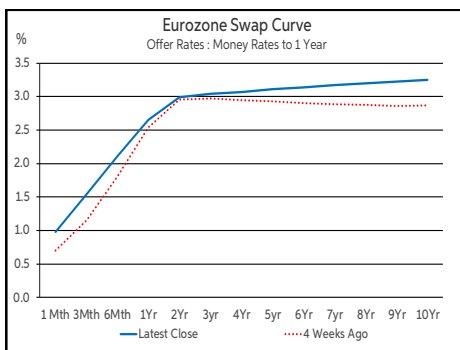
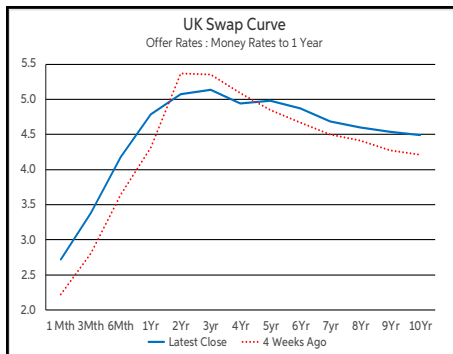
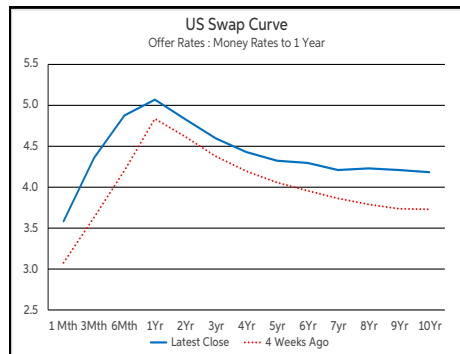
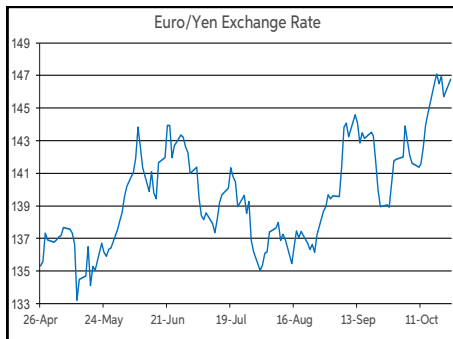
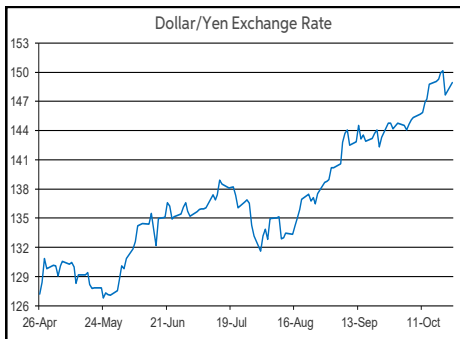
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIB.G.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Monday 24 October 2022  
07:16 am



Euro		Sterling		Dollar	
EUR/GBP	0.8663	GBP/EUR	1.1536	USD/JPY	148.93
EUR/USD	0.9853	GBP/USD	1.1371	USD/CAD	1.3689
EUR/JPY	146.77	GBP/CAD	1.5568	USD/CHF	0.998
EUR/SEK	11.0689	GBP/NZD	1.9831	USD/CNY	7.2533
EUR/DKK	7.4385	GBP/JPY	169.35	USD/BRL	5.1643
EUR/NOK	10.3887	GBP/SEK	12.7727	USD/RUB	60.65
EUR/CHF	0.9834	GBP/DKK	8.5828	USD/INR	82.577
EUR/AUD	1.5574	GBP/NOK	11.9876	AUD/USD	0.6327
EUR/HKD	7.7343	GBP/CHF	1.1351	NZD/USD	0.5733
EUR/CAD	1.3489	GBP/AUD	1.7973		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	4.22	-1	+53	+271
Germany	2.44	+4	+41	+262
UK	4.03	+12	+21	+306
<b>5 Year Swap %</b>				
Ireland	2.93	-0	+32	+268
Belgium	3.04	+1	+40	+286
France	2.99	+3	+39	+279
Italy	4.76	+3	+40	+358
Spain	3.55	+0	+35	+296
Portugal	3.49	+3	+40	+300
Greece	5.08	+3	+54	+376
<b>2 Year Swap %</b>				
US	4.32	-14	+31	+299
Eurozone	3.11	-12	+19	+310
UK	4.98	+18	+18	+371
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	49	-4	-9	+6
Belgium	60	-3	-1	+25
France	55	-1	-2	+18
Italy	233	-2	-0	+96
Spain	111	-4	-5	+34
Portugal	105	-1	-1	+38
Greece	264	-1	+13	+115

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	93.5	+1.21	+8.53	+20.21
West Texas Oil	85.47	-0.64	+8.09	+13.46
Gold \$	1656.7	+1.78	+0.83	-9.39

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