

## Dollar holding the upper hand

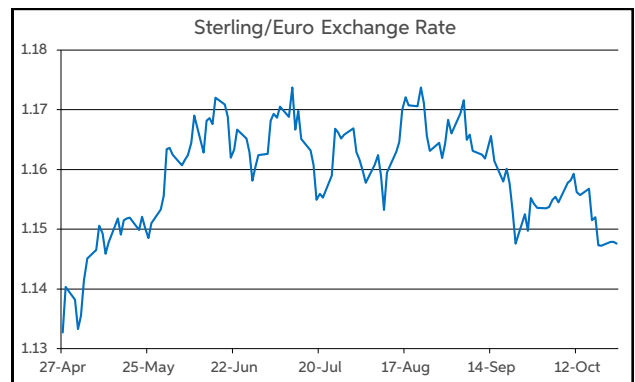
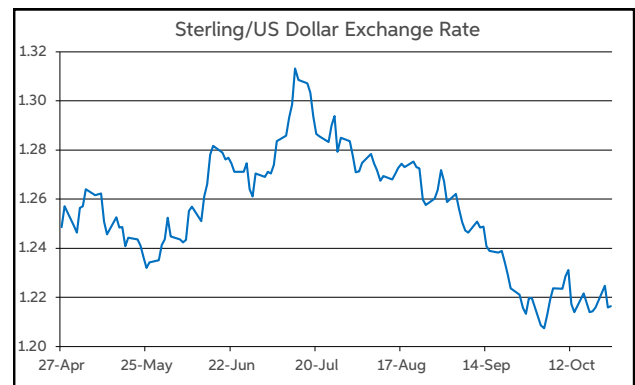
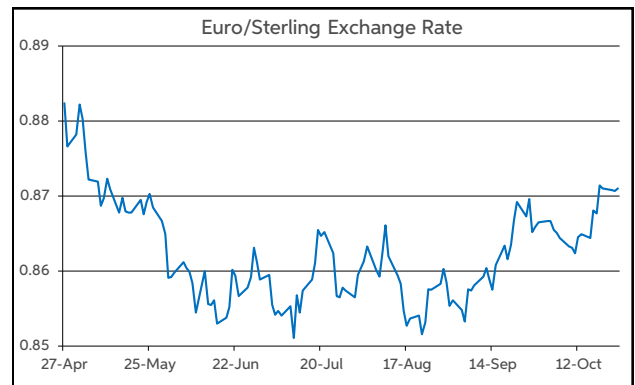
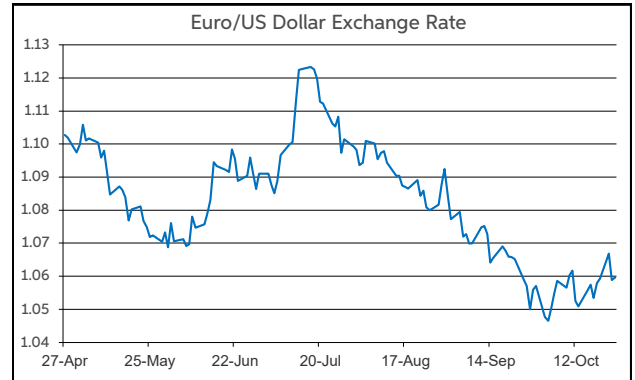
Concerns of weak economic activity in the Eurozone, following some poor macro data, were offset by better than anticipated earnings reports yesterday. Overall, the Euro Stoxx 50 gained 0.6% while the S&P 500 rose by 0.7%. Meantime, US Treasury, German Bund and UK Gilt yields declined by 1-6bps. Elsewhere, Brent crude fell by around 2%, moving back to circa \$88 per barrel.

Data-wise, the Eurozone flash PMIs printed below the consensus in October. Both sector readings deteriorated and were firmly in contraction mode, indicating that the Eurozone economy lost further momentum at the start of Q4. In the UK, the PMIs improved slightly, but remained in contraction territory also. In contrast, the US manufacturing PMI inched higher to 50 in October (vs. 49.5 f'cast), while the services PMI rose to 51.9 (vs. 49.8 f'cast).

On the currency front, the euro was holding a firmer tone in early trading, with EUR/USD rising to a 5-week high of \$1.069. The euro was unable to hold onto its gains though, following the release of the weak PMI data. The ECB Bank Lending Survey indicated credit standards were tightened and that loan demand fell sharply in Q3, which also weighed on the euro. Meanwhile, the dollar was holding the upper hand late on. Overall, the greenback rose by around 0.8% against the euro and sterling over the past 24 hours.

In level terms, the firmer dollar tone is evidenced by EUR/USD opening this morning back near the \$1.06 handle. GBP/USD is down below the \$1.22 threshold. Meantime, EUR/GBP continues to change hands in and around the 87p mark. Turning to the day ahead, the German Ifo for October will be released. The headline index is forecast to be little changed. Barring any major surprises though, the release is unlikely to impact the euro.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0598	-0.76	-0.97
EUR/GBP	0.871	0.05	-1.52
GBP/USD	1.2165	-0.81	0.56
GBP/EUR	1.1476	-0.05	1.54
USD/JPY	149.84	0.13	14.29
EUR/JPY	158.82	-0.61	13.20

\* 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	5.44	5.64	5.65	5.28	4.84
EUR	4.50	3.86	3.96	4.06	3.72	3.35
GBP	5.25	5.20	5.26	5.32	5.25	4.86

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

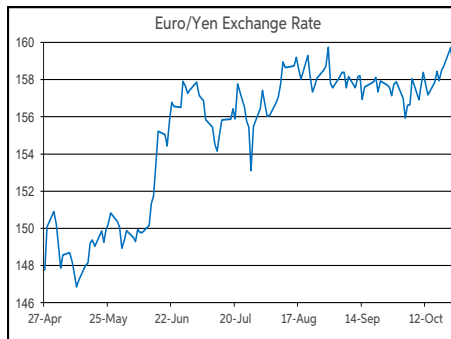
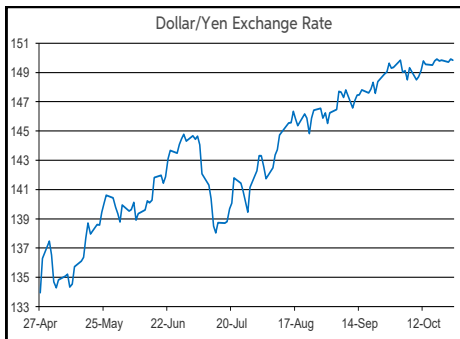
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

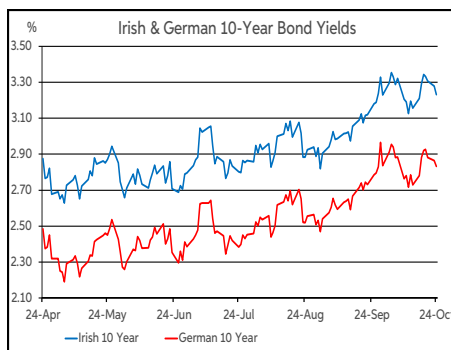
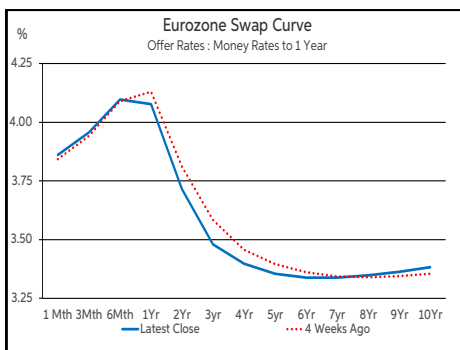
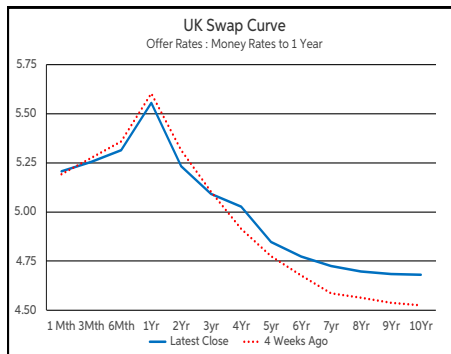
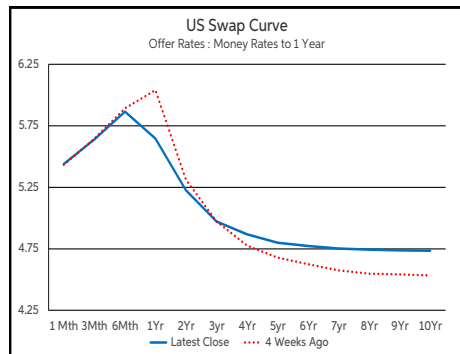
Wednesday 25 October 2023  
07:37 am



Euro		Sterling		Dollar	
EUR/GBP	0.871	GBP/EUR	1.1476	USD/JPY	149.84
EUR/USD	1.0598	GBP/USD	1.2165	USD/CAD	1.3744
EUR/JPY	158.82	GBP/CAD	1.6721	USD/CHF	0.8926
EUR/SEK	11.7779	GBP/NZD	2.0777	USD/CNY	7.3119
EUR/DKK	7.4646	GBP/JPY	182.28	USD/BRL	4.9924
EUR/NOK	11.8306	GBP/SEK	13.524	USD/RUB	92.976
EUR/CHF	0.946	GBP/DKK	8.5666	USD/INR	83.1266
EUR/AUD	1.6616	GBP/NOK	13.5805		
EUR/HKD	8.2921	GBP/CHF	1.086	AUD/USD	0.6376
EUR/CAD	1.4567	GBP/AUD	1.9072	NZD/USD	0.5853



Debt Markets				
	Close	Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.82	-3	+27	+94
Germany	2.83	-3	+3	+27
UK	4.54	-6	+21	+87
<b>5 Year Swap %</b>				
US	4.80	+1	+16	+81
Eurozone	3.35	-6	-3	+12
UK	4.85	-9	+8	+54
<b>2 Year Swap %</b>				
US	5.23	+5	-4	+55
Eurozone	3.72	-4	-9	+33
UK	5.23	-7	-8	+55
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	43	-2	+1	-16
Belgium	69	+3	+4	+5
France	63	+1	+7	+8
Italy	201	+4	+8	-13
Spain	112	+2	+2	+2
Portugal	71	+2	-5	-32
Greece	141	-6	-10	-62



Commodities				
	Close	Day	4 Weeks	End 22
Brent Oil	88.07	-1.96	-6.27	+2.51
West Texas Oil	84.58	-1.06	-7.49	+5.51
Gold \$	1970.1	-0.13	+3.66	+7.99

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