

Weaker tone to the dollar

Investor sentiment maintained its firmer tone yesterday. This was reflected in gains for the main equity indices on both sides of the Atlantic. There was no one obvious catalyst for the 'risk-on' mood. Falling energy prices (incl. gas) supported sentiment. At the same, peak interest rate expectations have softened by around 25bps in recent days, which may also have been helpful to risk appetite.

On bond markets, yields were generally lower. The 10-year Treasury yield declined by 15bps to near 4.10%. Meanwhile, the 30-year UK Gilt yield is now back near 3.7%, below the levels it was prior to the now infamous 'mini Budget' in late September.

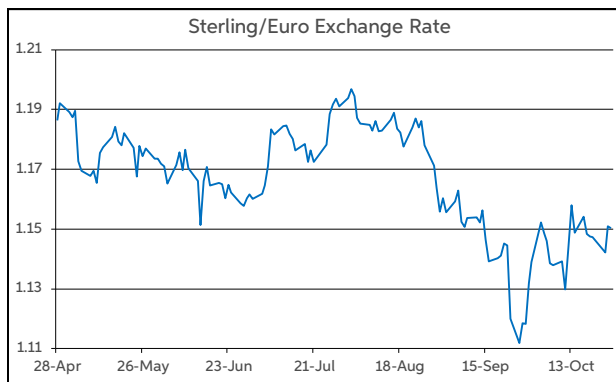
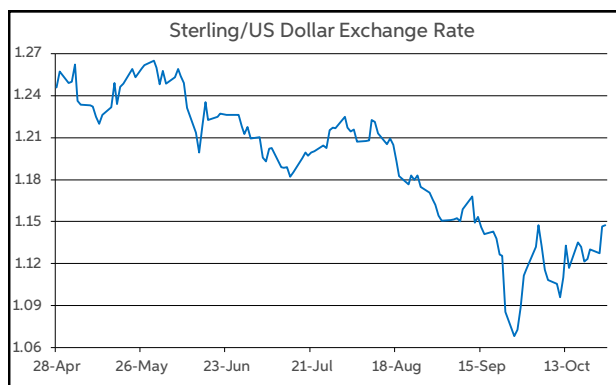
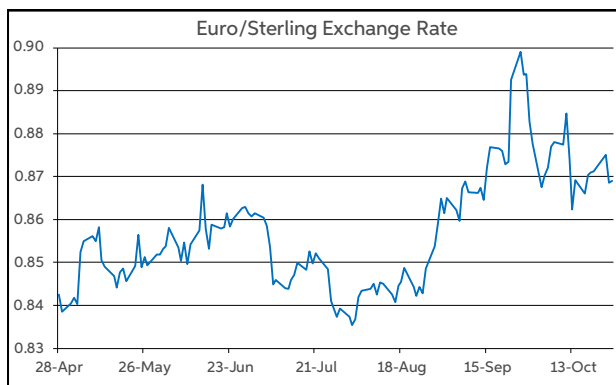
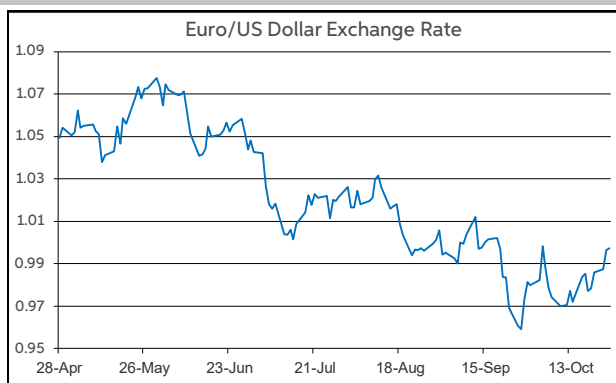
Currency-wise, the dollar was on the back foot yesterday. This was against the backdrop of the upbeat tone to investor sentiment. At the same time, futures contracts have pared back their peak level for the US Fed's funds rate.

Elsewhere, on the currency front, sterling was holding a firmer tone as the new UK PM Rishi Sunak took office. Meanwhile, the euro benefitted from the backdrop of falling gas prices, which are back to their levels prior to the Russian invasion of Ukraine.

In level terms, all of the above is evident in EUR/USD opening this morning in the upper half of \$0.99-1.00 and GBP/USD above the midpoint of \$1.14-1.15. Meantime, the improvement in sterling is also highlighted in EUR/GBP operating below the 87p threshold.

Looking ahead to today, the macro diary is quiet. The only release of note is US new homes sales (Sept). With tomorrow's ECB meeting looming on the horizon, the main euro FX pairs may be confined to somewhat narrower ranges today.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9973	0.97	-12.27
EUR/GBP	0.8693	-0.55	3.49
GBP/USD	1.1471	1.53	-15.21
GBP/EUR	1.1497	0.55	-3.37
USD/JPY	147.91	-0.66	28.53
EUR/JPY	147.55	0.33	12.75

* 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	3.60	4.36	4.97	4.81	4.29
EUR	1.25	0.98	1.56	2.62	2.88	2.95
GBP	2.25	2.80	3.38	4.69	4.88	4.64

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

Wednesday 26 October 2022
07:29 am



Euro

EUR/GBP	0.8693
EUR/USD	0.9973
EUR/JPY	147.55
EUR/SEK	10.9251
EUR/DKK	7.4376
EUR/NOK	10.3559
EUR/CHF	0.9906
EUR/AUD	1.5533
EUR/HKD	7.8299
EUR/CAD	1.3556

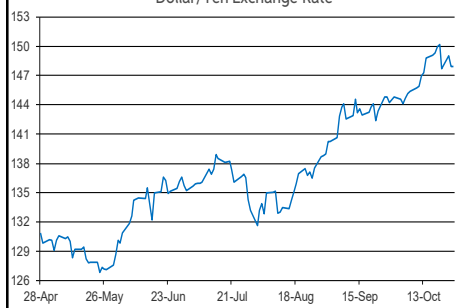
Sterling

GBP/EUR	1.1497
GBP/USD	1.1471
GBP/CAD	1.5592
GBP/NZD	1.9888
GBP/JPY	169.67
GBP/SEK	12.5711
GBP/DKK	8.5526
GBP/NOK	11.9091
GBP/CHF	1.1392
GBP/AUD	1.7864

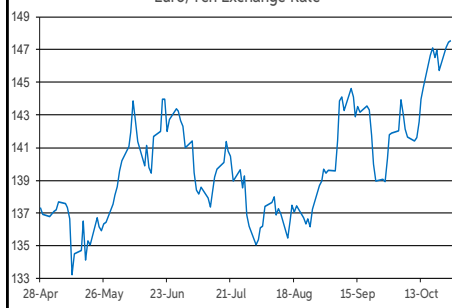
Dollar

USD/JPY	147.91
USD/CAD	1.359
USD/CHF	0.993
USD/CNY	7.2673
USD/BRL	5.3162
USD/RUB	61.55
USD/INR	82.437
AUD/USD	0.642
NZD/USD	0.5766

Dollar/Yen Exchange Rate

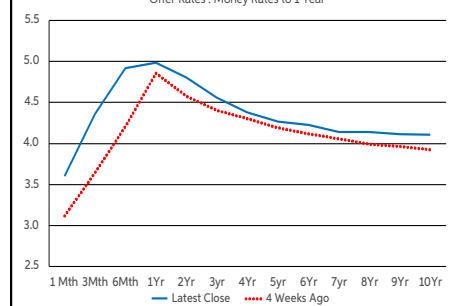


Euro/Yen Exchange Rate



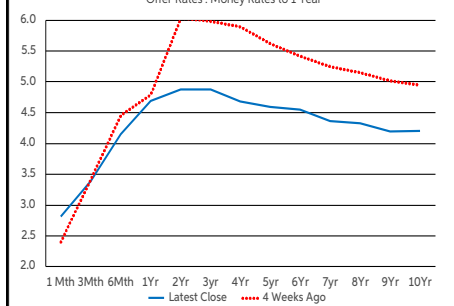
US Swap Curve

Offer Rates : Money Rates to 1 Year



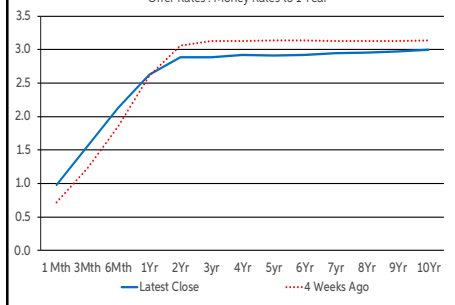
UK Swap Curve

Offer Rates : Money Rates to 1 Year

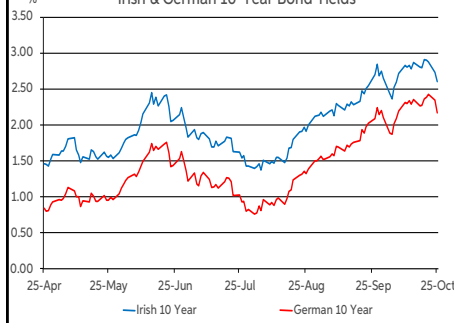


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	4.10	-15	+15	+259
Germany	2.17	-17	-8	+235
UK	3.64	-11	-87	+266
5 Year Swap %				
US	4.26	-11	+11	+293
Eurozone	2.91	-15	-22	+290
UK	4.59	-5	-98	+332
2 Year Swap %				
US	4.80	-4	+27	+386
Eurozone	2.88	-8	-17	+318
UK	4.88	-5	-116	+369
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+4	-15	+6
Belgium	60	+1	-2	+24
France	52	-0	-6	+15
Italy	220	-5	-28	+84
Spain	110	-0	-8	+33
Portugal	101	+0	-9	+35
Greece	252	+0	-9	+102

Commodities

	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	93.52	+0.28	+8.40	+20.24
West Texas Oil	86.93	+0.94	+10.16	+15.40
Gold \$	1652.5	+0.24	+1.46	-9.62

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