

EUR/USD at parity ahead of ECB today

There was a mixed mood on markets yesterday. The Euro Stoxx 50 continued to trend higher rising by 0.6%. On Wall Street, the S&P 500 fell by 0.7% following some disappointing Q3 earnings data.

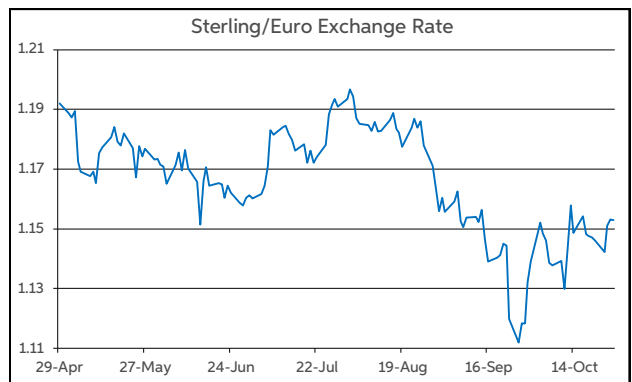
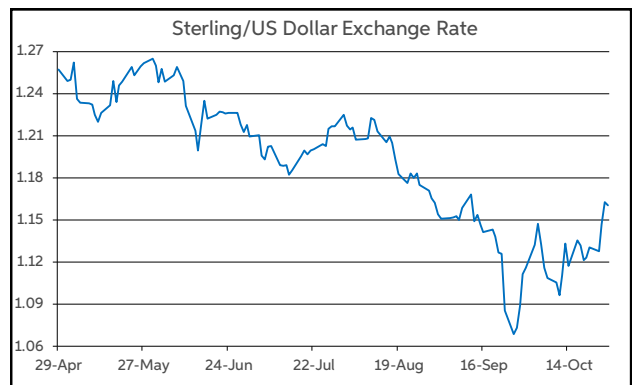
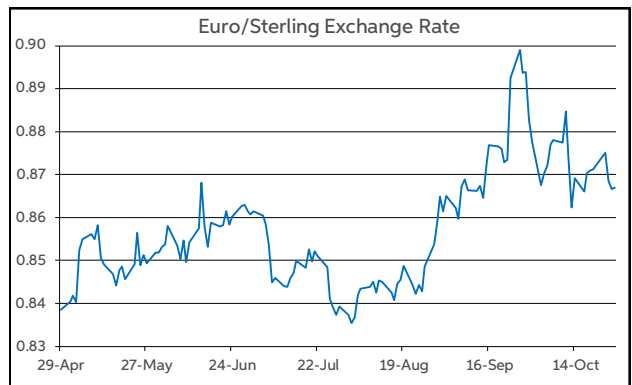
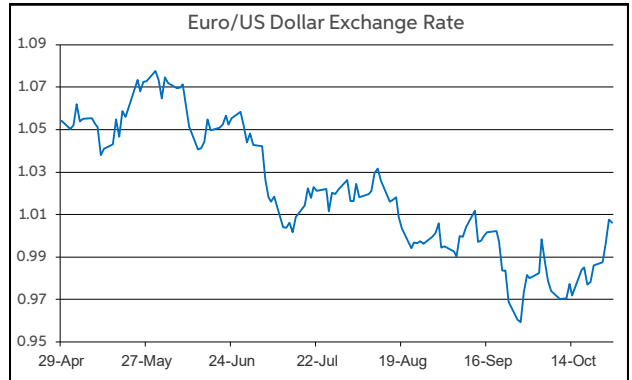
Meanwhile, on bond markets, there was some volatility in the UK. Gilt yields briefly rose, as it was announced the fiscal statement due next week will be delayed until November 17th. However, they quickly recouped their losses. Indeed overall, yields were slightly lower in the US, Eurozone and UK yesterday. Elsewhere, oil prices rose by over 2%, with Brent crude opening this morning up above \$95 per barrel.

On the currency front, the dollar remained on the defensive yesterday. The greenback shed around 1% against a number of currencies, including the euro, sterling and yen. As a result, EUR/USD moved above parity for the first time since mid-September. Meantime, sterling maintained its recent upward trend.

As trading gets underway this morning, the slightly firmer tone to sterling is reflected in EUR/GBP opening back nearer the midpoint of the 86-87p range. EUR/USD is changing hands just above parity. Elsewhere, GBP/USD is operating at the \$1.16 threshold, having started yesterday in the \$1.14-1.15 corridor.

Today, there is event risk for the euro, with the focus on the ECB meeting. A second consecutive 75bps rate hike is anticipated, bringing the deposit rate up to 1.5%. Investors will be paying close attention to the press conference for any guidance on the future path of policy tightening also. Data-wise, the first reading of US Q3 GDP is expected to show the economy grew by 2.4% in annualised terms, having contracted in the first two quarters of the year.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2021 |
| EUR/USD | 1.006 | 1.08 | -11.51 |
| EUR/GBP | 0.867 | -0.25 | 3.21 |
| GBP/USD | 1.1599 | 1.28 | -14.27 |
| GBP/EUR | 1.1528 | 0.25 | -3.11 |
| USD/JPY | 145.69 | -1.73 | 26.60 |
| EUR/JPY | 146.58 | -0.68 | 12.00 |

* 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 | 4.95 | 4.79 | 4.26 |
| EUR | 1.25 | 1.04 | 1.58 | 2.60 | 2.86 | 2.94 |
| GBP | 2.25 | 2.80 | 3.38 | 4.61 | 4.80 | 4.55 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

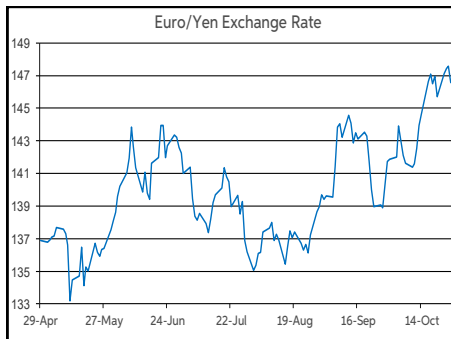
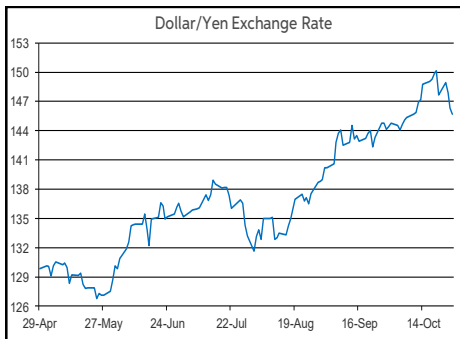
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|---------|---|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Ian Burke | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

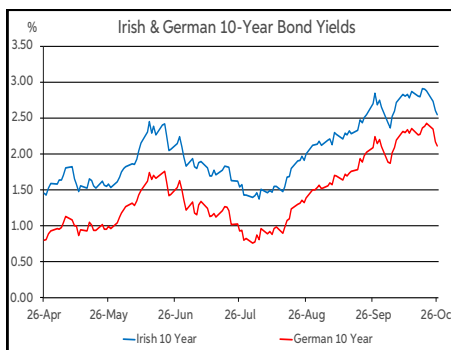
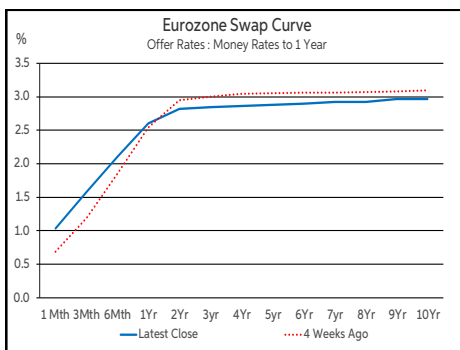
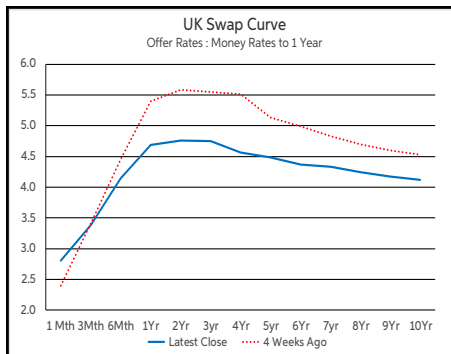
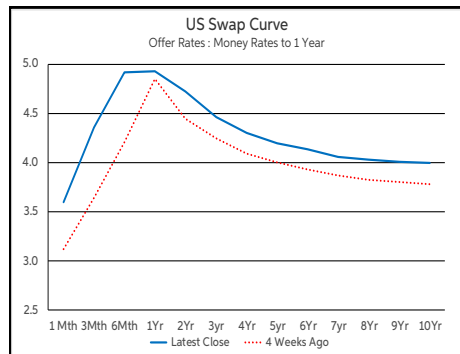
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| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.867 | GBP/EUR | 1.153 | USD/JPY | 145.69 |
| EUR/USD | 1.0058 | GBP/USD | 1.1599 | USD/CAD | 1.3564 |
| EUR/JPY | 146.55 | GBP/CAD | 1.5736 | USD/CHF | 0.988 |
| EUR/SEK | 10.9552 | GBP/NZD | 1.9851 | USD/CNY | 7.2103 |
| EUR/DKK | 7.4376 | GBP/JPY | 169 | USD/BRL | 5.3849 |
| EUR/NOK | 10.3359 | GBP/SEK | 12.6296 | USD/RUB | 61.6 |
| EUR/CHF | 0.9936 | GBP/DKK | 8.5748 | USD/INR | 82.3825 |
| EUR/AUD | 1.5494 | GBP/NOK | 11.915 | AUD/USD | 0.6491 |
| EUR/HKD | 7.8958 | GBP/CHF | 1.146 | NZD/USD | 0.5841 |
| EUR/CAD | 1.3645 | GBP/AUD | 1.7866 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 21 |
| 10 Year Yield % | | | | |
| US | 4.01 | -9 | +27 | +250 |
| Germany | 2.12 | -5 | -4 | +229 |
| UK | 3.58 | -6 | -43 | +261 |
| Ireland | | | | |
| Ireland | 2.60 | -6 | -14 | +235 |
| Belgium | 2.74 | -2 | -6 | +256 |
| France | 2.67 | -2 | -9 | +248 |
| Italy | 4.33 | -4 | -25 | +315 |
| Spain | 3.24 | -3 | -9 | +264 |
| Portugal | 3.15 | -4 | -10 | +266 |
| Greece | 4.67 | -2 | -27 | +336 |
| 5 Year Swap % | | | | |
| US | 4.19 | -8 | +22 | +286 |
| Eurozone | 2.88 | -3 | -16 | +287 |
| UK | 4.48 | -11 | -60 | +321 |
| 2 Year Swap % | | | | |
| US | 4.73 | -10 | +31 | +378 |
| Eurozone | 2.82 | -6 | -12 | +312 |
| UK | 4.76 | -12 | -82 | +356 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 48 | -0 | -10 | +6 |
| Belgium | 63 | +3 | -2 | +27 |
| France | 56 | +3 | -5 | +18 |
| Italy | 222 | +2 | -21 | +85 |
| Spain | 112 | +2 | -5 | +35 |
| Portugal | 103 | +2 | -6 | +37 |
| Greece | 255 | +4 | -23 | +106 |



| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 21 |
| Brent Oil | 95.69 | +2.32 | +7.13 | +23.03 |
| West Texas Oil | 89.39 | +2.83 | +8.21 | +18.66 |
| Gold \$ | 1664.5 | +0.72 | +0.30 | -8.96 |

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