

ECB expected to leave policy on hold

There was a cautious tone to investor sentiment on financial markets yesterday. At the close on Wall Street, the S&P 500 was down 0.5%, while the Euro Stoxx 50 finished flat for the day. Meantime, longer dated sovereign bond yields moved lower across the board. Ten year German Bund and US Treasury yields declined by 6bps, while ten year UK Gilt yields fell by 13bps.

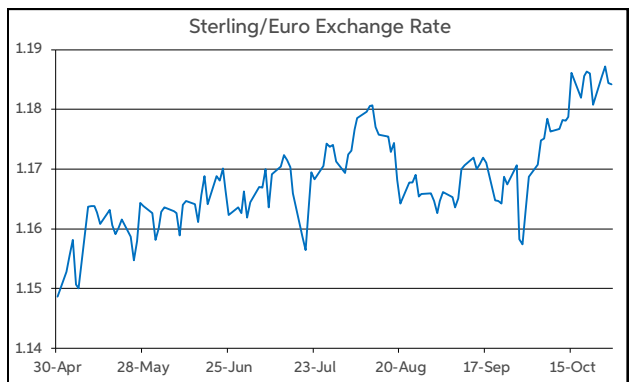
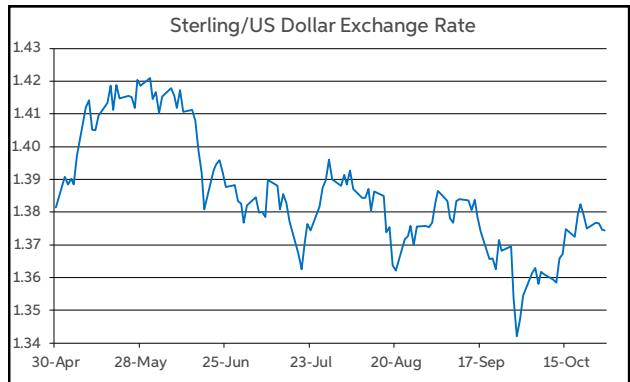
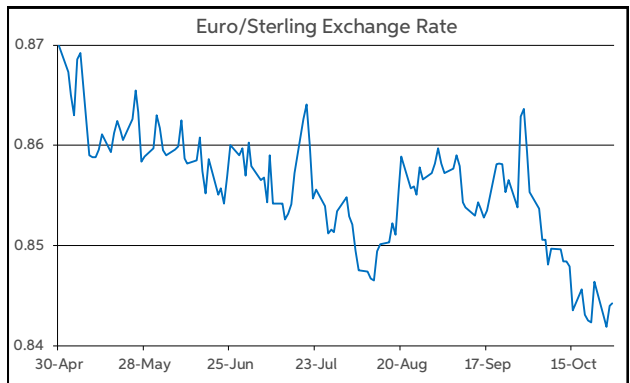
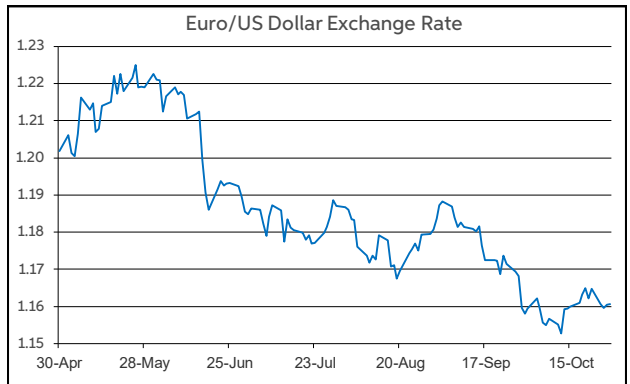
Currency-wise, the main pairs remained confined to fairly narrow ranges, although, sterling was holding a slightly softer tone. A quiet data calendar likely contributed to the muted price action. The only release of note, US durable goods orders for September printed ahead of expectations, but still fell by 0.4% in the month (vs -1.1% f'cast). However, the data did not impact the dollar.

In level terms, the slightly softer tone to sterling is reflected in EUR/GBP opening this morning back near the midpoint of the 84-85p corridor. Meanwhile, GBP/USD is changing hands below the halfway mark of the \$1.37-1.38 band. EUR/USD is operating at the \$1.16 threshold, having straddled that level for much of yesterday.

Ahead today, the focus will be on the ECB meeting for October. However, the consensus is that policy will be left unchanged. As a result, the euro impact may be limited. At the press conference, President Lagarde will likely face questions regarding the banks inflation outlook and the recent firming of rate hike expectations.

Elsewhere in the Eurozone, the EC sentiment indices and German inflation for October are due. From a dollar perspective, the flash reading of Q3 GDP is forecast to show growth slowed to 2.7% in annualised terms from 6.7% in Q2. Bar any major surprises though, the data may not affect proceedings on FX markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1603	0.02	-4.99
EUR/GBP	0.8443	0.25	-5.53
GBP/USD	1.3744	-0.21	0.52
GBP/EUR	1.1841	-0.25	5.85
USD/JPY	113.53	-0.40	9.97
EUR/JPY	131.76	-0.38	4.44

* 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	0.125	0.09	0.14	0.29	0.70	1.25
EUR	0.00	-0.56	-0.55	-0.46	-0.29	-0.03
GBP	0.10	0.12	0.20	0.84	1.18	1.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

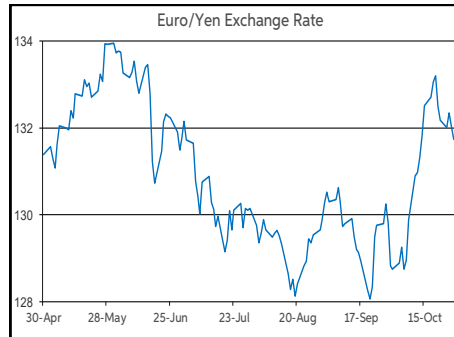
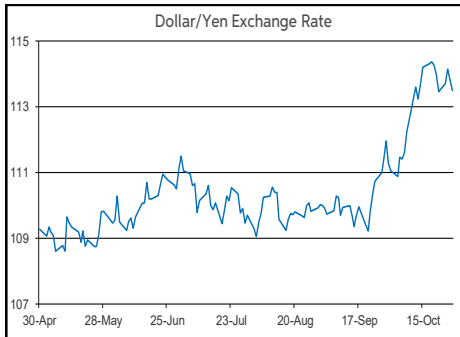
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

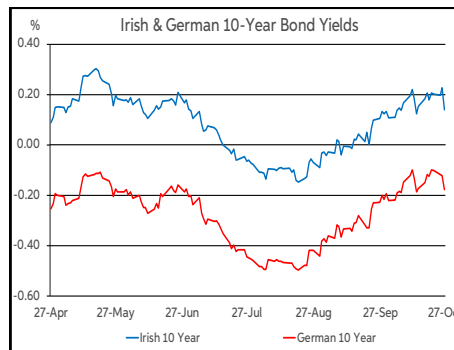
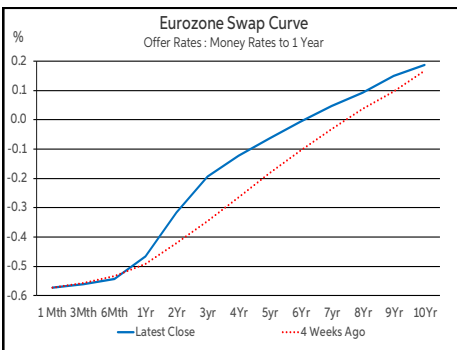
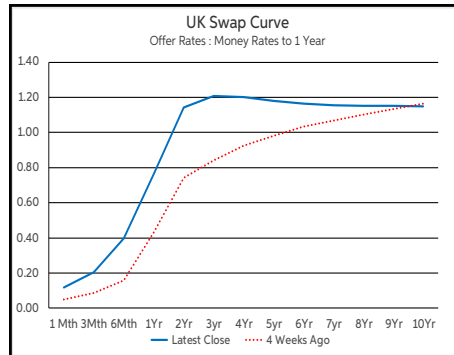
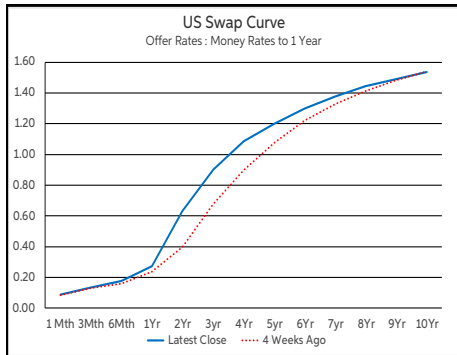
Thursday 28 October 2021
07:36 am



Euro		Sterling		Dollar	
EUR/GBP	0.8443	GBP/EUR	1.1841	USD/JPY	113.53
EUR/USD	1.1603	GBP/USD	1.3744	USD/CAD	1.2372
EUR/JPY	131.76	GBP/CAD	1.7006	USD/CHF	0.9182
EUR/SEK	9.9613	GBP/NZD	1.9152	USD/CNY	6.3965
EUR/DKK	7.4391	GBP/JPY	156.04	USD/BRL	5.5365
EUR/NOK	9.7801	GBP/SEK	11.7965	USD/RUB	70.5875
EUR/CHF	1.0659	GBP/DKK	8.809	USD/INR	74.8275
EUR/AUD	1.5453	GBP/NOK	11.5851	AUD/USD	0.7509
EUR/HKD	9.0242	GBP/CHF	1.2623	NZD/USD	0.7174
EUR/CAD	1.4358	GBP/AUD	1.83		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.55	-6	+3	+63
Germany	-0.18	-6	+4	+40
UK	0.98	-13	-1	+78
Ireland	0.21	-6	+2	+51
Belgium	0.14	-5	+3	+52
France	0.17	-6	+3	+51
Italy	0.90	-5	+7	+37
Spain	0.47	-5	+3	+42
Portugal	0.38	-4	+3	+32
Greece	1.01	-2	+18	+38
5 Year Swap %				
US	1.20	-3	+17	+78
Eurozone	-0.06	-2	+13	+40
UK	1.18	-1	+20	+99
2 Year Swap %				
US	0.63	+3	+28	+44
Eurozone	-0.32	+3	+11	+21
UK	1.14	+8	+41	+112
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-1	-2	+11
Belgium	32	+1	-0	+13
France	34	+0	-1	+11
Italy	107	+1	+3	-2
Spain	65	+0	-1	+2
Portugal	55	+1	-0	-8
Greece	119	+4	+14	-2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	84.58	-2.11	+7.55	+63.28
West Texas Oil	82.66	-3.48	+10.13	+70.96
Gold \$	1796.7	+0.23	+4.09	-5.26

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