

Euro somewhat firmer, dollar slightly weaker

Investor sentiment regained some positive momentum yesterday, as the S&P 500 closed up 1%. Meantime, the Euro Stoxx 50 registered a 0.3% gain. It was a volatile session on bond markets, as Euro-area and UK Gilt yields rose by 3-11bp. Currency-wise, the euro was holding a modestly firmer tone on the exchanges, while the dollar was under some slight downward pressure.

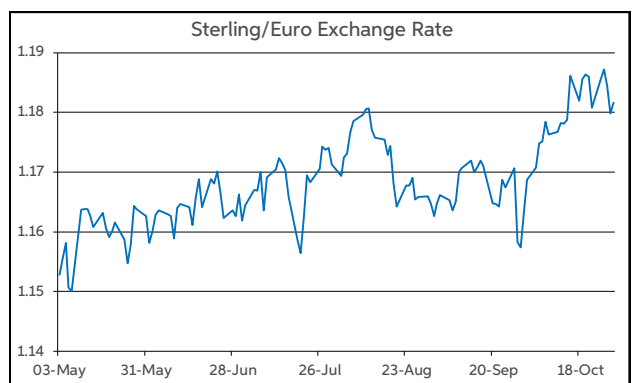
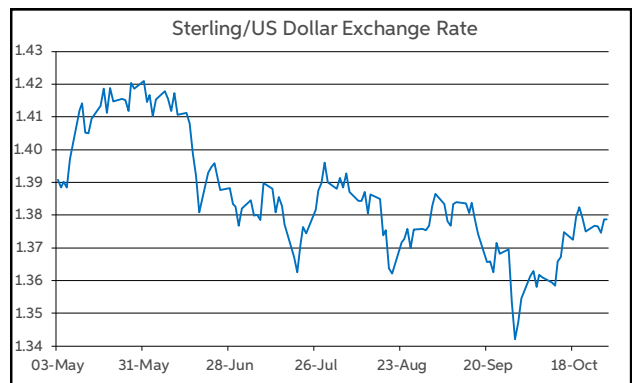
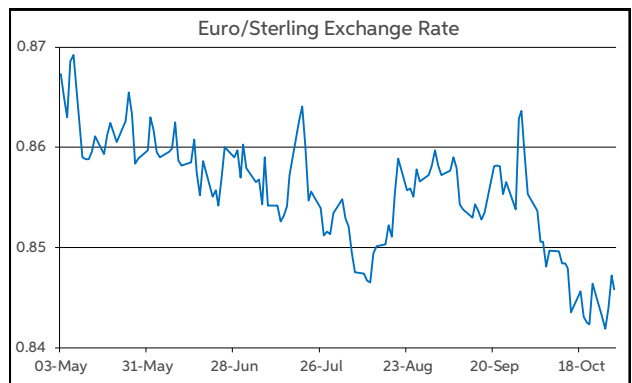
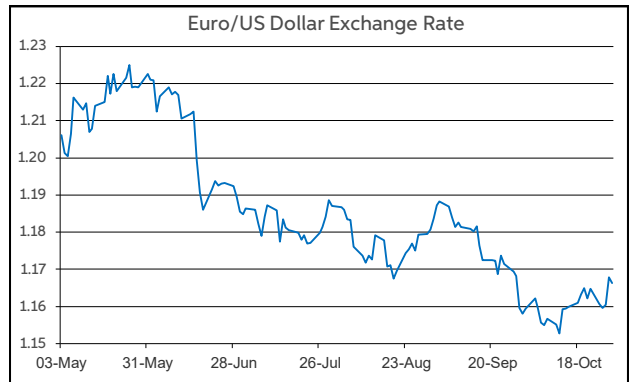
The euro moved higher, despite President Lagarde pushing back against the recent hawkish tilt to market expectations regarding Eurozone interest rates. As expected, the ECB left monetary policy on hold. The central bank noted though, that inflation will likely remain higher for longer than had been anticipated, before falling back next year. The euro gained circa 0.5% against the dollar, and a more modest 0.2% versus sterling.

The dollar was also under pressure, as US GDP missed the consensus, rising by 2% in annualised terms in Q3 (vs. 2.7% f'cast), as the Delta variant weighed on activity. The combination of the firmer euro and the weaker dollar saw the key EUR/USD pair move into the top half of the \$1.16-1.17 range yesterday.

This morning, the EUR/USD rate continues to change hands within this range. Meantime, GBP/USD is trading in the top half of \$1.37-1.38, having been above \$1.38 for a period yesterday. EUR/GBP is operating near the midpoint of the 84-85p band.

Ahead today, we will get some key Eurozone updates. The first reading of Q3 GDP is forecast to show a 2% rise in output in the quarter. Meanwhile, inflation is projected to rise to 3.7% in October (from 3.4%). Inflation data is also due from the US, with core-PCE expected to inch higher to 3.7% in September (from 3.6%).

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1664	0.51	-4.50
EUR/GBP	0.8458	0.19	-5.36
GBP/USD	1.3786	0.31	0.83
GBP/EUR	1.1817	-0.19	5.66
USD/JPY	113.53	-0.02	9.97
EUR/JPY	132.43	0.49	4.97

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.09	0.13	0.29	0.68	1.24
EUR	0.00	-0.56	-0.56	-0.45	-0.25	0.01
GBP	0.10	0.12	0.20	0.89	1.19	1.23

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

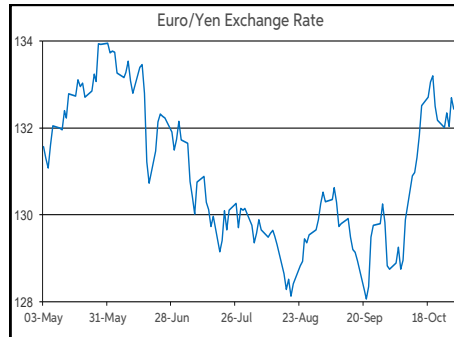
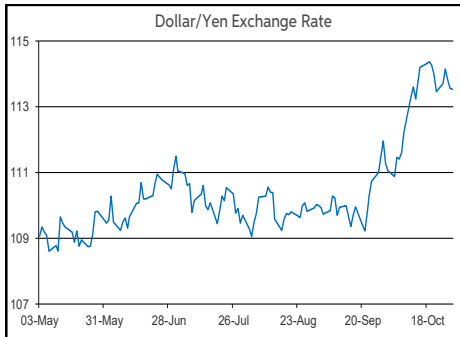
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

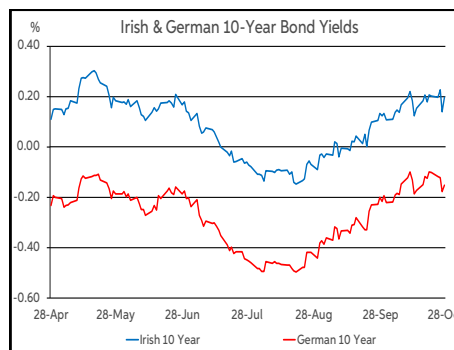
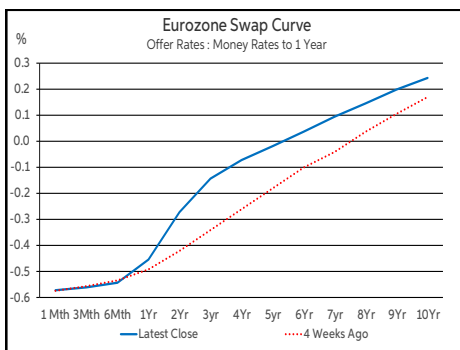
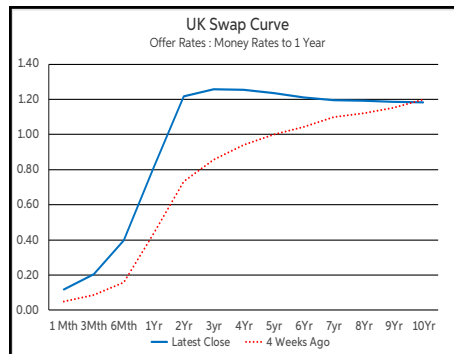
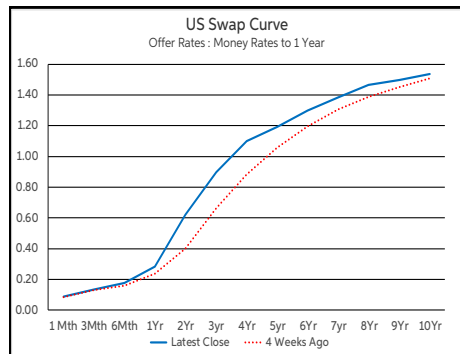
Friday 29 October 2021
07:39 am



Euro		Sterling		Dollar	
EUR/GBP	0.8458	GBP/EUR	1.1817	USD/JPY	113.54
EUR/USD	1.1664	GBP/USD	1.3788	USD/CAD	1.2354
EUR/JPY	132.43	GBP/CAD	1.7035	USD/CHF	0.9118
EUR/SEK	9.9562	GBP/NZD	1.9181	USD/CNY	6.3905
EUR/DKK	7.4387	GBP/JPY	156.53	USD/BRL	5.6459
EUR/NOK	9.762	GBP/SEK	11.7672	USD/RUB	70.358
EUR/CHF	1.0636	GBP/DKK	8.7909	USD/INR	74.81
EUR/AUD	1.5467	GBP/NOK	11.5377		
EUR/HKD	9.0689	GBP/CHF	1.2571	AUD/USD	0.754
EUR/CAD	1.4411	GBP/AUD	1.8282	NZD/USD	0.7186



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.58	+3	+9	+66
Germany	-0.15	+3	+4	+43
UK	1.01	+3	-1	+81
Ireland	0.27	+6	+7	+57
Belgium	0.18	+4	+6	+56
France	0.21	+5	+6	+55
Italy	1.00	+11	+14	+48
Spain	0.52	+5	+6	+46
Portugal	0.41	+3	+4	+35
Greece	1.06	+5	+21	+43
5 Year Swap %				
US	1.19	-1	+17	+77
Eurozone	-0.02	+5	+17	+44
UK	1.24	+5	+24	+105
2 Year Swap %				
US	0.62	-1	+26	+43
Eurozone	-0.27	+4	+16	+25
UK	1.22	+7	+50	+119
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+3	+3	+14
Belgium	33	+1	+2	+14
France	36	+2	+2	+13
Italy	115	+8	+10	+6
Spain	67	+2	+2	+4
Portugal	56	+1	+0	-8
Greece	121	+3	+17	+1



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	84.32	-0.31	+7.39	+62.78
West Texas Oil	82.78	+0.15	+10.05	+71.21
Gold \$	1798.6	+0.11	+2.39	-5.16

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