

A firmer tone to sterling

The risk averse mood on markets from last week carried over into yesterday. The Euro Stoxx 50 lost 1.5% on the day, as concerns regarding EU gas supplies this winter intensified on Russia's decision not to re-open the Nord-Stream 1 gas pipeline. Meanwhile, in the UK, Liz Truss won the Conservative leadership contest, and will become the next Prime Minister. Elsewhere, oil remained little changed near \$95 per barrel, despite OPEC+ announcing it will cut production by 100k barrels per day.

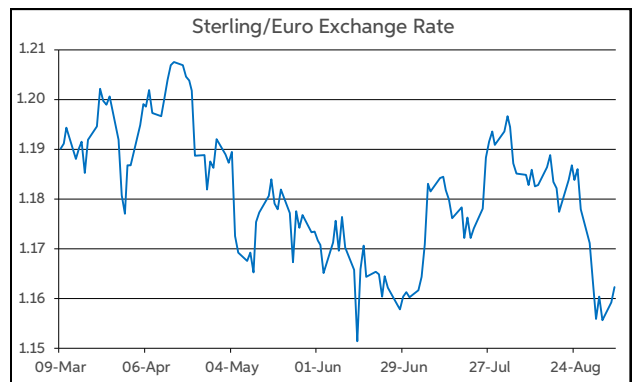
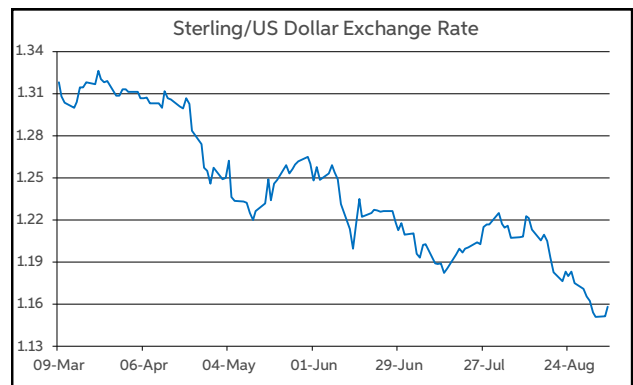
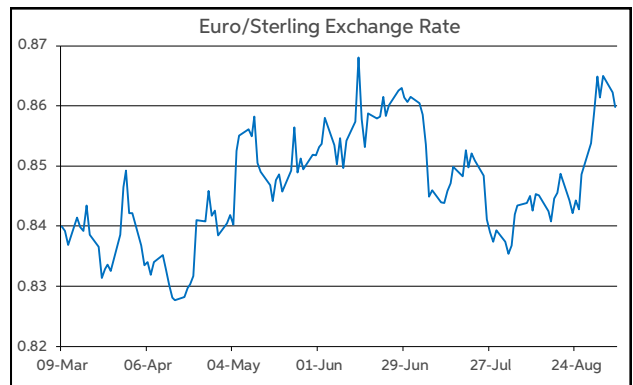
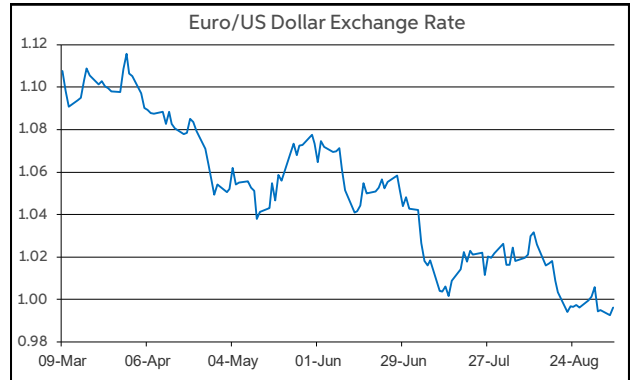
On the currency front, the dollar handed back some of its recent gains amid a relatively subdued trading session. A market holiday in the US and a quiet data schedule likely contributed to the limited amount of action on the exchanges. Elsewhere, sterling was holding a firmer tone, boosted overnight by some hawkish comments from BoE MPC member Mann, who argued that by acting "forcefully" now in tightening monetary policy, the central bank can bring inflation back to target sooner.

Data-wise, the only release of note yesterday, Eurozone retail sales for July, printed broadly in-line with expectations, rising by 0.3% in the month (vs. +0.4% f'cast). The release did not impact the euro.

As trading gets underway this morning, the slightly softer tone to the dollar sees EUR/USD open up near the midpoint of the \$0.99-1.00 range. GBP/USD has regained the \$1.15 level, and is in the top half of \$1.15-1.16. EUR/GBP is changing hands back at 86p.

Turning to the day ahead, the US non-manufacturing ISM is projected to edged slightly lower, but remain firmly in expansion mood in August. However, barring any major surprises, the data are unlikely to impact on currency markets.

Daniel Noonan Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.996	0.57	-12.39
EUR/GBP	0.8595	-0.50	2.32
GBP/USD	1.1586	1.09	-14.36
GBP/EUR	1.1628	0.50	-2.27
USD/JPY	141.18	0.59	22.68
EUR/JPY	140.64	1.17	7.47

* 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	2.375	2.66	3.16	3.89	3.85	3.44
EUR	0.50	0.31	0.76	1.89	2.23	2.33
GBP	1.75	2.11	2.61	4.01	4.25	3.77

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

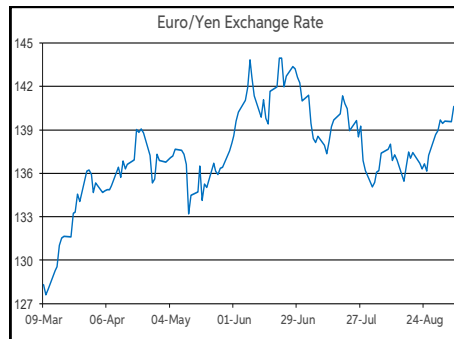
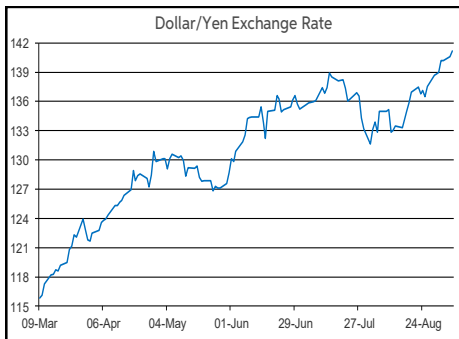
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

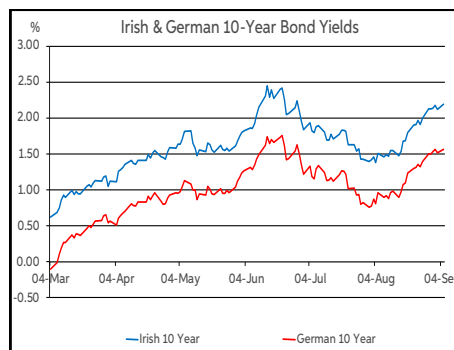
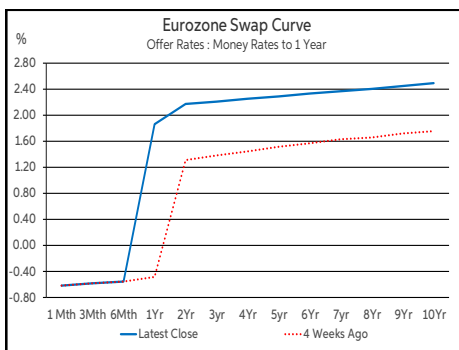
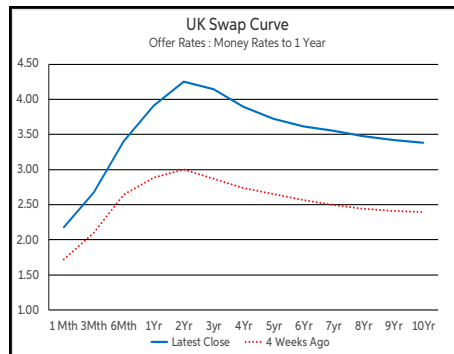
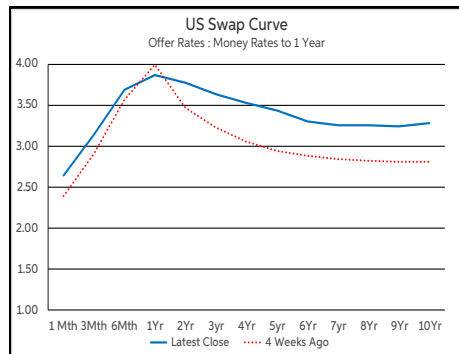
Tuesday 06 September 2022
07:48 am



Euro		Sterling		Dollar	
EUR/GBP	0.8595	GBP/EUR	1.1628	USD/JPY	141.18
EUR/USD	0.996	GBP/USD	1.1586	USD/CAD	1.312
EUR/JPY	140.64	GBP/CAD	1.5204	USD/CHF	0.9791
EUR/SEK	10.7183	GBP/NZD	1.9005	USD/CNY	6.9397
EUR/DKK	7.4365	GBP/JPY	163.57	USD/BRL	5.1548
EUR/NOK	9.8961	GBP/SEK	12.4669	USD/RUB	60.85
EUR/CHF	0.9752	GBP/DKK	8.6491	USD/INR	79.8875
EUR/AUD	1.4667	GBP/NOK	11.5121	AUD/USD	0.6791
EUR/HKD	7.8172	GBP/CHF	1.1345	NZD/USD	0.6094
EUR/CAD	1.3069	GBP/AUD	1.7061		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.20	-6	+45	+168
Germany	1.57	+5	+67	+175
UK	2.94	+2	+99	+197
Ireland	2.23	+7	+73	+198
Belgium	2.24	+5	+77	+206
France	2.19	+3	+75	+199
Italy	3.94	+10	+90	+275
Spain	2.78	+4	+78	+218
Portugal	2.68	+6	+75	+220
Greece	4.28	+7	+120	+297
5 Year Swap %				
US	3.43	+10	+53	+210
Eurozone	2.29	+8	+79	+228
UK	3.73	+7	+108	+245
2 Year Swap %				
US	3.77	+6	+34	+283
Eurozone	2.17	+6	+87	+247
UK	4.25	+12	+125	+306
10 Year Government Bond Spreads to Benchmark bps				
Ireland	66	+2	+6	+24
Belgium	68	+0	+10	+32
France	62	-1	+8	+25
Italy	237	+5	+23	+101
Spain	121	-0	+11	+44
Portugal	112	+1	+9	+45
Greece	271	+2	+53	+122



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	95.74	+2.92	-0.94	+23.09
West Texas Oil	87.29	+0.23	-6.66	+15.88
Gold \$	1710.2	-0.07	-4.38	-6.46

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