

ECB poses event risk for the euro

The more cautious tone to investor sentiment from Tuesday carried through to proceedings on equity markets yesterday. The Euro Stoxx 50 shed 1.1%. Meanwhile, on Wall Street the S&P 500 finished broadly flat for the day. Currency-wise, the moves on the day were relatively modest, as the main pairs traded in very tight ranges. Of the limited action to register, the euro found itself under some mild downward pressure.

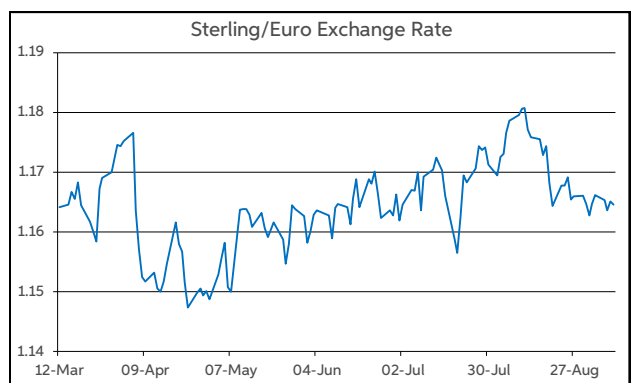
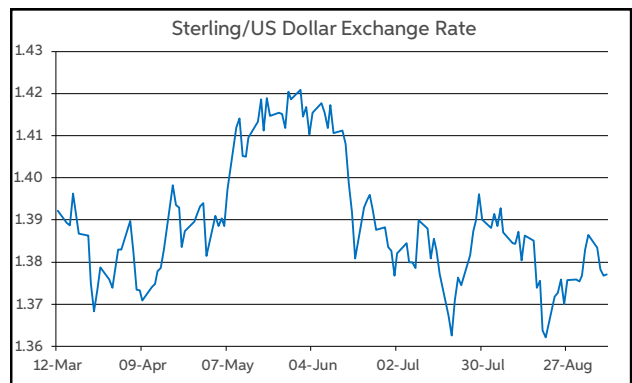
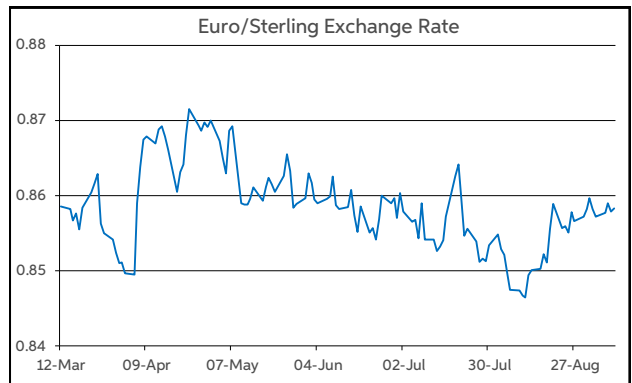
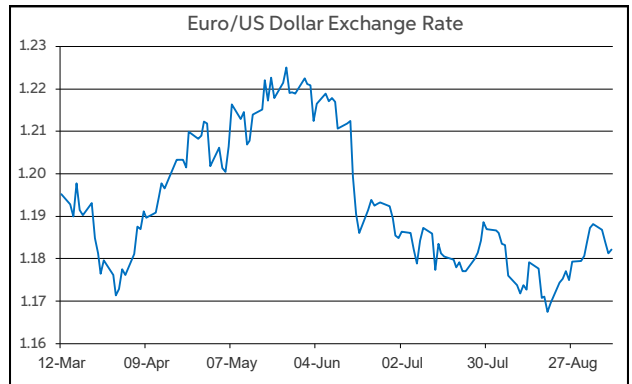
A quiet macro calendar meant there was little in the way of new data to provide fresh impetus on currency markets. The only release of note, JOLTS jobs data from the US showed the number of job openings increased to 10.9m in July from 10.1m, indicating that the demand for labour remains elevated.

In level terms, EUR/GBP opens this morning just below the 86p threshold, a position it has occupied for much of the last 2-3 weeks. Meantime, EUR/USD is changing hands in the bottom half of the \$1.18-1.19. Cable (GBP/USD) is operating above the midpoint of the \$1.37- 1.38 range.

Ahead today, the ECB will hold its September monetary policy meeting. The central bank is expected to announce a slight taper of its PEPP programme, with the pace of purchases possibly reverting to €60bn a month in Q4 from €80bn currently. The latest staff projections will also likely show an upward revision to the ECB's growth and inflation forecasts. The announcement and press conference that follow it pose some event risk for the euro.

Elsewhere, the latest initial jobless claims data is due from the US. The consensus is for the weekly claims number to continue to trend lower, falling to 335k from 340k.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.182	-0.19	-3.22
EUR/GBP	0.8583	-0.14	-3.96
GBP/USD	1.377	-0.07	0.71
GBP/EUR	1.1647	0.14	4.12
USD/JPY	110.09	-0.19	6.64
EUR/JPY	130.14	-0.38	3.15

* 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	0.08	0.12	0.15	0.32	0.90
EUR	0.00	-0.55	-0.54	-0.51	-0.45	-0.28
GBP	0.10	0.05	0.06	0.31	0.49	0.74

All rates quoted are indicative market rates

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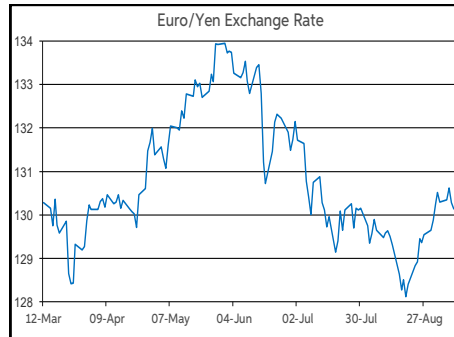
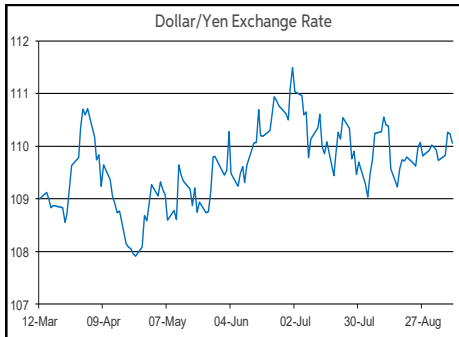
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

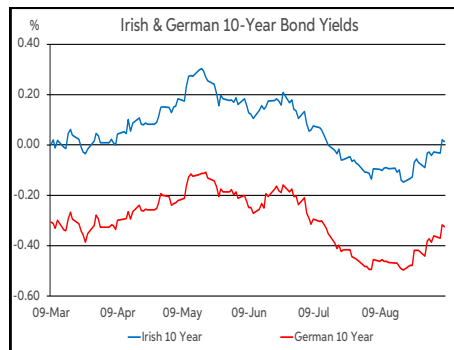
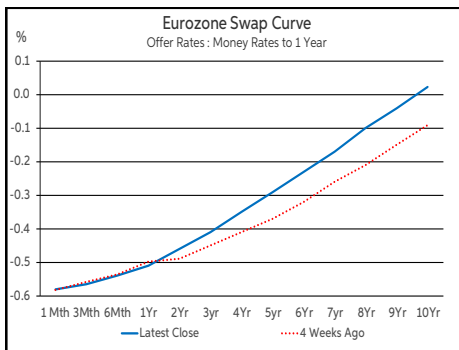
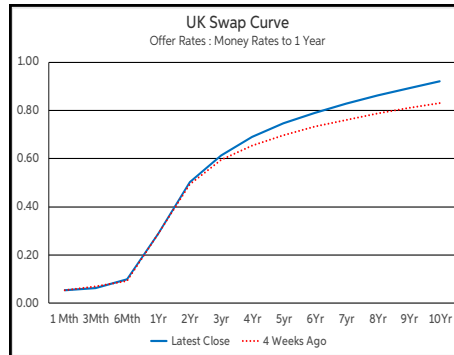
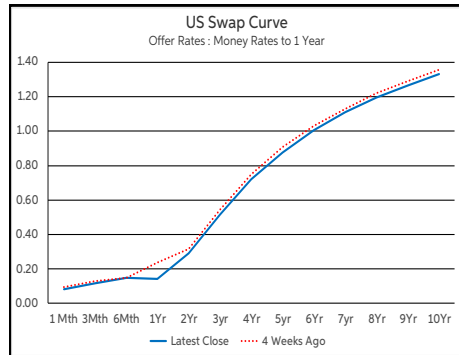
Thursday 09 September 2021
07:30 am



Euro		Sterling		Dollar	
EUR/GBP	0.8583	GBP/EUR	1.1647	USD/JPY	110.09
EUR/USD	1.182	GBP/USD	1.377	USD/CAD	1.2707
EUR/JPY	130.14	GBP/CAD	1.7498	USD/CHF	0.9193
EUR/SEK	10.1994	GBP/NZD	1.9406	USD/CNY	6.4607
EUR/DKK	7.436	GBP/JPY	151.59	USD/BRL	5.3214
EUR/NOK	10.2936	GBP/SEK	11.8786	USD/RUB	73.197
EUR/CHF	1.087	GBP/DKK	8.6595	USD/INR	73.68
EUR/AUD	1.6053	GBP/NOK	11.9917	AUD/USD	0.7361
EUR/HKD	9.1922	GBP/CHF	1.2658	NZD/USD	0.7094
EUR/CAD	1.502	GBP/AUD	1.8703		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.34	-4	+0	+42
Germany	-0.32	-0	+14	+26
UK	0.74	+1	+17	+55
5 Year Swap %				
US	0.88	-1	+1	+46
Eurozone	-0.29	-0	+9	+17
UK	0.75	+3	+5	+56
2 Year Swap %				
US	0.29	+1	+1	+10
Eurozone	-0.46	+1	+4	+7
UK	0.50	+3	+2	+48
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-0	-0	+13
Belgium	32	-1	-1	+12
France	34	-0	+0	+11
Italy	108	+0	+5	-2
Spain	70	-0	-1	+7
Portugal	58	-0	-1	-6
Greece	118	-1	+17	-2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	72.6	+1.27	+1.62	+40.15
West Texas Oil	69.36	+1.27	+0.09	+43.45
Gold \$	1788.9	-0.29	+2.13	-5.67

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