

ECB euro impact limited

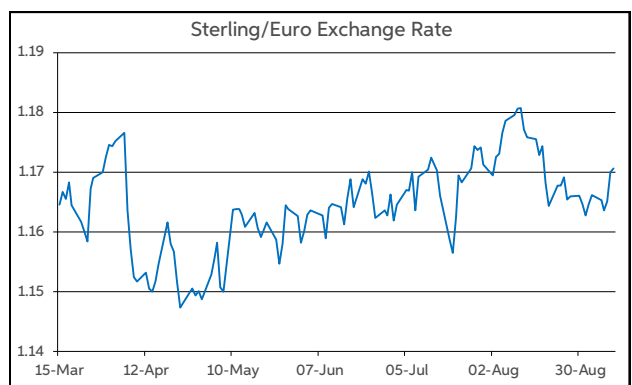
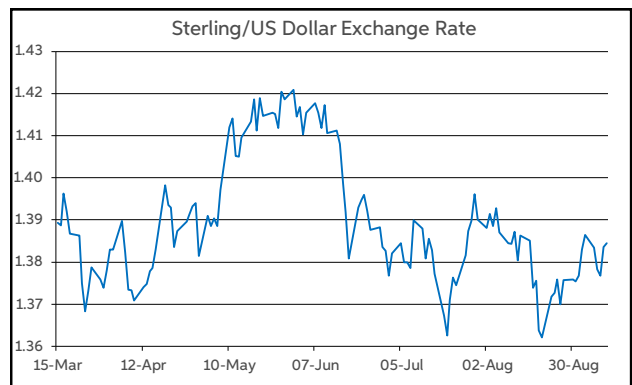
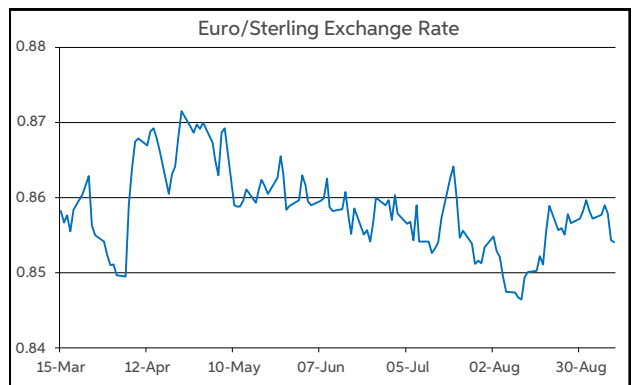
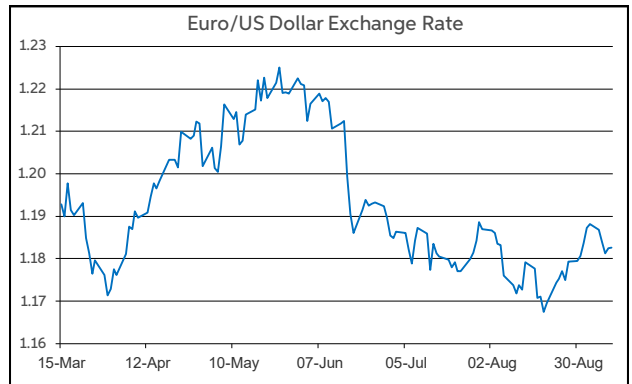
The September policy meeting saw the ECB announce a reduction in the pace of asset purchases. However, President Lagarde was keen not to use the word “taper”, instead describing the move as a “recalibration” of policy. Meanwhile, the latest staff projections show an increased level of optimism regarding the economic outlook, as GDP was revised higher to 5.0% this year from 4.6% previously. The ECB also revised higher its inflation outlook.

The cautious approach taken from the ECB caused benchmark peripheral Eurozone bond yields to decline by 7-9bps. Core and semi-core yields fell by circa 4-6bps also. In terms of the currency market reaction though, the announcement had only a very limited impact on the euro. Elsewhere, the more risk averse tone on equity markets persisted. The S&P 500 registered its fourth consecutive fall, down 0.5%.

Currency-wise, sterling was holding the upper hand on the exchanges. The pound benefitted from some hawkish comments made by Governor Bailey late on Wednesday evening. In level terms, the firmer tone to sterling is reflected by EUR/GBP opening this morning below the midpoint of 85-86p. GBP/USD is operating near the heart of the \$1.38-1.39 corridor. Meantime, EUR/USD continues to change hands in the bottom half of \$1.18-1.19.

Already this morning, the monthly reading of UK GDP has printed well below the consensus. Output rose by just 0.1% in July as a rise in Covid-19 cases, the associated “pingdemic”, and supply shortages weighed on activity. Industrial production increased by 1.2%, although, it remains 2.1% below its pre-pandemic level. An otherwise sparse macro calendar for the rest of the day suggests we may be in for a quiet end to the week on markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1824	0.08	-3.19
EUR/GBP	0.8539	-0.55	-4.45
GBP/USD	1.3845	0.64	1.26
GBP/EUR	1.1706	0.55	4.66
USD/JPY	109.9	-0.23	6.45
EUR/JPY	129.97	-0.12	3.02

* 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	0.08	0.12	0.15	0.32	0.90
EUR	0.00	-0.56	-0.54	-0.53	-0.45	-0.30
GBP	0.10	0.05	0.06	0.31	0.52	0.75

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

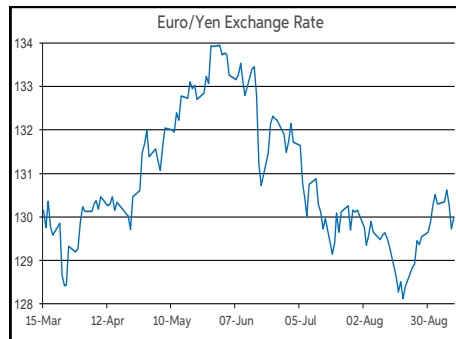
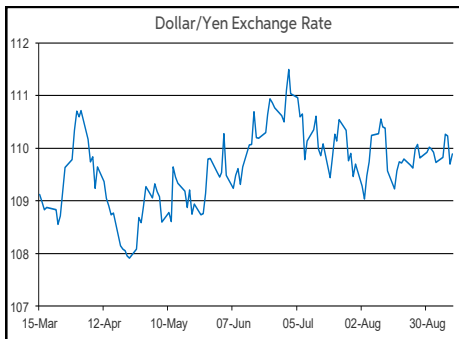
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

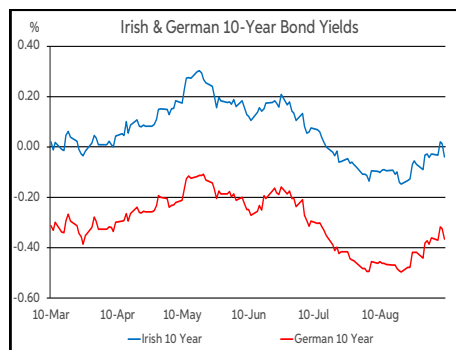
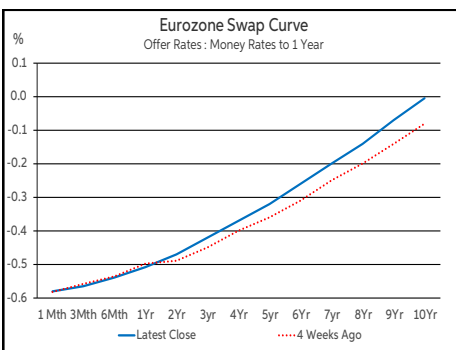
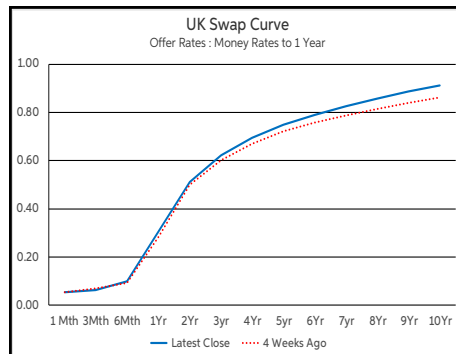
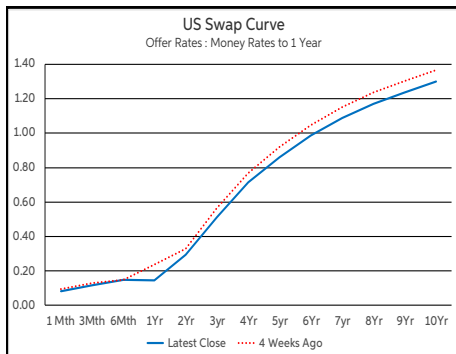
Friday 10 September 2021
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8539	GBP/EUR	1.1706	USD/JPY	109.9
EUR/USD	1.1824	GBP/USD	1.3845	USD/CAD	1.2641
EUR/JPY	129.97	GBP/CAD	1.751	USD/CHF	0.9165
EUR/SEK	10.1749	GBP/NZD	1.9446	USD/CNY	6.4457
EUR/DKK	7.4359	GBP/JPY	152.17	USD/BRL	5.1976
EUR/NOK	10.2351	GBP/SEK	11.913	USD/RUB	72.851
EUR/CHF	1.0838	GBP/DKK	8.7048	USD/INR	73.478
EUR/AUD	1.6031	GBP/NOK	11.9791	AUD/USD	0.7376
EUR/HKD	9.1933	GBP/CHF	1.269	NZD/USD	0.7118
EUR/CAD	1.4955	GBP/AUD	1.8765		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.30	-4	-6	+38
Germany	-0.36	-4	+10	+21
UK	0.74	-1	+13	+54
5 Year Swap %				
US	0.86	-2	-2	+44
Eurozone	-0.32	-3	+5	+14
UK	0.75	+0	+3	+56
2 Year Swap %				
US	0.29	+0	-1	+10
Eurozone	-0.47	-1	+3	+6
UK	0.51	+1	+2	+49
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-1	-2	+12
Belgium	31	-0	-1	+12
France	33	-1	-0	+10
Italy	104	-4	+3	-6
Spain	67	-2	-1	+4
Portugal	56	-2	-1	-8
Greece	116	-2	+15	-5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	71.45	-1.58	+0.20	+37.93
West Texas Oil	68.26	-1.59	-1.24	+41.18
Gold \$	1794.7	+0.32	+2.41	-5.37

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