

## Attention on the ECB today

The main macro focus yesterday was on US CPI inflation data for August. The headline rate rose by more than expected, from 3.2% to 3.7% (vs. 3.6% f'cast). However, the core rate maintained its decelerating trajectory, printing as forecast, at 4.3%.

From a risk appetite perspective, the mood was generally muted. Most of the main equity indices traded sideways to slightly lower for much of the day. In Europe, the Euro Stoxx 50 finished its session down 0.4%. Meantime, at the closing bell on Wall Street last night, the S&P 500 was a modest 0.1% higher.

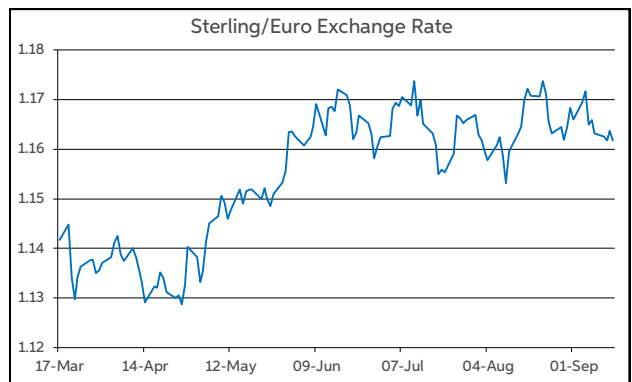
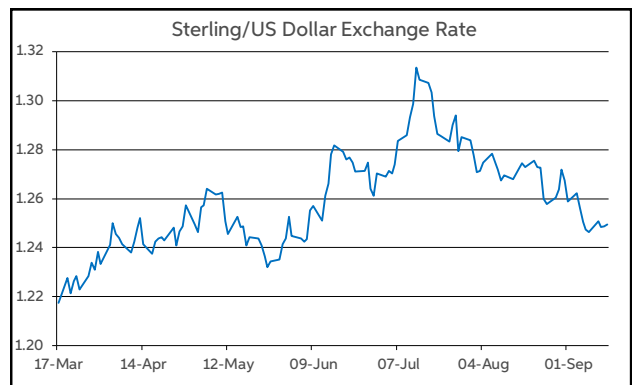
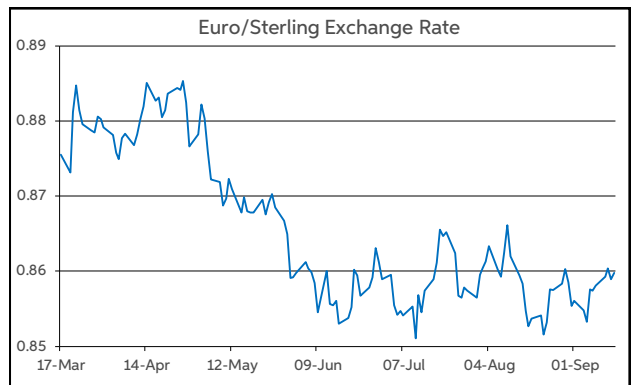
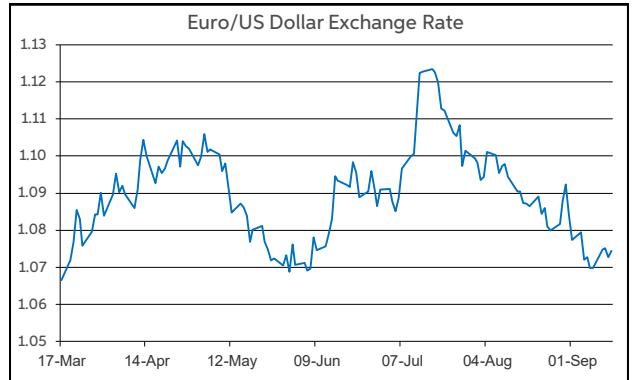
On bond markets, UK Gilt yields continued to trend lower across the curve. The policy sensitive 2-year yield fell below the 5% level. Elsewhere, the moves in Eurozone and US yields were more subdued. Meanwhile, on the commodities front, oil prices remained elevated with Brent crude just below \$92 p/b.

Currency-wise, the majors were confined to relatively narrow ranges. Sterling started the day on the defensive following weaker than expected UK GDP figures for July. Meanwhile, there was no major reaction from the dollar to the US inflation newsflow. The limited FX moves have continued in overnight trading.

As a result, the main pairs open this morning broadly similar to 24 hours earlier. EUR/USD continues to trade in the lower half of \$1.07 -1.08. EUR/GBP is changing hands in and around the 86p mark. GBP/USD is just under the \$1.25 threshold.

Attention today is on the ECB meeting, which poses some event risk for the euro. The market is pricing in around a 65% probability of a 25bps rate hike, which would see the Deposit rate rise to 4%.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0744	-0.06	0.39
EUR/GBP	0.8596	-0.08	-2.80
GBP/USD	1.2496	0.01	3.30
GBP/EUR	1.1626	0.08	2.89
USD/JPY	147.15	-0.16	12.23
EUR/JPY	158.12	-0.23	12.70

\* 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	5.38	5.45	5.67	5.65	5.15	4.45
EUR	4.25	3.70	3.82	4.08	3.78	3.31
GBP	5.25	5.32	5.43	5.62	5.50	4.92

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

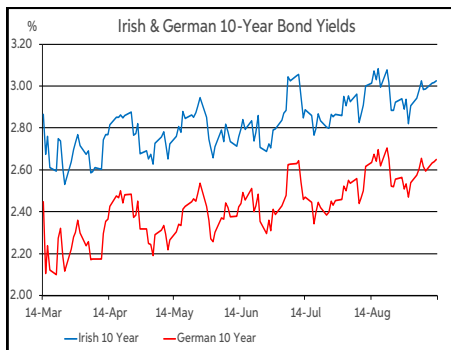
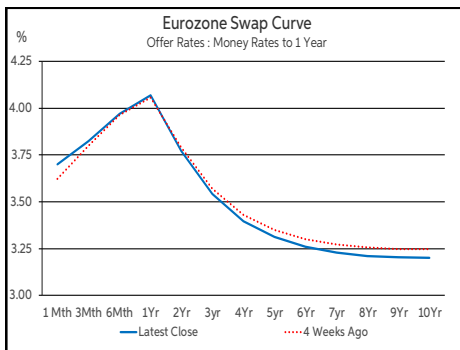
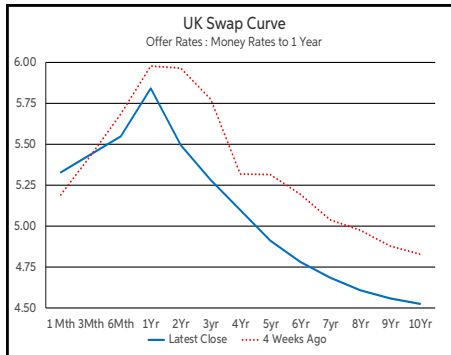
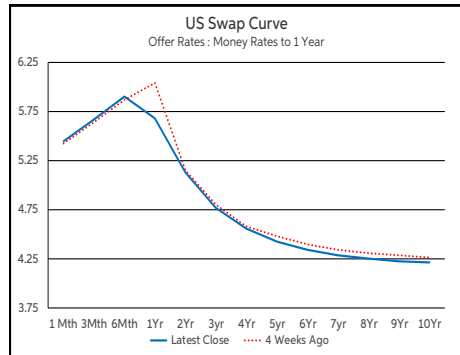
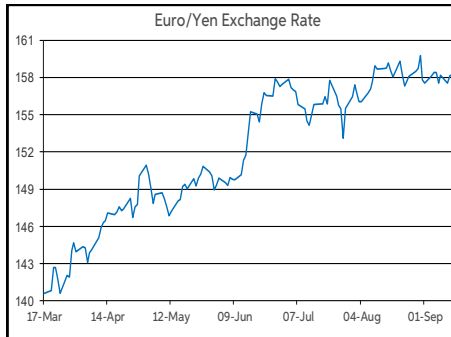
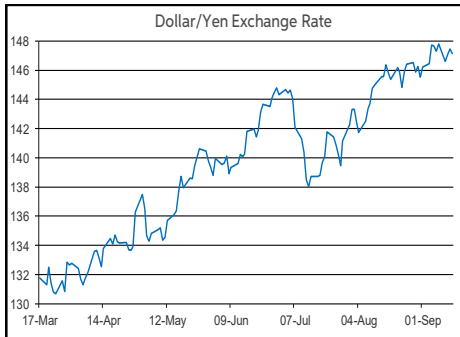
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Thursday 14 September 2023  
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8596	GBP/EUR	1.1626	USD/JPY	147.15
EUR/USD	1.0744	GBP/USD	1.2496	USD/CAD	1.3537
EUR/JPY	158.12	GBP/CAD	1.6917	USD/CHF	0.8919
EUR/SEK	11.9551	GBP/NZD	2.1051	USD/CNY	7.2739
EUR/DKK	7.4597	GBP/JPY	183.88	USD/BRL	4.9158
EUR/NOK	11.4833	GBP/SEK	13.903	USD/RUB	96.59
EUR/CHF	0.9584	GBP/DKK	8.674	USD/INR	82.97
EUR/AUD	1.6678	GBP/NOK	13.355	AUD/USD	0.6442
EUR/HKD	8.4093	GBP/CHF	1.1147	NZD/USD	0.5934
EUR/CAD	1.4545	GBP/AUD	1.9396		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.25	-3	-0	+38
Germany	2.65	+1	+1	+9
UK	4.35	-7	-30	+68
Ireland	3.05	-0	-4	-10
Belgium	3.30	+1	-4	+10
France	3.20	+2	+1	+9
Italy	4.47	+5	+11	-24
Spain	3.73	+3	+2	+7
Portugal	3.41	+3	+2	-19
Greece	4.07	+2	+10	-52
<b>5 Year Swap %</b>				
US	4.43	-5	-1	+43
Eurozone	3.31	+3	-3	+8
UK	4.91	-9	-35	+61
<b>2 Year Swap %</b>				
US	5.13	-6	+2	+46
Eurozone	3.77	+5	-1	+38
UK	5.49	-6	-47	+81
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-2	-5	-19
Belgium	65	+0	-5	+1
France	55	+0	+0	+0
Italy	181	+4	+10	-33
Spain	107	+1	+1	-2
Portugal	76	+2	+1	-28
Greece	141	+1	+9	-61

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	91.88	-0.20	+10.10	+6.95
West Texas Oil	88.59	-0.32	+11.57	+10.52
Gold \$	1906.3	-0.36	+0.77	+4.49

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