

Rate expectations harden further

Investor sentiment continued to hold a generally cautious tone yesterday. The Euro Stoxx 50 fell by 0.4%. Across the Atlantic though, the S&P 500 registered a modest 0.3% gain. On bond market, benchmark sovereign bond yields were little changed.

Data-wise, Eurozone industrial production fell sharply by 2.3% in July (vs. -1.1% f'cast). In the US, PPI inflation, printed broadly in-line with the consensus. The headline rate fell to 8.7% (vs. 8.8% f'cast), and the core rate declined to 7.3% (vs. 7.1% f'cast). However neither release greatly impacted the euro or the dollar.

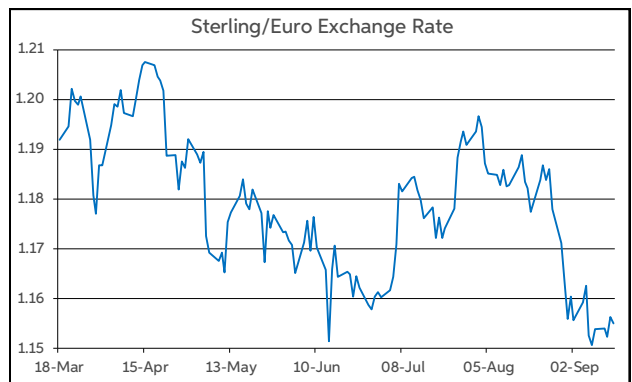
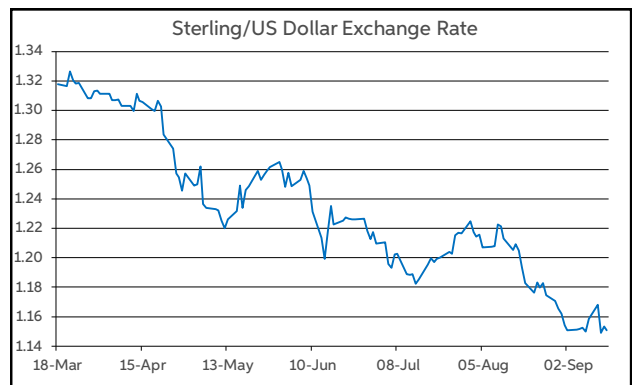
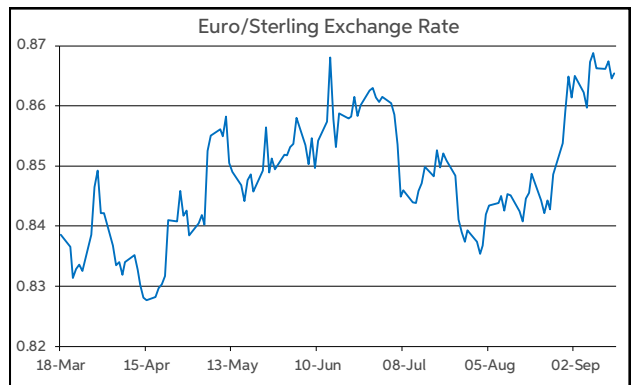
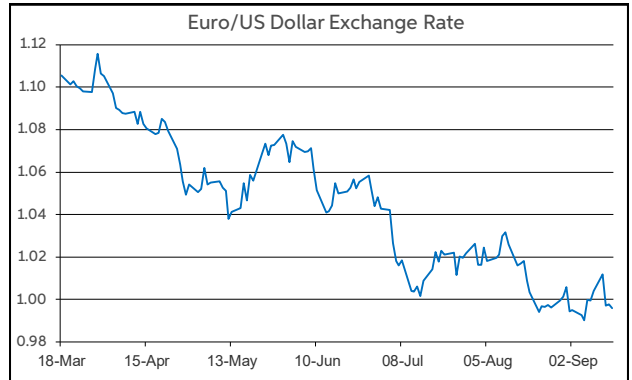
Currency-wise, there was a slightly firmer tone to sterling throughout the European session yesterday. Elsewhere, the Japanese yen moved higher across the board, as senior government officials noted that an intervention in the FX market to support the currency cannot be ruled out. However, overnight the dollar regained some momentum.

A further hardening of rate expectations this week has led to some volatility on forex markets, although, it has been confined to relatively narrow ranges. Rates are now seen as rising to 2.5% in the Eurozone, 4.25% in the US and 4.5% in the UK by mid-2023.

In level terms, EUR/USD is operating back nearer the midpoint of the \$0.99-1.00 range. Elsewhere, EUR/GBP opens back at the halfway mark of 86-87p. GBP/USD is changing hands just above the \$1.15 handle. USD/JPY is down at ¥143.

Turning to the day ahead, a busy data schedule in the US contains retail sales and industrial production for August, as well as the latest weekly initial jobless claims release.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9962	-0.32	-12.37
EUR/GBP	0.8654	-0.24	3.02
GBP/USD	1.1512	-0.07	-14.91
GBP/EUR	1.1551	0.24	-2.94
USD/JPY	143.56	-0.19	24.75
EUR/JPY	143.06	-0.50	9.31

* 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	2.82	3.29	4.35	4.25	3.72
EUR	0.50	0.62	1.00	2.15	2.48	2.49
GBP	1.75	2.20	2.72	4.09	4.26	3.90

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

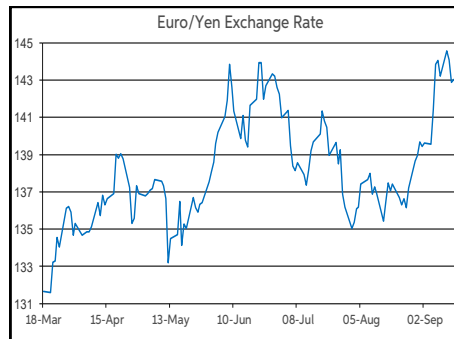
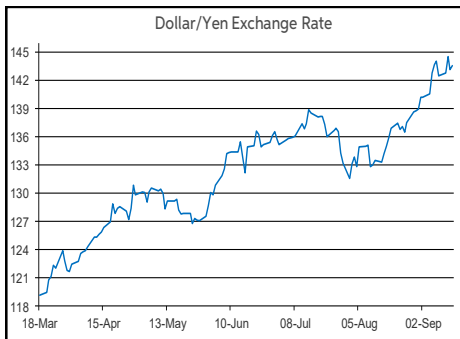
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

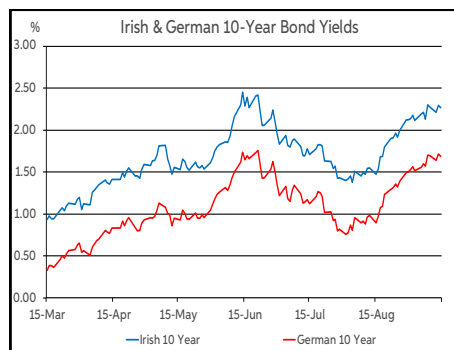
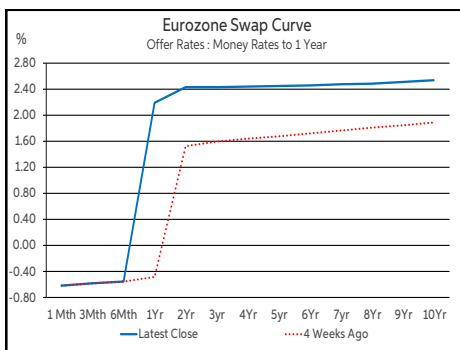
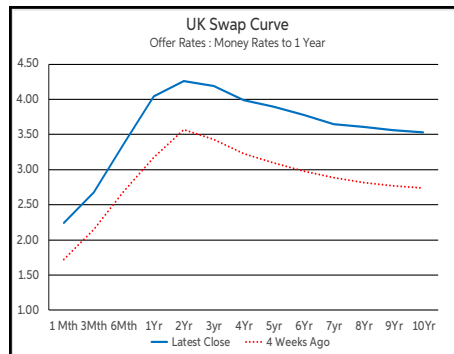
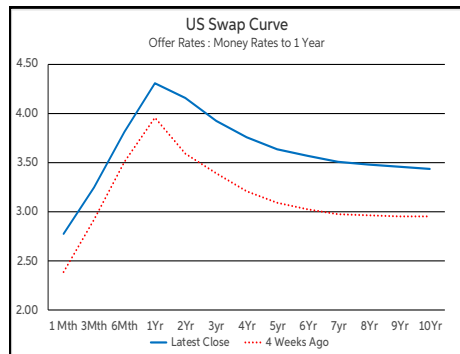
Thursday 15 September 2022
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8654	GBP/EUR	1.1551	USD/JPY	143.56
EUR/USD	0.9962	GBP/USD	1.1512	USD/CAD	1.3174
EUR/JPY	143.06	GBP/CAD	1.5169	USD/CHF	0.9633
EUR/SEK	10.6844	GBP/NZD	1.9173	USD/CNY	6.9679
EUR/DKK	7.4365	GBP/JPY	165.27	USD/BRL	5.1641
EUR/NOK	10.0769	GBP/SEK	12.3435	USD/RUB	59.9
EUR/CHF	0.96	GBP/DKK	8.591	USD/INR	79.551
EUR/AUD	1.4758	GBP/NOK	11.641	AUD/USD	0.675
EUR/HKD	7.819	GBP/CHF	1.109	NZD/USD	0.6002
EUR/CAD	1.3129	GBP/AUD	1.7053		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.40	-1	+50	+189
Germany	1.70	-3	+62	+188
UK	3.14	-4	+85	+217
Ireland				
Ireland	2.31	-2	+61	+206
Belgium	2.31	-4	+60	+213
France	2.26	-3	+61	+207
Italy	3.98	-1	+67	+280
Spain	2.85	-1	+63	+226
Portugal	2.76	-1	+63	+228
Greece	4.28	+5	+77	+297
5 Year Swap %				
US	3.63	+3	+58	+230
Eurozone	2.45	+2	+78	+244
UK	3.90	+5	+80	+262
2 Year Swap %				
US	4.16	+11	+59	+322
Eurozone	2.43	+5	+91	+273
UK	4.26	-1	+69	+307
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	+0	-1	+18
Belgium	61	-1	-2	+25
France	57	+0	-1	+19
Italy	228	+2	+5	+92
Spain	115	+1	+1	+38
Portugal	106	+1	+1	+40
Greece	258	+8	+15	+109



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.1	+1.00	+0.48	+20.98
West Texas Oil	88.88	+1.18	-2.17	+17.99
Gold \$	1695.8	-0.34	-3.71	-7.25

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