

All eyes on Fed rate decision this evening

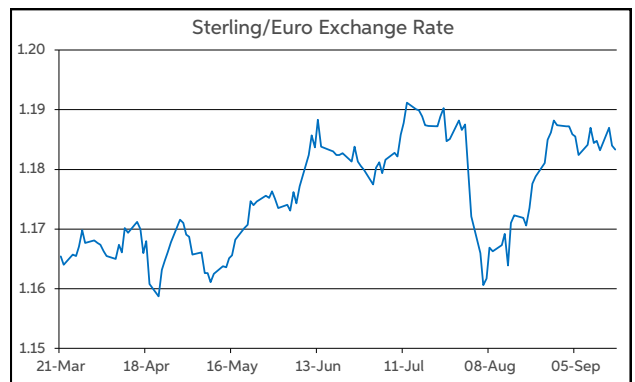
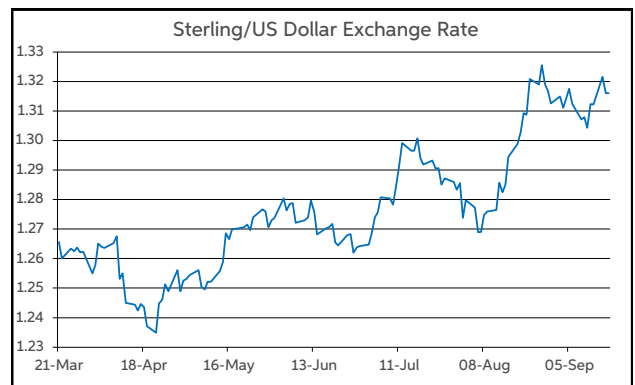
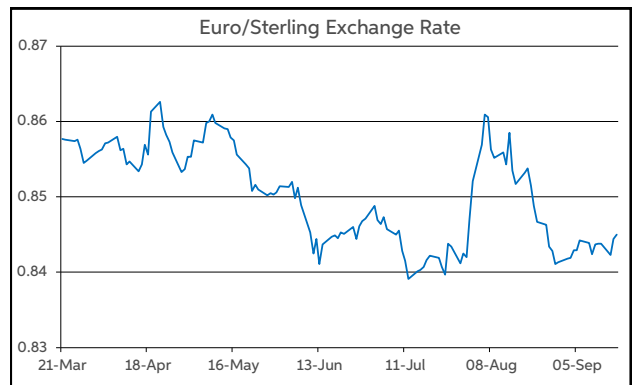
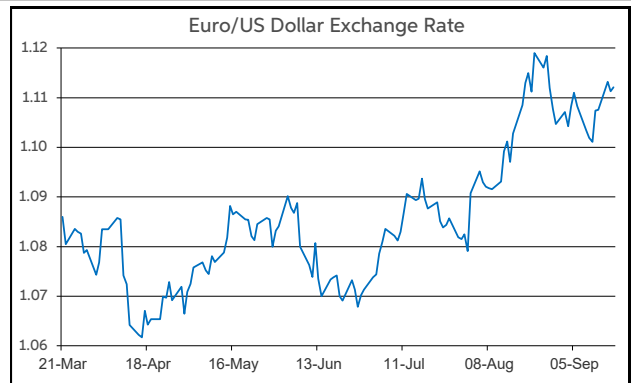
There was somewhat of a positive tone to investor sentiment yesterday in the lead up to today's US Fed rate announcement. In Europe, the Euro Stoxx 50 gained 0.7%. Meanwhile, on Wall Street, the S&P 500 finished flat, having moved higher earlier in the day.

Data-wise, yesterday's macro diary was US centric. Headline retail sales for August surprised to the upside of expectations, while some of the main underlying details were also encouraging. US industrial production for August also printed ahead of forecasts, although there were downward revisions to prior months. Meanwhile, homebuilder sentiment for September continued yesterday's trend of consensus beating US data.

From a currency viewpoint, there was no noticeable impact on the dollar from the positive US macro newsflow. Most of the FX majors were confined to fairly narrow ranges, although, there has been a slightly softer tone to sterling over the past 24 hours. This is reflected in GBP/USD edging back below the \$1.32 threshold, while EUR/GBP is changing hands at the midpoint of 84-85p. Elsewhere, EUR/USD has held onto its position up in \$1.11 territory.

Already this morning, UK CPI inflation data for August have been released. Headline CPI remained at 2.2%, while core-CPI printed a touch above the consensus at 3.6% (vs. 3.5% f'cast). Looking ahead, the aforementioned Fed rate decision (after European close) is very much the focus for markets and entails significant event risk for the dollar. The Fed has guided that it will cut rates today. However, there is uncertainty on the size. Over recent days, speculation has increased that the Fed may opt for a 50bps cut, rather than 25bps. Aside from the rate announcement, the updated dot plot and Fed Chair Powell's press conference will also be closely scrutinised.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1121	-0.03	0.77
EUR/GBP	0.845	0.30	-2.51
GBP/USD	1.316	-0.33	3.39
GBP/EUR	1.1832	-0.30	2.58
USD/JPY	141.46	0.55	0.28
EUR/JPY	157.32	0.52	1.09

* 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	5.13	5.12	4.14	3.68	3.44
EUR	3.65	3.41	3.49	2.86	2.48	2.32
GBP	5.00	4.88	4.78	4.18	4.01	3.69

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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Euro

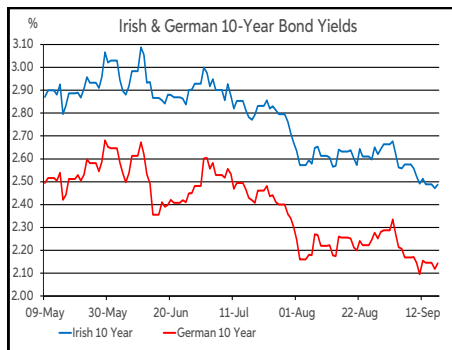
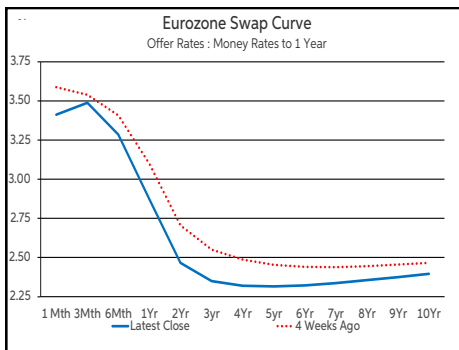
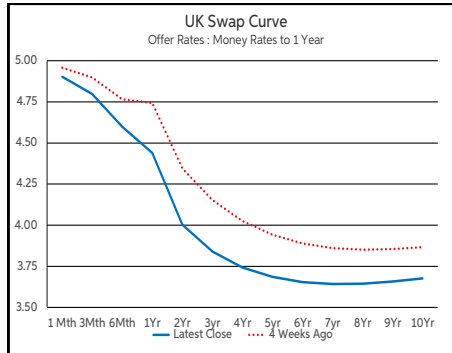
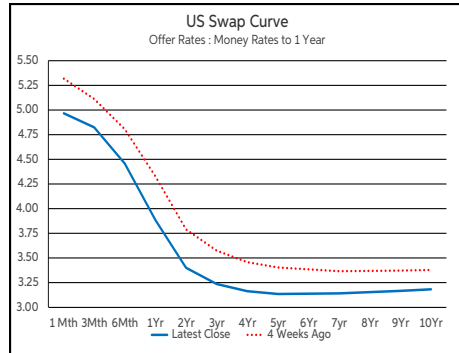
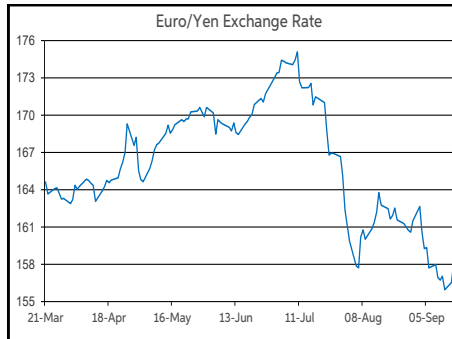
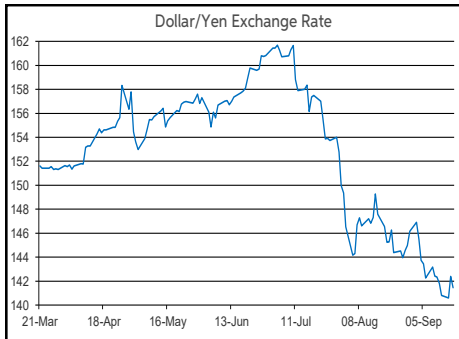
EUR/GBP	0.845
EUR/USD	1.1121
EUR/JPY	157.32
EUR/SEK	11.3248
EUR/DKK	7.4614
EUR/NOK	11.8062
EUR/CHF	0.9402
EUR/AUD	1.6455
EUR/HKD	8.6675
EUR/CAD	1.5112

Sterling

GBP/EUR	1.1832
GBP/USD	1.316
GBP/CAD	1.7882
GBP/NZD	2.1225
GBP/JPY	186.16
GBP/SEK	13.4003
GBP/DKK	8.8291
GBP/NOK	13.9702
GBP/CHF	1.1125
GBP/AUD	1.9471

Dollar

USD/JPY	141.46
USD/CAD	1.3589
USD/CHF	0.8455
USD/CNY	7.0962
USD/BRL	5.483
USD/RUB	91.4
USD/INR	83.724
AUD/USD	0.6758
NZD/USD	0.62



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.64	+2	-18	-22
Germany	2.15	+3	-7	+12
UK	3.77	+1	-15	+23
5 Year Swap %				
US	3.40	+4	-25	-40
Eurozone	2.32	+4	-13	-11
UK	3.69	+3	-25	+3
2 Year Swap %				
US	3.65	+4	-38	-68
Eurozone	2.47	+4	-23	-33
UK	4.00	+4	-34	-26
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	-2	-5	+3
Belgium	60	+1	+1	-6
France	71	+0	-2	+18
Italy	135	-1	-3	-32
Spain	80	-0	-3	-17
Portugal	58	-1	-4	-18
Greece	96	-4	-13	-9

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	73.7	+1.31	-4.53	-4.34
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2569.5	-0.51	+2.22	+24.58

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