

Markets little moved by hawkish Fed

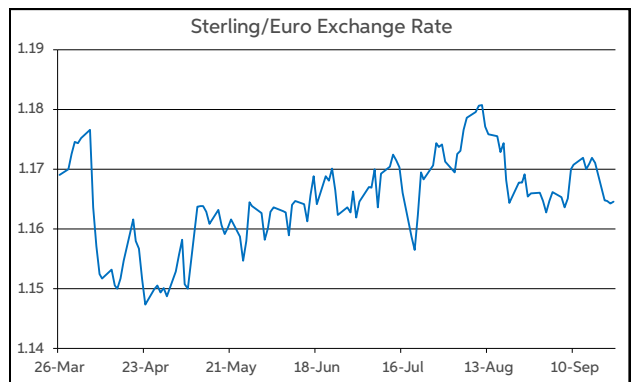
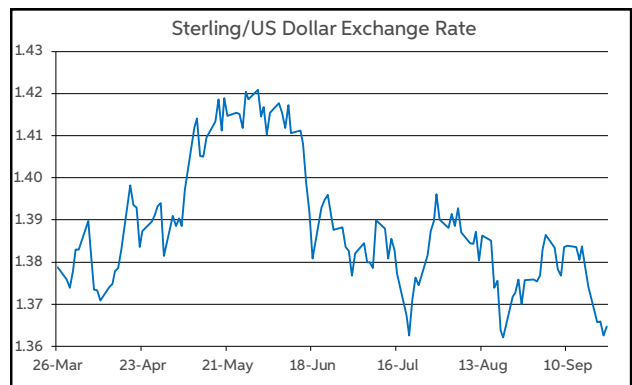
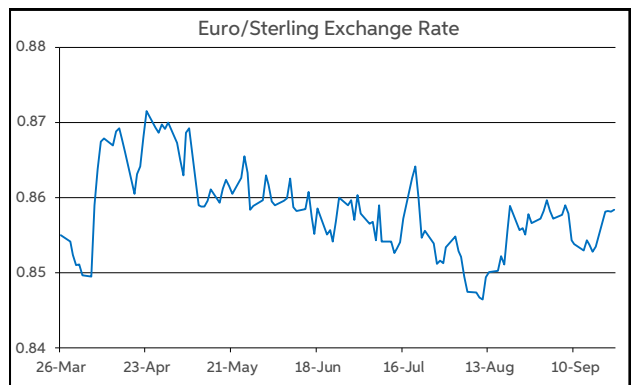
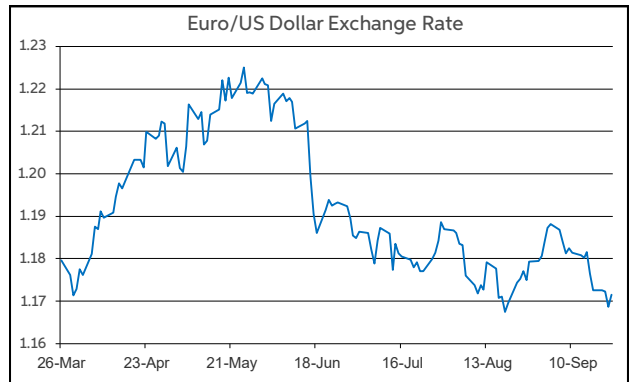
Equity markets on both sides of the Atlantic continued to recover yesterday, having suffered heavy losses on Monday. Risk appetite was helped by reports that Evergrande, the Chinese property company that sparked the global pullback will be able to make an interest payment due today. An injection of liquidity into the financial system by the Chinese central bank eased some concerns on markets also. The S&P 500 ended the day up 1%.

Meanwhile, at its FOMC meeting, the US Fed voted to keep monetary policy on hold as expected. However, the meeting statement did note it “may soon be warranted” to start tapering QE. Chair Powell hinted tapering could start in November and be concluded by mid-2022. Although, he noted that there remains a “different and more stringent test” that will need to be met for rate hikes to be appropriate. Nonetheless, the latest interest rate projections showed that a majority of FOMC members now envisage a rate hike next year.

As the Fed announcement was broadly as expected, the market reaction was limited. Stocks and bonds were little changed, and despite falling below the \$1.17 threshold during the press conference, EUR/USD opens this morning in the bottom half of \$1.17-1.18 once again. Meantime, EUR/GBP is trading just below 86p, and GBP/USD is operating at the midpoint of \$1.36-1.37.

Today, the main highlight from a busy macro calendar ahead is the latest Bank of England monetary policy decision. However, similar to the Fed, no changes to policy are anticipated. In terms of data due today, the flash September PMI data from the US, the UK and the Eurozone will be monitored closely for further signs that growth may have slowed in Q3.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2020 |
| EUR/USD | 1.1712 | -0.09 | -4.10 |
| EUR/GBP | 0.8581 | -0.05 | -3.98 |
| GBP/USD | 1.3648 | -0.03 | -0.18 |
| GBP/EUR | 1.1648 | 0.05 | 4.15 |
| USD/JPY | 109.87 | 0.34 | 6.42 |
| EUR/JPY | 128.71 | 0.27 | 2.02 |

* 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 | 0.13 | 0.15 | 0.38 | 1.00 |
| EUR | 0.00 | -0.56 | -0.55 | -0.50 | -0.43 | -0.24 |
| GBP | 0.10 | 0.05 | 0.08 | 0.35 | 0.59 | 0.85 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

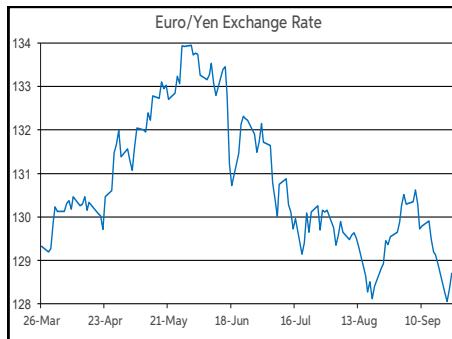
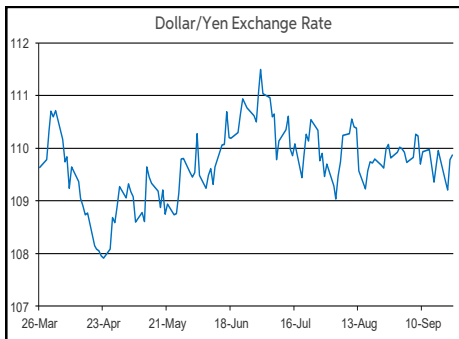
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

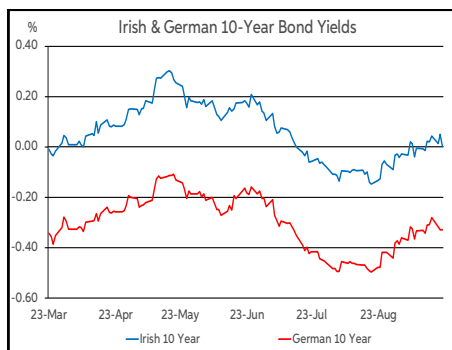
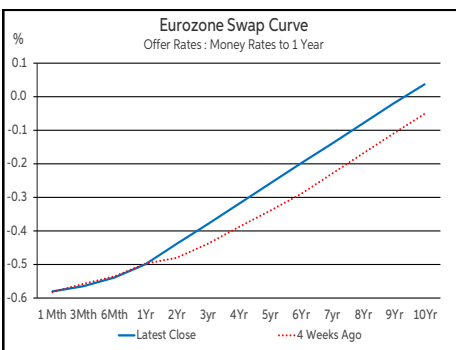
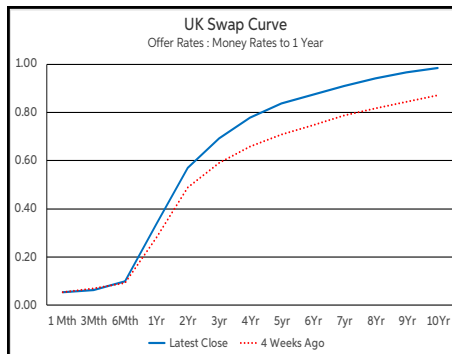
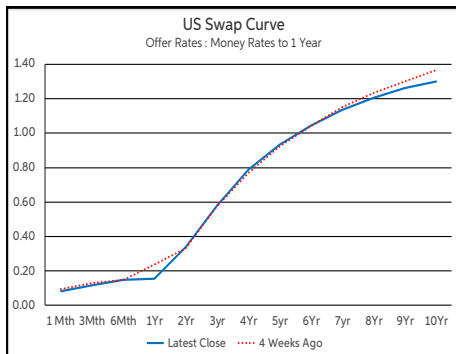
Thursday 23 September 2021
07:34 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|--------|
| EUR/GBP | 0.8581 | GBP/EUR | 1.1646 | USD/JPY | 109.87 |
| EUR/USD | 1.1714 | GBP/USD | 1.3648 | USD/CAD | 1.2738 |
| EUR/JPY | 128.71 | GBP/CAD | 1.7384 | USD/CHF | 0.9251 |
| EUR/SEK | 10.1603 | GBP/NZD | 1.9448 | USD/CNY | 6.4666 |
| EUR/DKK | 7.436 | GBP/JPY | 149.93 | USD/BRL | 5.2888 |
| EUR/NOK | 10.1224 | GBP/SEK | 11.8342 | USD/RUB | 72.81 |
| EUR/CHF | 1.0837 | GBP/DKK | 8.6632 | USD/INR | 73.745 |
| EUR/AUD | 1.6158 | GBP/NOK | 11.7891 | AUD/USD | 0.7249 |
| EUR/HKD | 9.1189 | GBP/CHF | 1.2626 | NZD/USD | 0.7016 |
| EUR/CAD | 1.4921 | GBP/AUD | 1.8821 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 20 |
| 10 Year Yield % | | | | |
| US | 1.30 | -2 | -5 | +39 |
| Germany | -0.33 | +0 | +9 | +25 |
| UK | 0.80 | -1 | +20 | +60 |
| 5 Year Swap % | | | | |
| US | 0.93 | +2 | +5 | +51 |
| Eurozone | -0.26 | +0 | +9 | +20 |
| UK | 0.84 | +0 | +13 | +65 |
| 2 Year Swap % | | | | |
| US | 0.34 | +2 | +4 | +15 |
| Eurozone | -0.44 | +1 | +5 | +9 |
| UK | 0.57 | +1 | +9 | +54 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 39 | -0 | -2 | +12 |
| Belgium | 31 | -1 | -2 | +12 |
| France | 33 | -1 | -2 | +10 |
| Italy | 99 | -3 | -9 | -11 |
| Spain | 64 | -2 | -9 | +1 |
| Portugal | 54 | -2 | -7 | -9 |
| Greece | 107 | -1 | +4 | -14 |



| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 20 |
| Brent Oil | 76.19 | +2.46 | +5.45 | +47.08 |
| West Texas Oil | 72.37 | +2.64 | +5.59 | +49.68 |
| Gold \$ | 1767.9 | -0.36 | -1.27 | -6.78 |

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