

FX range bound despite volatile markets

Despite getting off to a poor start, risk appetite firmed as last week progressed. Equity markets closed Friday in positive territory for the week, with the S&P 500 up 0.5% and the Euro Stoxx 50 up 0.7%. Meantime, oil prices rose by circa 5%, while on the currency front, the main pairs ended the week at very similar levels to where they started it.

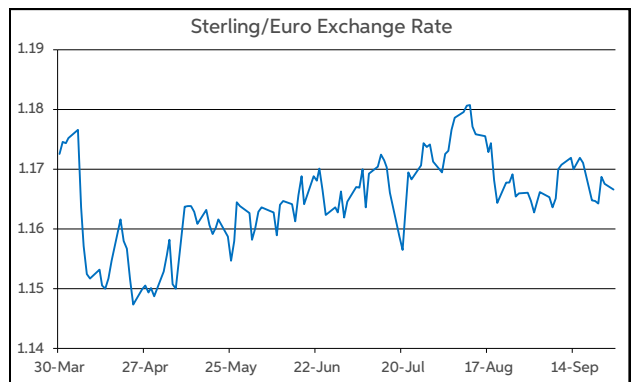
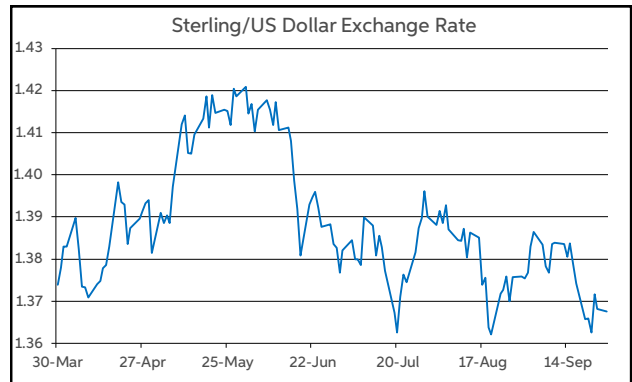
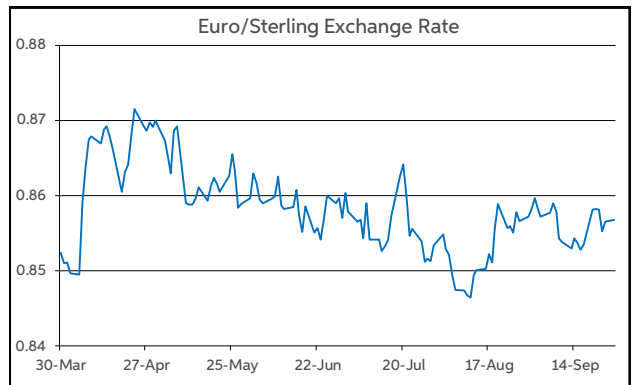
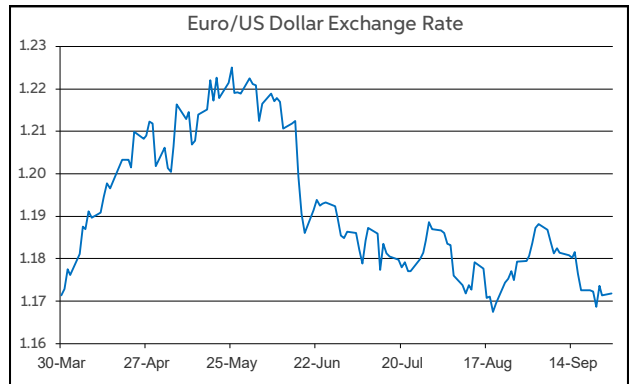
On bond markets, benchmark sovereign yields moved higher across the board following a more hawkish tone from the US Fed and the Bank of England. US Treasury yields rose by 4-8bps, while UK Gilts climbed by even more, rising by 7-10bps along the curve. In the Eurozone, German Bunds were 4bps higher also.

Meanwhile, early results from the German election which took place at the weekend have had little impact on markets in early trading so far. However, with both of the largest parties (the CDU and the SPD) claiming a mandate to form a government, coalition talks with smaller parties may drag on for months.

Currency-wise, the limited action on the exchanges is reflected in EUR/USD opening this morning in the bottom half of \$1.17-1.18 once again. Meanwhile, EUR/GBP is changing hands above the midpoint of 85-86p. Cable (GBP/USD) is operating in the top half of the \$1.36-1.37 range.

Data-wise this week, there is a relatively quiet schedule on both sides of the Atlantic. However, inflation data from the US and the Eurozone will garner close attention. The September reading of Eurozone HICP is forecast to rise to 3.3% from 3%, while core-PCE is projected to inch lower to 3.5% from 3.6% in the US. The latest monthly consumption and income data are also due in the US.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1717	-0.15	-4.06
EUR/GBP	0.8566	0.18	-4.15
GBP/USD	1.3677	-0.33	0.03
GBP/EUR	1.1669	-0.18	4.33
USD/JPY	110.67	0.22	7.20
EUR/JPY	129.7	0.07	2.81

* 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	0.09	0.13	0.17	0.41	1.05
EUR	0.00	-0.55	-0.54	-0.52	-0.42	-0.20
GBP	0.10	0.05	0.09	0.41	0.67	0.92

All rates quoted are indicative market rates

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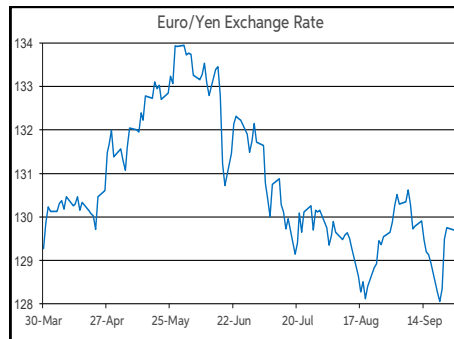
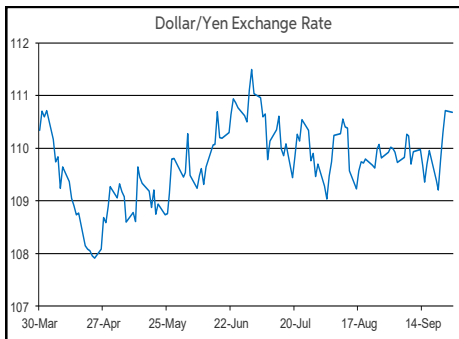
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

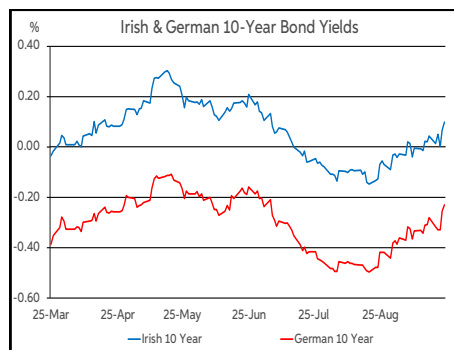
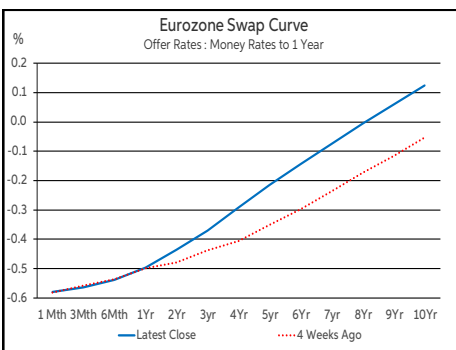
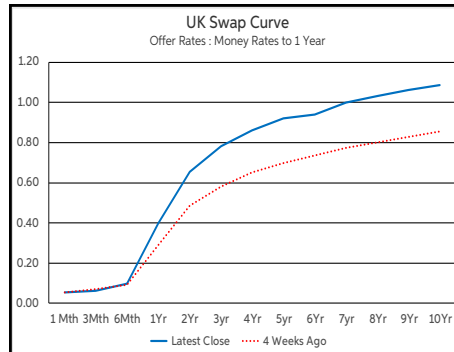
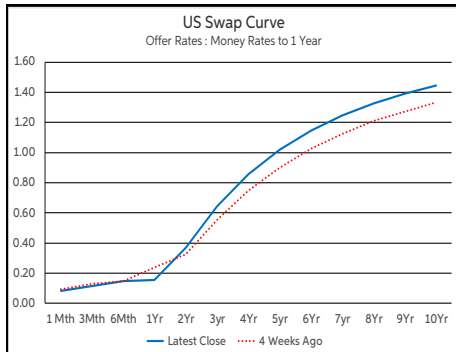
Monday 27 September 2021
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8566	GBP/EUR	1.1669	USD/JPY	110.67
EUR/USD	1.1717	GBP/USD	1.3677	USD/CAD	1.2619
EUR/JPY	129.7	GBP/CAD	1.7261	USD/CHF	0.9269
EUR/SEK	10.1225	GBP/NZD	1.9488	USD/CNY	6.4611
EUR/DKK	7.4361	GBP/JPY	151.36	USD/BRL	5.3377
EUR/NOK	10.0305	GBP/SEK	11.8095	USD/RUB	72.5612
EUR/CHF	1.0862	GBP/DKK	8.6781	USD/INR	73.6425
EUR/AUD	1.6093	GBP/NOK	11.705	AUD/USD	0.7281
EUR/HKD	9.121	GBP/CHF	1.2676	NZD/USD	0.7016
EUR/CAD	1.4787	GBP/AUD	1.878		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.45	+2	+14	+54
Germany	-0.23	+2	+19	+35
UK	0.92	+1	+34	+73
Ireland	0.16	+3	+17	+47
Belgium	0.09	+3	+17	+47
France	0.11	+4	+18	+46
Italy	0.78	+6	+14	+26
Spain	0.42	+3	+11	+36
Portugal	0.32	+4	+13	+26
Greece	0.82	+5	+12	+19
5 Year Swap %				
US	1.02	-1	+16	+60
Eurozone	-0.22	+1	+14	+25
UK	0.92	-1	+23	+73
2 Year Swap %				
US	0.37	+0	+8	+18
Eurozone	-0.44	-1	+7	+9
UK	0.66	-1	+18	+63
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-2	+12
Belgium	31	+1	-2	+12
France	34	+2	-1	+11
Italy	101	+4	-5	-9
Spain	64	+1	-8	+1
Portugal	55	+2	-6	-8
Greece	105	+3	-7	-16



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	78.09	+1.09	+7.41	+50.75
West Texas Oil	74.18	+1.02	+7.76	+53.42
Gold \$	1749.9	+0.42	-3.68	-7.73

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