

Dollar hands back some of its recent gains

There was a somewhat positive mood on markets yesterday, as the sell-off on bond markets paused for breath. This saw the 10-year US Treasury yield decline by 6bps. German Bund yields also edged lower. On equity markets, the Euro Stoxx 50 finished broadly flat, while the S&P 500 gained 0.8%. Elsewhere, oil prices fell sharply, with Brent crude oil down by circa 5%, back near \$86 per barrel.

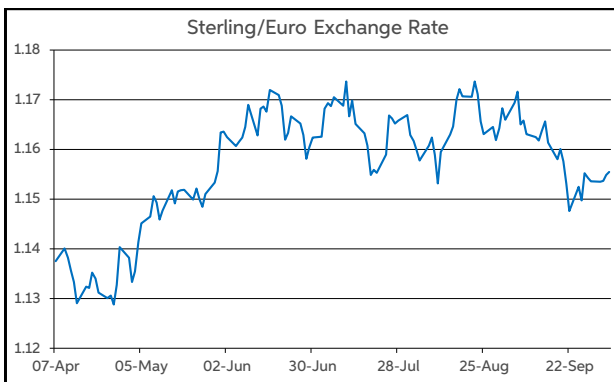
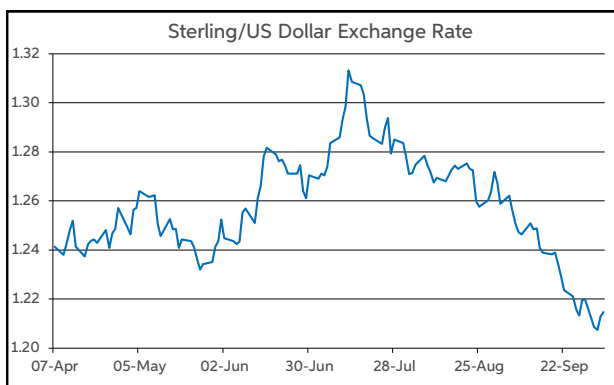
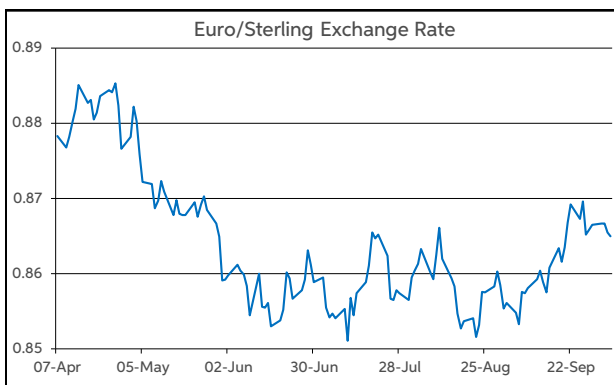
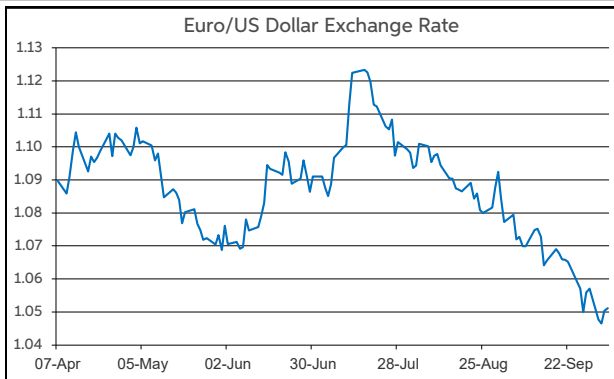
Data-wise, Eurozone, retail sales contracted by 1.2% in August (vs. -0.3% f'cast). In the US, the non-manufacturing ISM printed in-line with expectations, falling to 53.6 in September. Underlying data in the survey, though, show that inflationary pressures remain elevated, and that employment in the sector is robust. Meanwhile, ADP employment rose by 89k in September, the lowest level of expansion since February 2021, and well below the 153k consensus.

On the currency front, the dollar handed back some of its recent gains, amid the larger fall in US yields versus elsewhere. The softer than anticipated ADP data were also unhelpful for the dollar at the margin. This saw EUR/USD trade to a high of \$1.053 yesterday, while USD/JPY moved back below the ¥149 handle.

As trading gets underway this morning, EUR/USD is just above the \$1.05 threshold, GBP/USD is at the midpoint of the \$1.21-1.22 range. Meantime, USD/JPY remains below the ¥149 mark. EUR/GBP continues to operate within the 86-87p band.

Turning to today, there is a relatively sparse data schedule. In the US, initial jobless claims are the main release of note. Meanwhile, remarks from a number of central bank officials may garner some attention. However, investors may opt to keep their powder dry, ahead of the US non-farm payrolls for September, due tomorrow.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0512	0.41	-1.78
EUR/GBP	0.865	-0.16	-2.19
GBP/USD	1.215	0.57	0.44
GBP/EUR	1.1556	0.16	2.24
USD/JPY	148.71	-0.30	13.42
EUR/JPY	156.35	0.12	11.44

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Money Market			Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.68	5.65	5.26	4.78
EUR	4.50	3.87	3.96	4.12	3.80	3.47
GBP	5.25	5.20	5.28	5.44	5.39	4.95

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

Thursday 05 October 2023
07:27 am



Euro

EUR/GBP	0.865
EUR/USD	1.0511
EUR/JPY	156.35
EUR/SEK	11.6084
EUR/DKK	7.4577
EUR/NOK	11.5483
EUR/CHF	0.9622
EUR/AUD	1.6542
EUR/HKD	8.231
EUR/CAD	1.4435

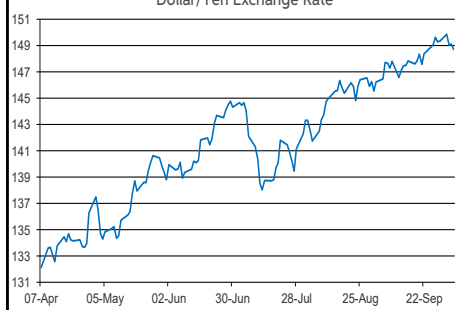
Sterling

GBP/EUR	1.1555
GBP/USD	1.215
GBP/CAD	1.6684
GBP/NZD	2.0466
GBP/JPY	180.68
GBP/SEK	13.418
GBP/DKK	8.6174
GBP/NOK	13.346
GBP/CHF	1.1123
GBP/AUD	1.9118

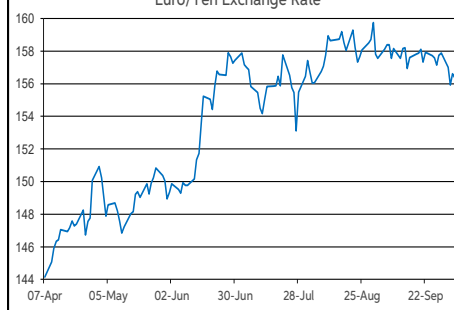
Dollar

USD/JPY	148.72
USD/CAD	1.3731
USD/CHF	0.9152
USD/CNY	7.301
USD/BRL	5.155
USD/RUB	99.525
USD/INR	83.225
AUD/USD	0.6355
NZD/USD	0.5934

Dollar/Yen Exchange Rate

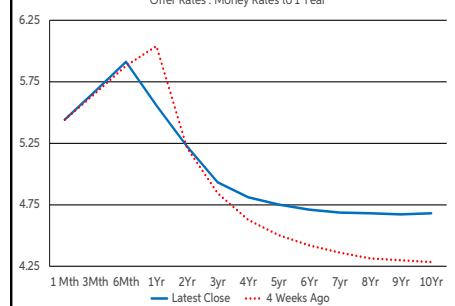


Euro/Yen Exchange Rate



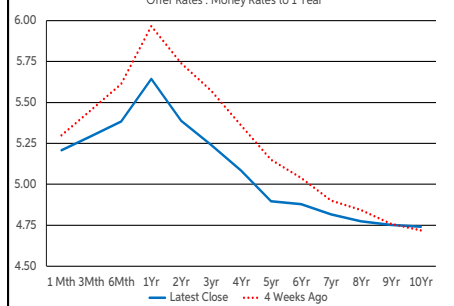
US Swap Curve

Offer Rates : Money Rates to 1 Year



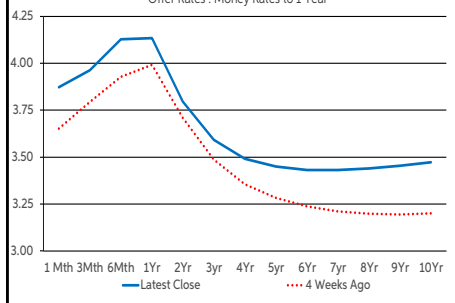
UK Swap Curve

Offer Rates : Money Rates to 1 Year

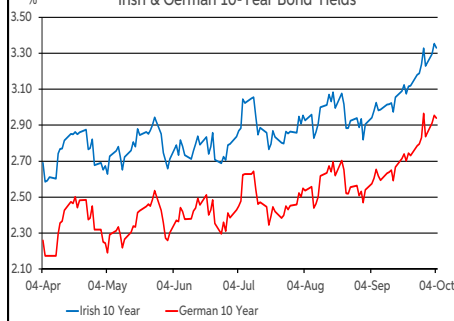


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.74	-6	+44	+86
Germany	2.94	-2	+28	+38
UK	4.59	-1	+5	+92
Ireland	3.35	-2	+30	+21
Belgium	3.60	-3	+32	+40
France	3.50	-3	+31	+39
Italy	4.89	-4	+48	+19
Spain	4.03	-3	+33	+38
Portugal	3.67	-2	+25	+7
Greece	4.42	-2	+42	-18
5 Year Swap %				
US	4.75	-8	+29	+76
Eurozone	3.45	-3	+18	+22
UK	4.90	-1	-20	+59
2 Year Swap %				
US	5.23	-9	+5	+55
Eurozone	3.80	-3	+10	+41
UK	5.39	-2	-35	+71
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-1	+1	-17
Belgium	66	-1	+3	+2
France	56	-2	+3	+1
Italy	195	-3	+20	-19
Spain	109	-2	+4	-0
Portugal	73	-1	-4	-31
Greece	148	+0	+14	-55

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	85.81	-5.62	-5.29	-0.12
West Texas Oil	84.32	-5.53	-3.69	+5.19
Gold \$	1821.1	-0.10	-4.97	-0.18

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.