

Markets remain nervous amid higher yields

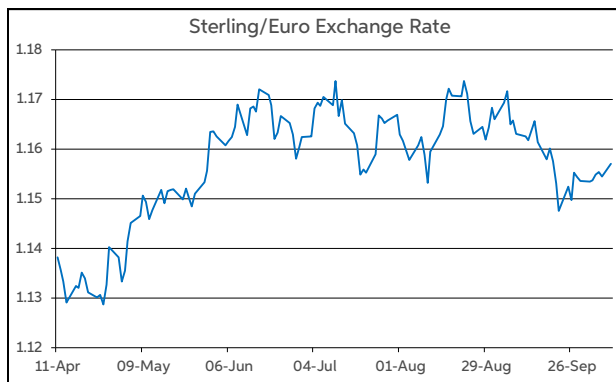
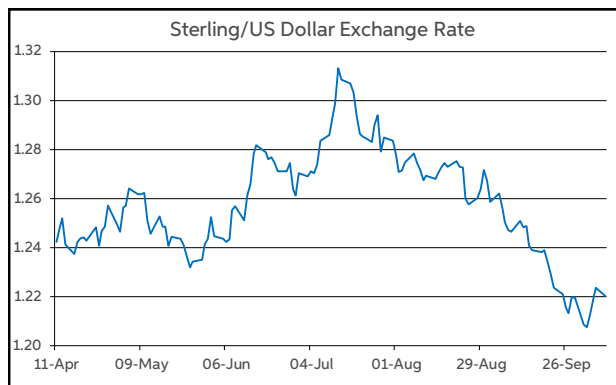
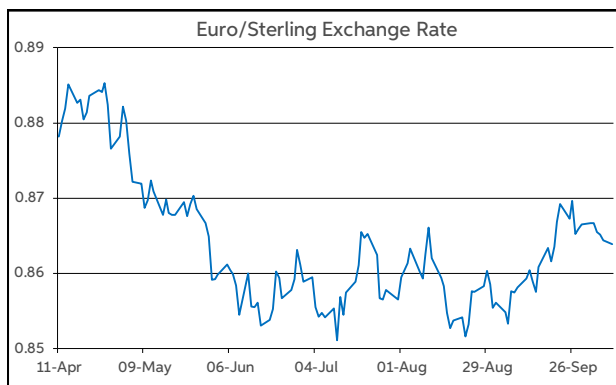
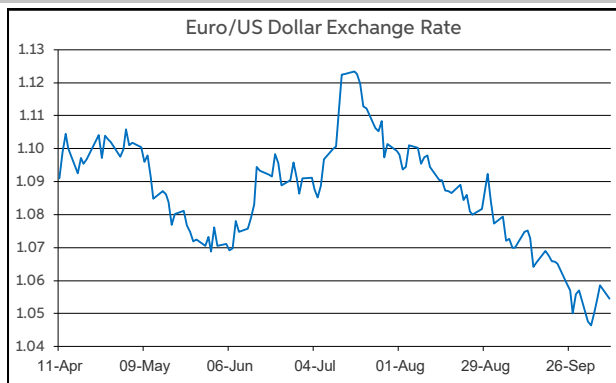
Investor sentiment continued to be unnerved last week by the on-going sell-off on bond markets and the associated sharp rise in bond yields, especially in the case of US Treasuries. Further hawkish rhetoric from a raft of Fed speakers and more upside surprises from the US data calendar underpinned the move higher in yields. One clear example of this was Friday's much stronger than expected print of September payrolls (+336k vs. 170k f'cast).

There was a mixed performance on equity markets. In Europe, the Euro Stoxx 50 finished the week down 0.7%. Meantime, at the closing bell on Wall Street on Friday night, the S&P 500 managed to finish strongly, putting it back into positive territory for the week, 0.5% higher from where it started last Monday.

Currency-wise, the dollar continued to climb higher in the early part of the week amid the further rise in US yields. This saw EUR/USD trade to a low of \$1.044, GBP/USD fall below \$1.21 and USD/JPY briefly testing above the ¥150 threshold. The dollar gave up some of its gains against other majors mid-week as the sell off on bond markets paused. Surprisingly, there was only limited upside for the dollar following Friday's stronger than anticipated payrolls.

As trading gets underway this morning, EUR/USD opens near the midpoint of \$1.05-1.06, while GBP/USD starts the week at \$1.22. Meanwhile, EUR/GBP continues to operate in a very tight range within 86-87p. Looking ahead to this week, from a dollar perspective, the main diary highlights are CPI data (Sept) and Fed meeting minutes. For the euro, the ECB meeting account will warrant attention. In the UK, GDP (Aug) is the main release of note. Meanwhile, aside from the macro diary, market participants will also be keeping a close eye on developments in the Middle East.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0545	0.07	-1.47
EUR/GBP	0.8638	-0.18	-2.33
GBP/USD	1.2205	0.25	0.89
GBP/EUR	1.1573	0.19	2.38
USD/JPY	149.17	0.29	13.77
EUR/JPY	157.3	0.32	12.12

* 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	5.46	5.67	5.65	5.29	4.81
EUR	4.50	3.86	3.98	4.08	3.73	3.36
GBP	5.25	5.20	5.28	5.41	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
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Opening Levels

Monday 09 October 2023
07:29 am



Euro

EUR/GBP	0.8638
EUR/USD	1.0545
EUR/JPY	157.3
EUR/SEK	11.6038
EUR/DKK	7.457
EUR/NOK	11.5106
EUR/CHF	0.96
EUR/AUD	1.6588
EUR/HKD	8.2568
EUR/CAD	1.4391

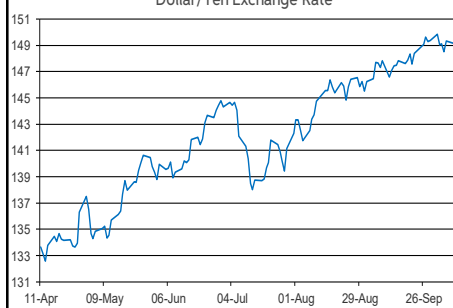
Sterling

GBP/EUR	1.1573
GBP/USD	1.2205
GBP/CAD	1.6658
GBP/NZD	2.0441
GBP/JPY	182.06
GBP/SEK	13.43
GBP/DKK	8.6297
GBP/NOK	13.328
GBP/CHF	1.1113
GBP/AUD	1.9199

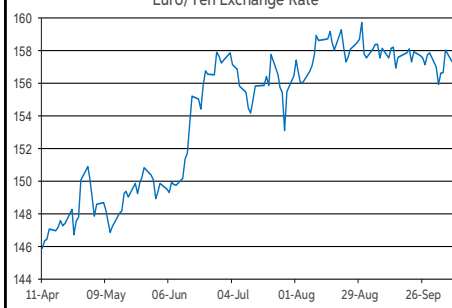
Dollar

USD/JPY	149.17
USD/CAD	1.3647
USD/CHF	0.9103
USD/CNY	7.2873
USD/BRL	5.1457
USD/RUB	100.3275
USD/INR	83.2525
AUD/USD	0.6355
NZD/USD	0.5968

Dollar/Yen Exchange Rate

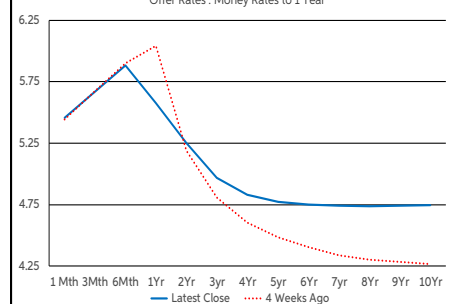


Euro/Yen Exchange Rate



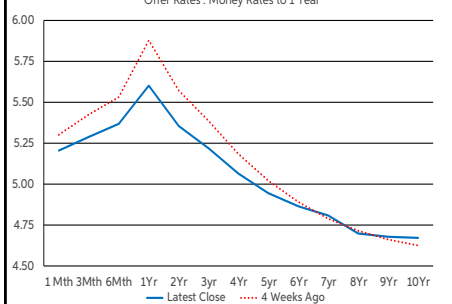
US Swap Curve

Offer Rates : Money Rates to 1 Year



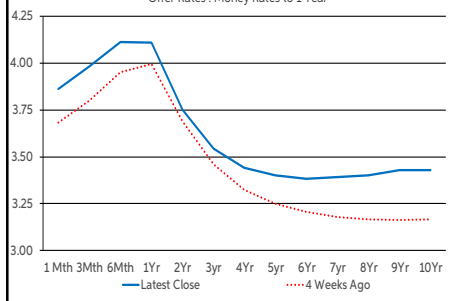
UK Swap Curve

Offer Rates : Money Rates to 1 Year

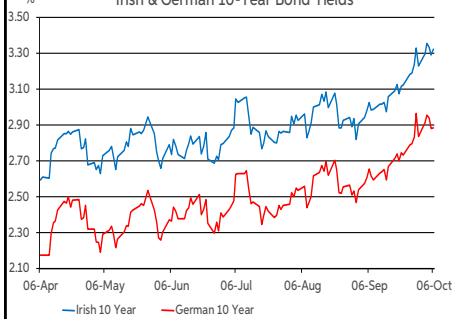


Eurozone Swap Curve

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	4.79	+7	+53	+92
Germany	2.89	+0	+29	+32
UK	4.58	+3	+15	+91
Ireland	3.35	+3	+34	+21
Belgium	3.58	+0	+34	+38
France	3.48	+2	+34	+37
Italy	4.92	+2	+58	+22
Spain	4.02	+1	+37	+36
Portugal	3.64	-0	+30	+4
Greece	4.43	+8	+46	-16
5 Year Swap %				
US	4.77	+7	+33	+78
Eurozone	3.40	-0	+16	+17
UK	4.95	+4	-7	+64
2 Year Swap %				
US	5.25	+8	+10	+58
Eurozone	3.75	-1	+7	+36
UK	5.35	+1	-21	+67
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+3	+5	-11
Belgium	69	+0	+5	+6
France	60	+1	+6	+5
Italy	204	+2	+29	-10
Spain	113	+1	+8	+4
Portugal	75	-0	+1	-29
Greece	155	+7	+17	-48

Commodities

	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	84.58	+0.61	-6.70	-1.55
West Texas Oil	82.83	+0.64	-5.35	+3.33
Gold \$	1832.3	+0.67	-4.46	+0.43

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