

Cautious tone to start the week

Investor sentiment was holding a cautious tone for much of yesterday. This was against the backdrop of the escalation in the Middle East conflict. Risk appetite was already on a more fragile footing in recent weeks as markets fretted over the on-going rise in bond yields. Data-wise, yesterday's macro diary was generally quiet and lacking in top tier releases.

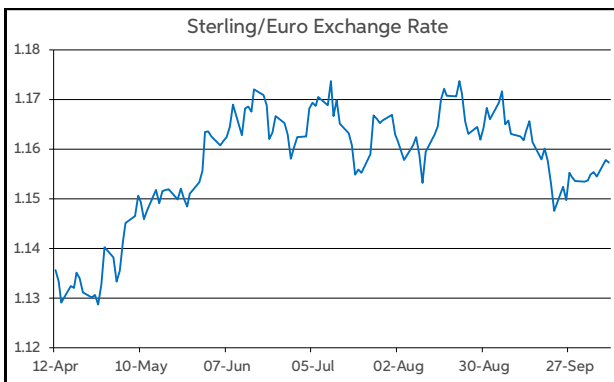
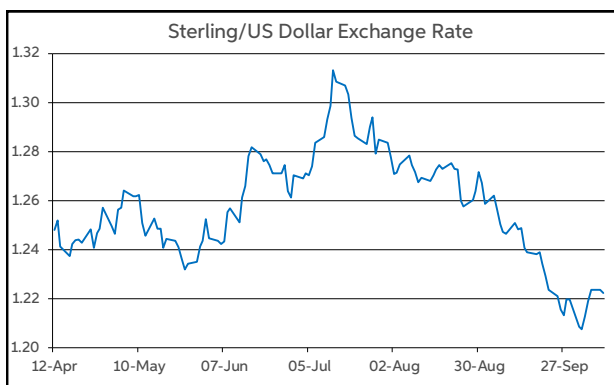
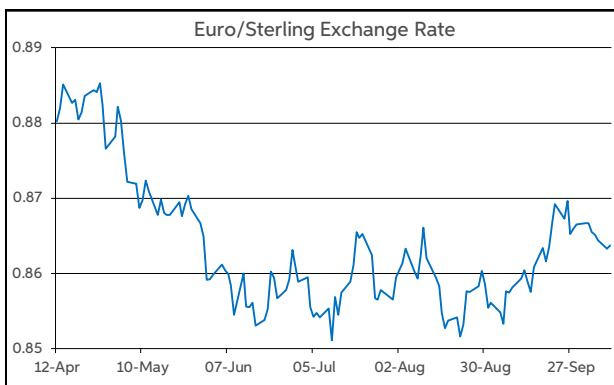
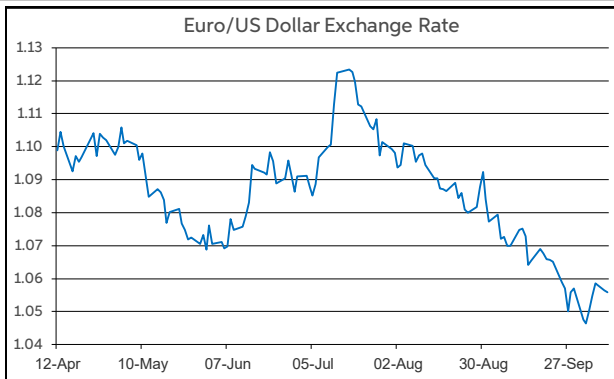
In terms of equity market performance, in Europe, the Euro Stoxx 50 fell by 0.8% on the day. Meanwhile, over the course of the US trading session on Wall Street, there was some firming in risk appetite. This was reflected in the S&P 500 registering a 0.6% gain at the closing bell last night.

On bond markets, US Treasuries were closed for the Columbus Day holiday. European yields fell as bond prices were supported by the risk averse backdrop. The 10-year German Bund yield declined by around 10bps to back below 2.8%. Meantime, the 10-year UK Gilt yield fell back below the 4.5% mark.

Currency-wise, the action was confined to very tight ranges yesterday. This lack of any notable moves has continued in overnight trading. As a result, the majors open this morning broadly similar to 24 hours earlier. This is evident in EUR/USD starting today's European session near the midpoint of \$1.05-1.06. EUR/GBP continues to operate within the 86-87p trading band. Meanwhile, cable (GBP/USD) remains near to the \$1.22 threshold.

Looking ahead to today, the macro calendar remains sparse. Italian industrial production (Aug) and US small business optimism (Sept) are the few releases of note. Newsflow from the Middle East will also be closely followed by markets.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0558	0.09	-1.35
EUR/GBP	0.8637	-0.15	-2.34
GBP/USD	1.2223	0.25	1.04
GBP/EUR	1.1573	0.15	2.40
USD/JPY	148.7	-0.34	13.42
EUR/JPY	157.02	-0.24	11.92

* 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	5.60	5.18	4.67
EUR	4.50	3.86	3.98	4.08	3.69	3.33
GBP	5.25	5.20	5.28	5.39	5.30	4.86

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

Tuesday 10 October 2023
07:27 am



Euro

EUR/GBP	0.8637
EUR/USD	1.0558
EUR/JPY	157.02
EUR/SEK	11.5768
EUR/DKK	7.4566
EUR/NOK	11.4238
EUR/CHF	0.9567
EUR/AUD	1.648
EUR/HKD	8.2626
EUR/CAD	1.4361

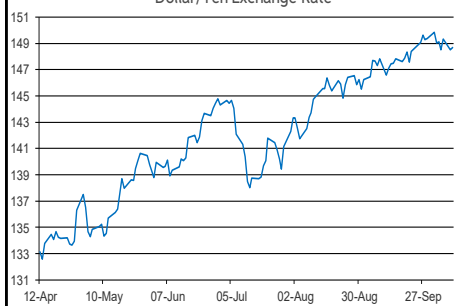
Sterling

GBP/EUR	1.1573
GBP/USD	1.2223
GBP/CAD	1.6624
GBP/NZD	2.0313
GBP/JPY	181.76
GBP/SEK	13.3977
GBP/DKK	8.6299
GBP/NOK	13.218
GBP/CHF	1.1078
GBP/AUD	1.9077

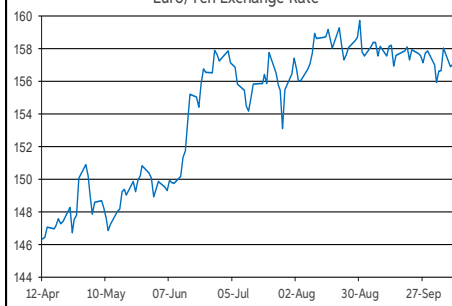
Dollar

USD/JPY	148.7
USD/CAD	1.36
USD/CHF	0.906
USD/CNY	7.2919
USD/BRL	5.1355
USD/RUB	98.976
USD/INR	83.25
AUD/USD	0.6407
NZD/USD	0.6016

Dollar/Yen Exchange Rate

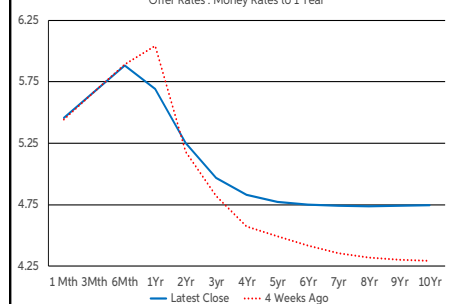


Euro/Yen Exchange Rate



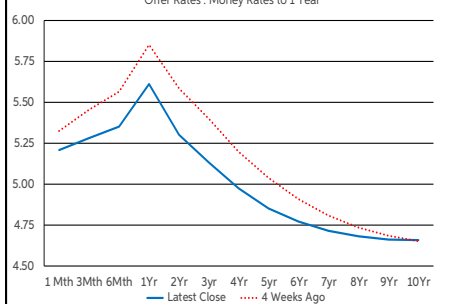
US Swap Curve

Offer Rates : Money Rates to 1 Year



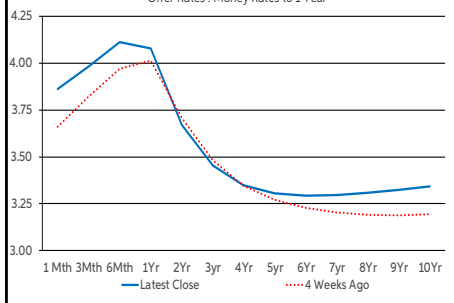
UK Swap Curve

Offer Rates : Money Rates to 1 Year

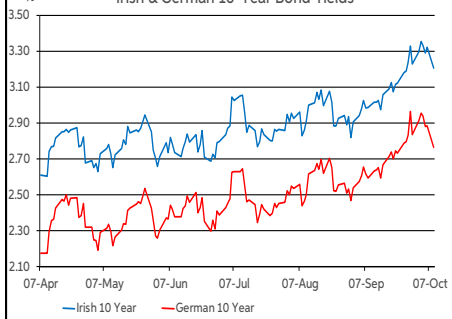


Eurozone Swap Curve

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	+0	+50	+92
Germany	2.76	-12	+13	+20
UK	4.48	-10	+1	+81
Ireland	3.24	-12	+20	+9
Belgium	3.46	-12	+18	+26
France	3.36	-12	+19	+25
Italy	4.84	-9	+44	+13
Spain	3.92	-10	+23	+26
Portugal	3.54	-9	+16	-6
Greece	4.37	-6	+35	-22
5 Year Swap %				
US	4.77	-0	+32	+78
Eurozone	3.31	-10	+4	+8
UK	4.85	-9	-18	+55
2 Year Swap %				
US	5.25	+0	+12	+58
Eurozone	3.67	-8	-3	+28
UK	5.30	-6	-28	+62
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+1	+8	-11
Belgium	69	+0	+5	+6
France	60	+0	+6	+5
Italy	207	+3	+31	-7
Spain	116	+3	+10	+6
Portugal	78	+3	+3	-26
Greece	161	+6	+23	-42

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	88.15	+4.22	-2.75	+2.61
West Texas Oil	82.83	+0.64	-5.12	+3.33
Gold \$	1860.9	+1.56	-3.16	+2.00

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