

Fed indicates gradual approach to rate cuts

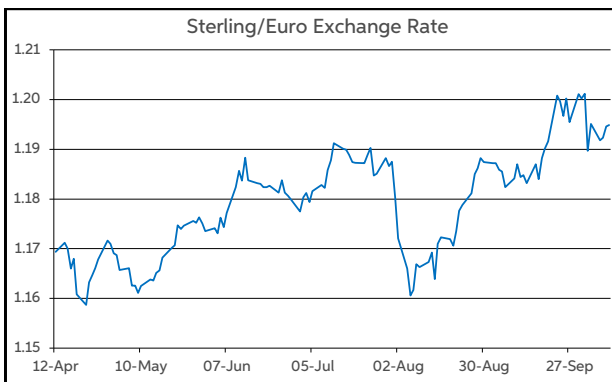
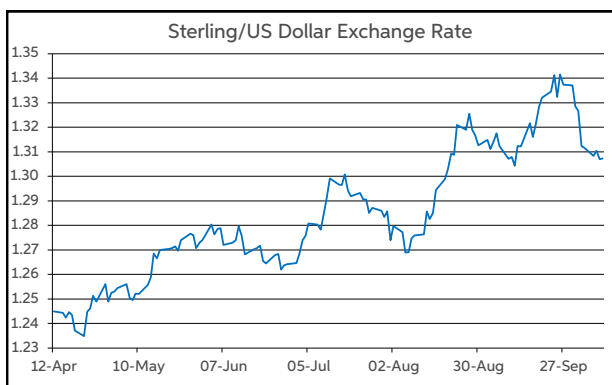
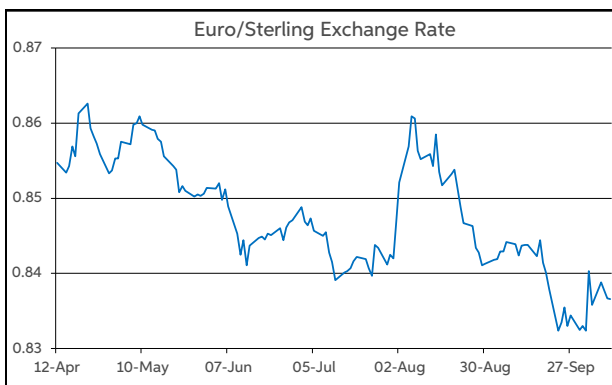
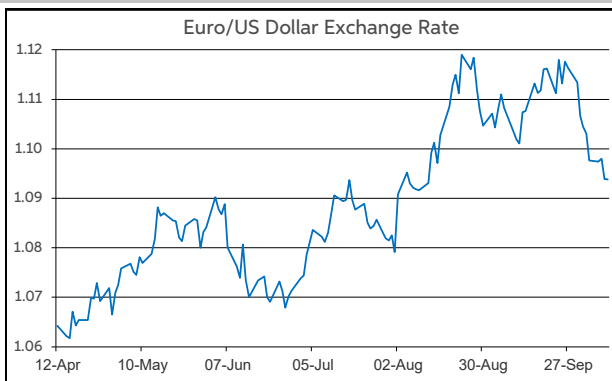
The main macro calendar events yesterday were all US Fed related. This included the release of the September meeting minutes and a raft of Fed speakers. Overall, the text of the minutes and the comments from the plethora of speeches indicate the Fed will take a gradual approach to cutting interest rates, following the 50bps cut in September. They also suggest that the Fed is confident that the US economy is on course for a soft landing.

Against this backdrop, risk appetite was in a positive mood. At the close on Wall Street, the S&P 500 was 0.7% higher on the day. Meanwhile, US Treasury yields/swap rates rose by more than their counterparts, with the policy sensitive 2-year yield rising to near 4.10%.

On the currency front, the dollar was supported by the Fed minutes/speeches espousing a gradual approach to rate cuts and rising Treasury yields. This is reflected in EUR/USD opening this morning in the bottom half of \$1.09-1.10, its lowest level since August. GBP/USD has edged back nearer to the midpoint of \$1.30-1.31. Elsewhere, a slightly softer euro tone sees EUR/GBP at 83.6p.

Today, we get the main data event of the week with the release of US CPI inflation numbers for September. It could be a source of volatility for the dollar if the data surprise versus expectations. The headline rate is forecast to ease to 2.3% (from 2.5%), while core inflation is pencilled in for an unchanged reading of 3.2%. From a euro perspective, the publication of the ECB 'account' of their September meeting will warrant attention. Investors will be looking for insight on whether the ECB will cut rates again at its October 17th meeting. The market is currently expecting a 25bps rate cut from the ECB next week.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0938	-0.23	-0.89
EUR/GBP	0.8366	-0.14	-3.48
GBP/USD	1.307	-0.11	2.68
GBP/EUR	1.1947	0.14	3.61
USD/JPY	149.2	0.59	5.77
EUR/JPY	163.22	0.37	4.88

* 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	4.88	4.79	4.65	4.15	4.11	3.89
EUR	3.65	3.27	3.27	2.76	2.50	2.42
GBP	5.00	4.92	4.78	4.37	4.33	4.09

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

Thursday 10 October 2024
07:13 am



Euro

EUR/GBP	0.8366
EUR/USD	1.0938
EUR/JPY	163.22
EUR/SEK	11.3694
EUR/DKK	7.4585
EUR/NOK	11.7872
EUR/CHF	0.9408
EUR/AUD	1.6257
EUR/HKD	8.4993
EUR/CAD	1.4997

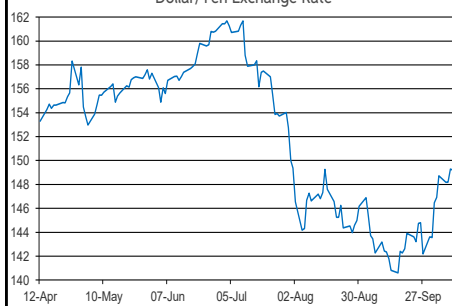
Sterling

GBP/EUR	1.1947
GBP/USD	1.307
GBP/CAD	1.7921
GBP/NZD	2.1487
GBP/JPY	195
GBP/SEK	13.582
GBP/DKK	8.9109
GBP/NOK	14.0817
GBP/CHF	1.1239
GBP/AUD	1.9432

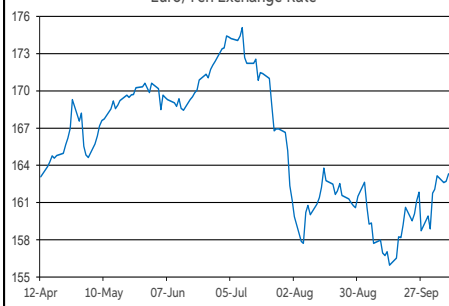
Dollar

USD/JPY	149.2
USD/CAD	1.371
USD/CHF	0.8597
USD/CNY	7.0701
USD/BRL	5.5942
USD/RUB	97.3
USD/INR	83.9625
AUD/USD	0.6726
NZD/USD	0.6083

Dollar/Yen Exchange Rate

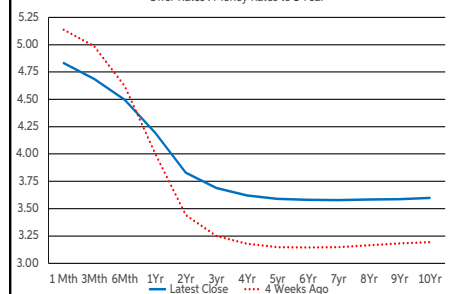


Euro/Yen Exchange Rate



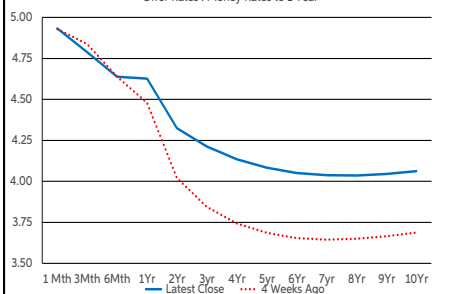
US Swap Curve

Offer Rates : Money Rates to 1 Year



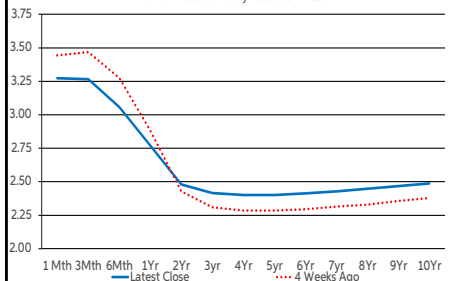
UK Swap Curve

Offer Rates : Money Rates to 1 Year

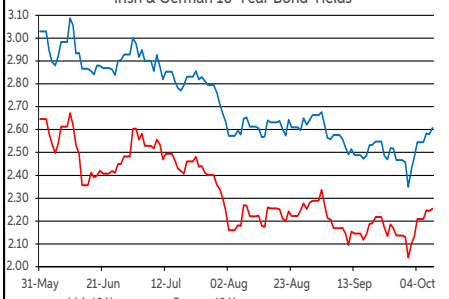


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.07	+3	+41	+21
Germany	2.26	+1	+16	+23
UK	4.18	-0	+42	+64
Ireland	2.63	+2	+10	+26
Belgium	2.88	+2	+17	+19
France	3.03	+1	+21	+47
Italy	3.56	+1	+10	-14
Spain	3.01	+2	+9	+2
Portugal	2.77	+1	+5	-1
Greece	3.22	-1	+7	+14
5 Year Swap %				
US	3.85	+8	+47	+6
Eurozone	2.40	+3	+13	-3
UK	4.08	+0	+40	+43
2 Year Swap %				
US	4.09	+7	+42	-25
Eurozone	2.48	+3	+6	-32
UK	4.32	+2	+31	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	+1	-6	+3
Belgium	62	+1	+1	-4
France	77	+0	+5	+24
Italy	130	-0	-6	-37
Spain	76	+1	-7	-21
Portugal	52	-0	-11	-24
Greece	96	-2	-9	-9

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	76.58	-0.78	+8.45	-0.60
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2607.8	-0.54	+3.84	+26.43

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