

Dollar under some downward pressure

There was a positive mood on markets yesterday, supported by some dovish remarks from Fed officials. This saw the Euro Stoxx 50 rebound by 2.3%, having moved lower on Monday. On Wall Street, the S&P 500 gained 0.5%.

Since the start of the week, comments from Fed FOMC members Jefferson, Logan and Bostic, have indicated that the Fed may not raise rates beyond their current level. Against this backdrop, markets have scaled back expectations of another US rate hike. Futures contract pricing now suggests there is around a 30% chance the Fed will raise rates again.

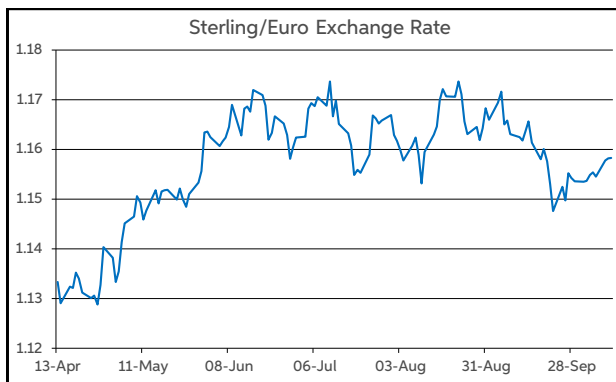
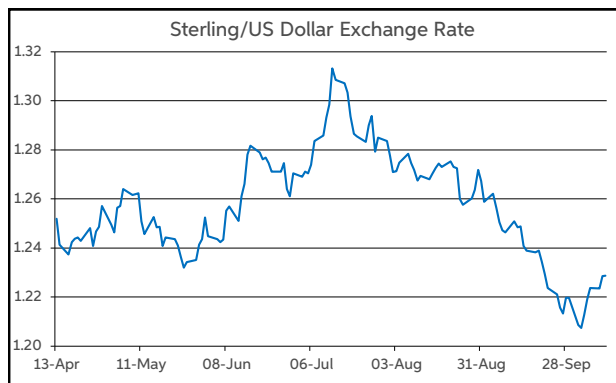
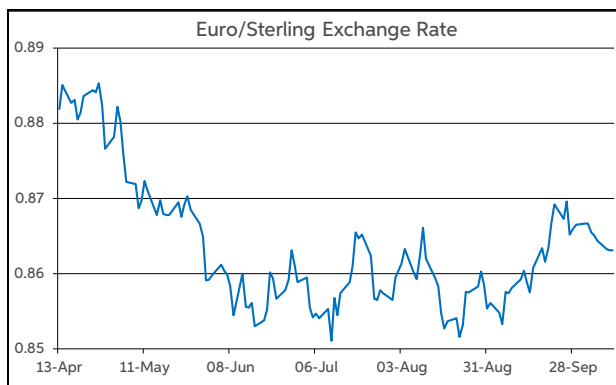
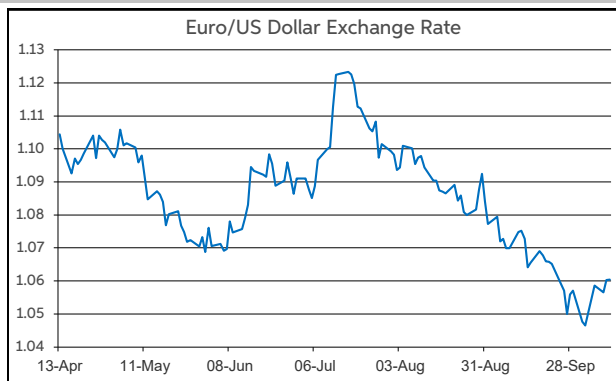
On bond markets, US Treasury yields were broadly unchanged during the European session, having fallen sharply before the open. Meantime, UK Gilt yields fell by 2-5bps along the curve, amid a softening in UK rate expectations also. In contrast, German Bund yields edged 2-4bps higher. However, across the board, medium to long-term yields are well below their peaks from last week.

Currency-wise, the dollar was under some downward pressure yesterday. The softening in US rate hike expectations and the firmer tone to risk appetite were unhelpful to the greenback. The dollar lost around 0.4% against the euro and sterling.

In level terms, the weaker dollar is evidenced by EUR/USD opening this morning above the \$1.06 threshold. At the same time, GBP/USD is up in the top half of the \$1.22-1.23 range. Elsewhere, EUR/GBP remains tightly range bound, in the 86-87p band.

Turning to the day ahead, the main releases of note will be US PPI inflation and the Fed FOMC meeting minutes for September.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0604	0.42	-0.92
EUR/GBP	0.8631	-0.06	-2.41
GBP/USD	1.2284	0.47	1.55
GBP/EUR	1.1583	0.06	2.47
USD/JPY	148.94	0.13	13.60
EUR/JPY	157.94	0.54	12.57

* 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	5.64	5.20	4.69
EUR	4.50	3.87	3.98	4.08	3.72	3.36
GBP	5.25	5.21	5.29	5.38	5.29	4.81

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

Wednesday 11 October 2023
07:35 am



Euro

EUR/GBP	0.8631
EUR/USD	1.0604
EUR/JPY	157.94
EUR/SEK	11.5339
EUR/DKK	7.4561
EUR/NOK	11.4472
EUR/CHF	0.9597
EUR/AUD	1.6527
EUR/HKD	8.2895
EUR/CAD	1.4412

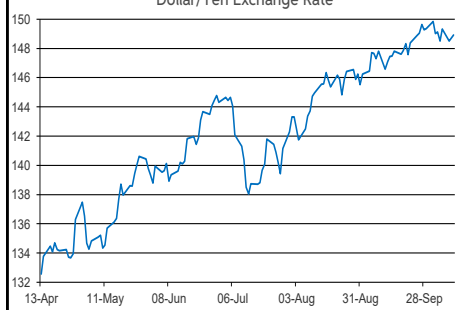
Sterling

GBP/EUR	1.1583
GBP/USD	1.2284
GBP/CAD	1.6697
GBP/NZD	2.0393
GBP/JPY	182.96
GBP/SEK	13.361
GBP/DKK	8.6363
GBP/NOK	13.256
GBP/CHF	1.1117
GBP/AUD	1.9147

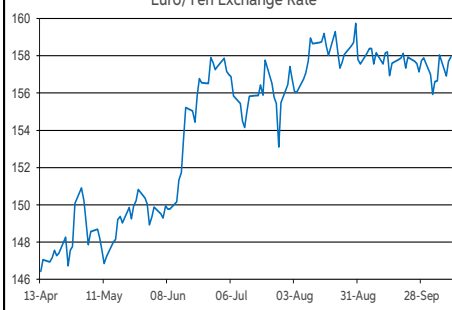
Dollar

USD/JPY	148.94
USD/CAD	1.359
USD/CHF	0.9049
USD/CNY	7.2965
USD/BRL	5.0516
USD/RUB	100.3125
USD/INR	83.186
AUD/USD	0.6415
NZD/USD	0.6022

Dollar/Yen Exchange Rate

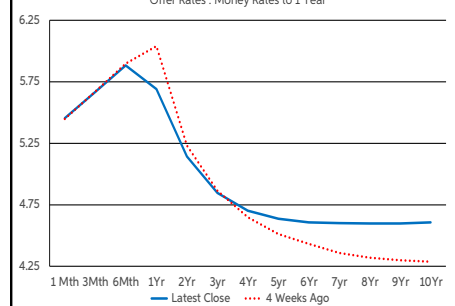


Euro/Yen Exchange Rate



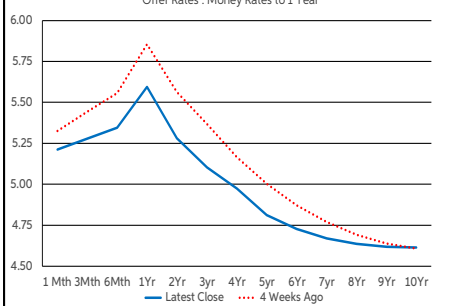
US Swap Curve

Offer Rates : Money Rates to 1 Year



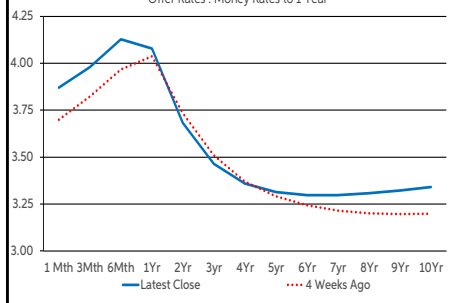
UK Swap Curve

Offer Rates : Money Rates to 1 Year

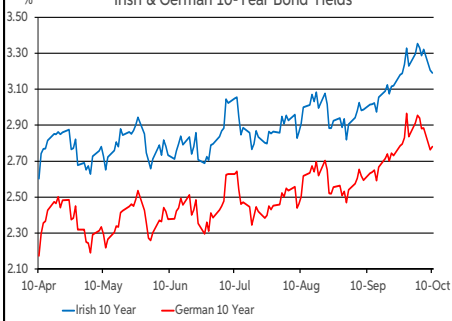


Eurozone Swap Curve

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	4.66	-14	+38	+78
Germany	2.78	+2	+14	+22
UK	4.43	-5	+2	+76
Ireland	3.21	-2	+16	+7
Belgium	3.44	-2	+15	+24
France	3.34	-3	+15	+22
Italy	4.73	-11	+32	+3
Spain	3.88	-4	+18	+22
Portugal	3.51	-3	+13	-9
Greece	4.36	-1	+32	-23
5 Year Swap %				
US	4.64	-14	+16	+64
Eurozone	3.31	+1	+3	+8
UK	4.81	-4	-19	+51
2 Year Swap %				
US	5.14	-11	-5	+47
Eurozone	3.68	+1	-4	+30
UK	5.28	-2	-28	+60
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-4	+2	-15
Belgium	66	-4	+1	+2
France	56	-4	+1	+1
Italy	195	-12	+18	-19
Spain	110	-6	+4	+1
Portugal	73	-5	-1	-31
Greece	158	-3	+18	-45

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	87.65	-0.57	-4.79	+2.03
West Texas Oil	85.89	+3.69	-3.35	+7.15
Gold \$	1860.1	-0.04	-2.78	+1.96

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