

Dollar firms post US CPI data

Risk appetite remained subdued on both sides of the Atlantic yesterday, as marginally higher than anticipated US inflation for September sparked a sharp move higher in bond yields and a firming in US rate hike expectations. The Euro Stoxx 50 finished flat for the day, while the S&P 500 lost 0.6%. Meantime, Brent crude oil prices rose slightly, to \$86 per barrel.

US CPI inflation stayed at 3.7% in September, but this was slightly above the 3.6% rate forecast. Core-CPI eased to 4.1% from 4.3%, in –line with expectations. However, the “super-core” rate, which is closely followed by Fed officials rose by a strong 0.6% m/m.

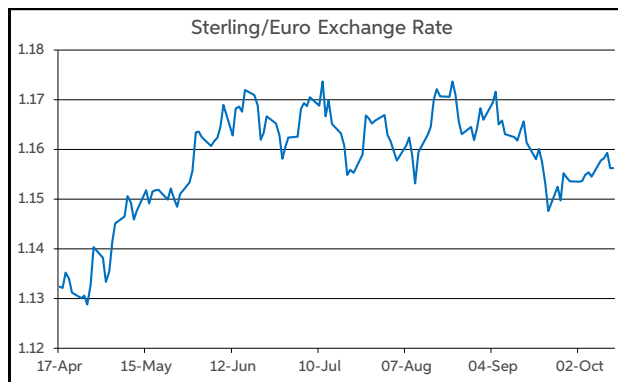
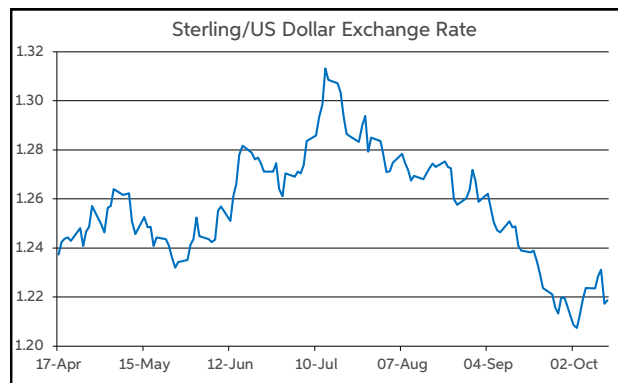
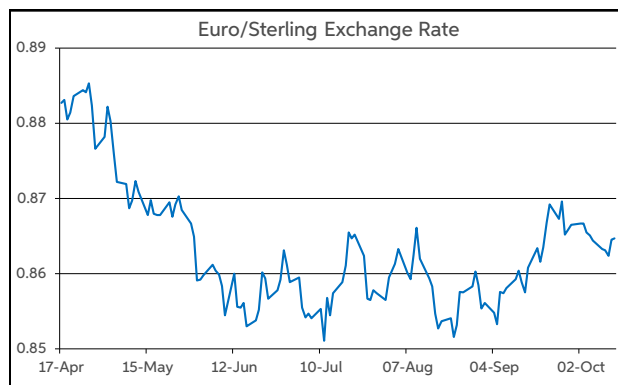
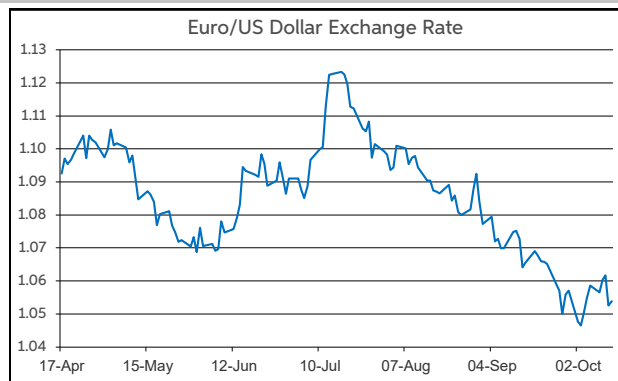
After the release, futures contracts hardened and current pricing indicates there is around a 40% chance the Fed will raise rates by 25bps, up from 30% before the release. US Treasury yields also moved higher after the CPI update, and finished the day up by 9-14bps along the curve. Rising US Treasury yields pulled German Bund and UK Gilt yields upwards by 6-9bps.

Against this backdrop, the dollar gained close to 1% against the euro and sterling. From a euro perspective, the currency was not impacted by the ECB policy meeting account for September.

In level terms, the firmer dollar tone sees EUR/USD open this morning back below the midpoint of \$1.05-1.06. GBP/USD is down below the \$1.22 threshold. EUR/GBP remains between 86-87p.

Today, Eurozone industrial production for August will be the highlight. In the US, the Michigan measure of consumer sentiment for September is due. However, barring any major surprises, the data are unlikely to impact on markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0538	-0.86	-1.53
EUR/GBP	0.8644	0.19	-2.26
GBP/USD	1.2187	-1.06	0.74
GBP/EUR	1.1564	-0.19	2.31
USD/JPY	149.74	0.41	14.21
EUR/JPY	157.8	-0.46	12.47

* 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	5.45	5.66	5.64	5.23	4.73
EUR	4.50	3.87	3.95	4.10	3.77	3.38
GBP	5.25	5.21	5.29	5.38	5.31	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

Friday 13 October 2023
07:40 am



Euro

EUR/GBP	0.8644
EUR/USD	1.0538
EUR/JPY	157.8
EUR/SEK	11.5432
EUR/DKK	7.4562
EUR/NOK	11.5636
EUR/CHF	0.9562
EUR/AUD	1.6689
EUR/HKD	8.2421
EUR/CAD	1.4422

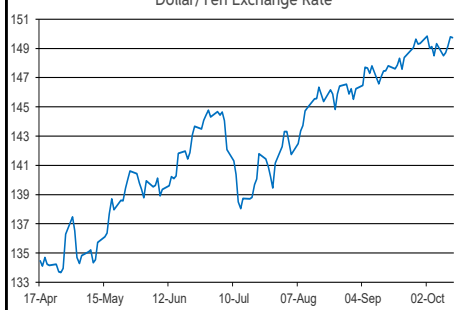
Sterling

GBP/EUR	1.1564
GBP/USD	1.2187
GBP/CAD	1.668
GBP/NZD	2.0613
GBP/JPY	182.49
GBP/SEK	13.3556
GBP/DKK	8.6221
GBP/NOK	13.374
GBP/CHF	1.1062
GBP/AUD	1.9302

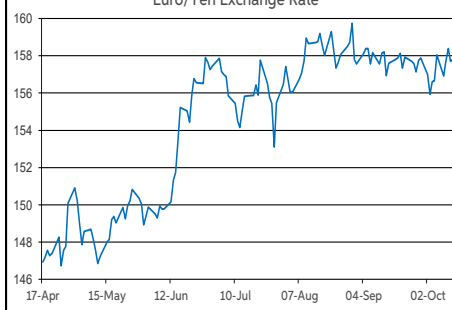
Dollar

USD/JPY	149.74
USD/CAD	1.3685
USD/CHF	0.9074
USD/CNY	7.3054
USD/BRL	5.046
USD/RUB	97.5325
USD/INR	83.255
AUD/USD	0.6314
NZD/USD	0.5912

Dollar/Yen Exchange Rate

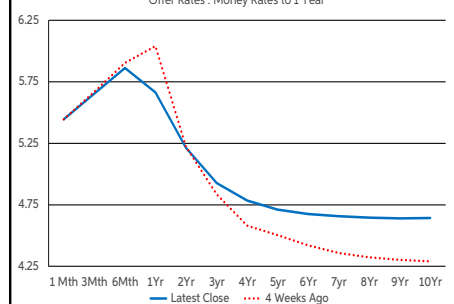


Euro/Yen Exchange Rate



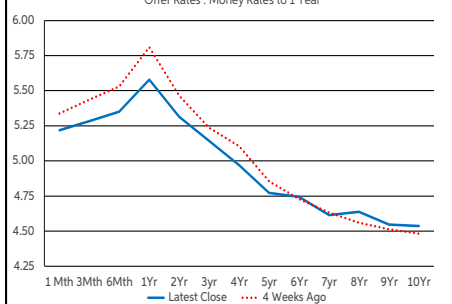
US Swap Curve

Offer Rates : Money Rates to 1 Year



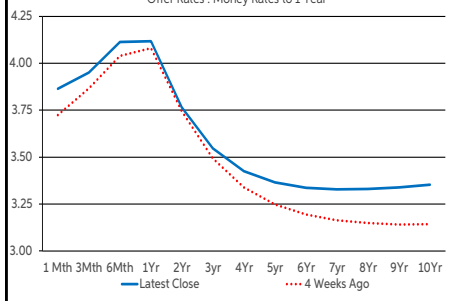
UK Swap Curve

Offer Rates : Money Rates to 1 Year

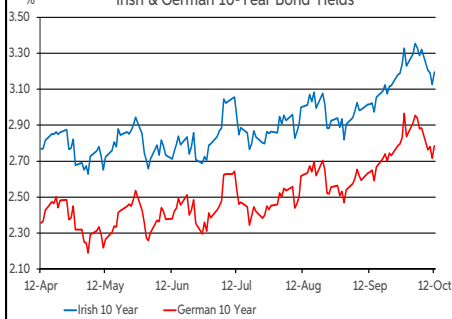


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.70	+14	+41	+82
Germany	2.79	+7	+19	+22
UK	4.42	+9	+14	+75
Ireland	3.22	+6	+22	+7
Belgium	3.44	+7	+22	+24
France	3.34	+7	+22	+23
Italy	4.76	+9	+41	+5
Spain	3.90	+8	+26	+24
Portugal	3.51	+8	+18	-9
Greece	4.25	+2	+25	-34
5 Year Swap %				
US	4.71	+12	+25	+72
Eurozone	3.37	+6	+13	+14
UK	4.77	-0	-8	+47
2 Year Swap %				
US	5.22	+5	+3	+54
Eurozone	3.77	+6	+3	+38
UK	5.31	+3	-15	+63
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-1	+3	-15
Belgium	66	+0	+3	+2
France	56	-0	+2	+1
Italy	197	+2	+21	-17
Spain	111	+1	+6	+2
Portugal	72	+1	-1	-32
Greece	147	-5	+6	-56

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	86	+0.21	-8.22	+0.10
West Texas Oil	82.87	-0.99	-8.06	+3.38
Gold \$	1868.6	-0.26	-2.18	+2.43

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