

Risk off tone to market sentiment

There was a risk averse mood to investor sentiment yesterday. This was against the backdrop of markets assessing the uncertainty over the conflict in the Middle East and a rise in bond yields. Oil prices also moved higher, with Brent crude above \$91 per barrel. The 'risk off' mood was evident in falls on equity markets on both sides of the Atlantic. In Europe, the Euro Stoxx 50 fell by 1.1%. At the close on Wall Street last night, the S&P 500 was 1.3% lower on the day.

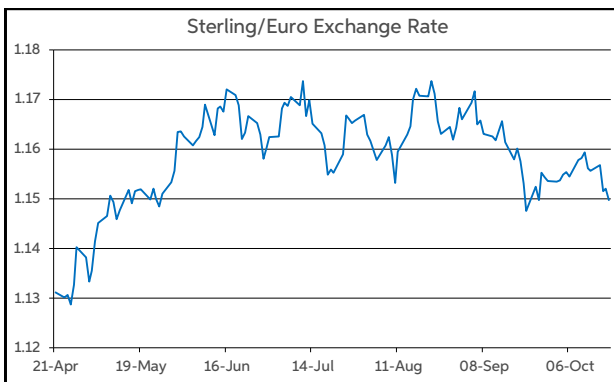
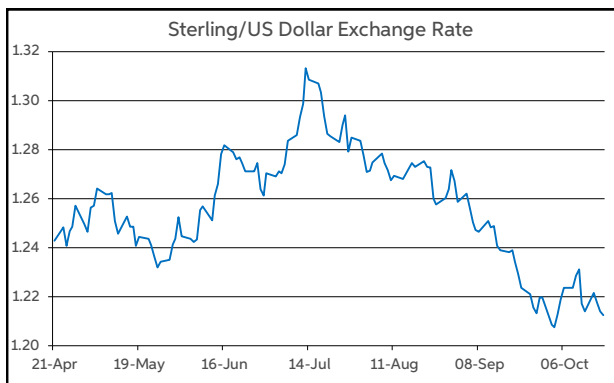
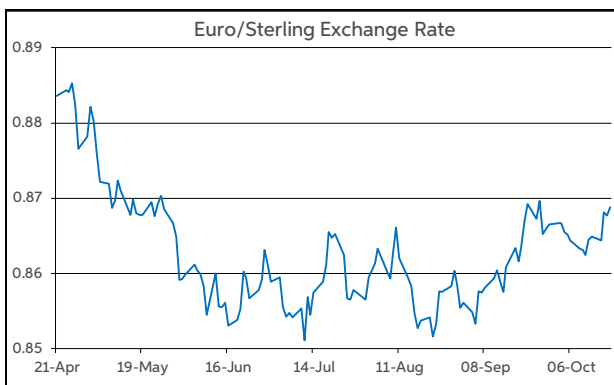
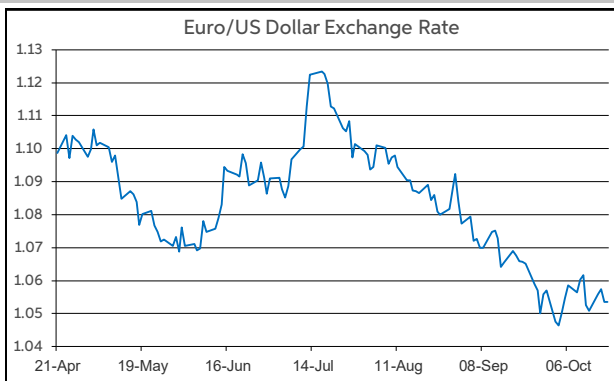
In terms of bond markets, there was some notable upward momentum in UK Gilt yields. This came in the aftermath of both headline and core UK CPI inflation rates for September printing slightly ahead of forecasts. The 10-year UK yield rose by 15bps to above 4.6%. Elsewhere, the 10-year US Treasury yield moved above the 4.9% threshold, to a new cycle high of 4.96%.

From a currency viewpoint, the majors were confined to fairly narrow ranges yesterday. Part of the reason for the subdued trading was the lack of any significant data releases. Aside from the pre-open release of the aforementioned UK CPI figures, the remainder of yesterday's macro schedule was quiet.

Of the muted FX action to register, amid the risk averse mood, the dollar was holding the upper hand versus the euro and sterling. In level terms, EUR/USD has edged down, to trade back below the midpoint of \$1.05-1.06, while GBP/USD is in the lower half of \$1.21-1.22. EUR/GBP continues to operate within 86-87p.

Today's macro diary is US centric. The data highlights are the weekly jobless claims, existing home sales (Sept) and the regional Philly Fed survey (Oct). Meanwhile, a speech by Fed Chair Powell at the Economic Club of New York will warrant attention.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0536	-0.35	-1.55
EUR/GBP	0.8689	0.08	-1.75
GBP/USD	1.2127	-0.44	0.25
GBP/EUR	1.1506	-0.08	1.78
USD/JPY	149.75	0.05	14.22
EUR/JPY	157.82	-0.29	12.49

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Money Market			Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.45	5.68	5.73	5.41	5.01
EUR	4.50	3.85	3.97	4.15	3.86	3.50
GBP	5.25	5.21	5.28	5.44	5.44	5.01

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 19 October 2023
07:23 am



Euro

EUR/GBP	0.8689
EUR/USD	1.0536
EUR/JPY	157.82
EUR/SEK	11.6192
EUR/DKK	7.4615
EUR/NOK	11.6707
EUR/CHF	0.9465
EUR/AUD	1.6713
EUR/HKD	8.2492
EUR/CAD	1.4462

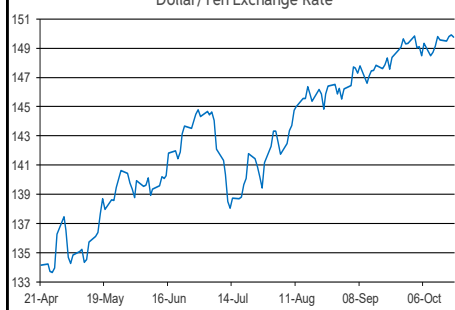
Sterling

GBP/EUR	1.1506
GBP/USD	1.2127
GBP/CAD	1.6643
GBP/NZD	2.08
GBP/JPY	181.6
GBP/SEK	13.3752
GBP/DKK	8.5848
GBP/NOK	13.427
GBP/CHF	1.0894
GBP/AUD	1.9231

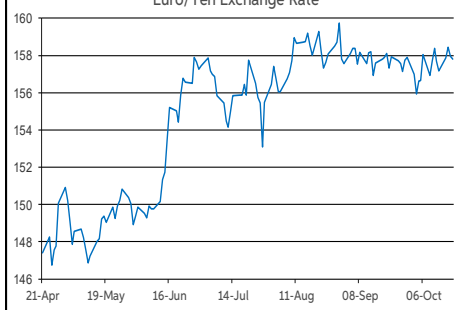
Dollar

USD/JPY	149.75
USD/CAD	1.3724
USD/CHF	0.8983
USD/CNY	7.3163
USD/BRL	5.0593
USD/RUB	97.4025
USD/INR	83.2675
AUD/USD	0.6305
NZD/USD	0.5827

Dollar/Yen Exchange Rate

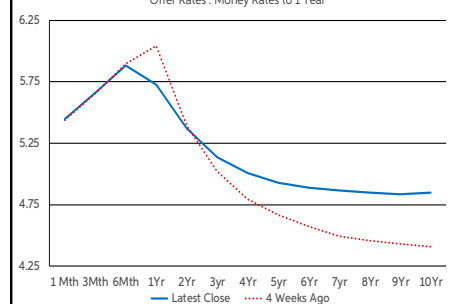


Euro/Yen Exchange Rate



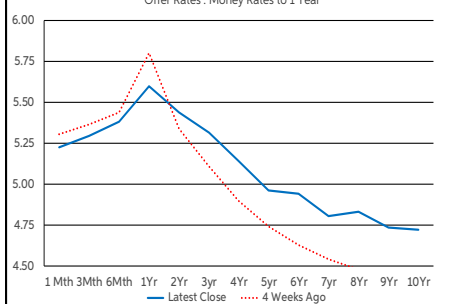
US Swap Curve

Offer Rates : Money Rates to 1 Year



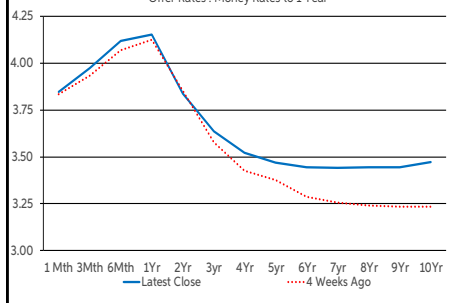
UK Swap Curve

Offer Rates : Money Rates to 1 Year

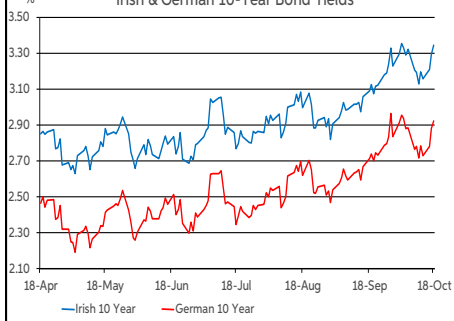


Eurozone Swap Curve

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	4.91	+7	+51	+103
Germany	2.92	+4	+22	+36
UK	4.66	+15	+45	+99
Ireland	3.38	+5	+26	+23
Belgium	3.60	+4	+27	+40
France	3.55	+5	+31	+44
Italy	4.98	+9	+53	+28
Spain	4.05	+5	+30	+40
Portugal	3.66	+5	+22	+5
Greece	4.39	+2	+28	-20
5 Year Swap %				
US	4.93	+5	+30	+93
Eurozone	3.47	+3	+10	+24
UK	4.96	+15	+22	+66
2 Year Swap %				
US	5.37	+4	+2	+70
Eurozone	3.84	+2	-1	+45
UK	5.44	+9	+11	+76
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	+1	+5	-13
Belgium	68	+0	+5	+4
France	63	+1	+9	+8
Italy	206	+5	+31	-8
Spain	113	+1	+8	+4
Portugal	73	+1	+0	-30
Greece	147	-2	+6	-56

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	91.5	+1.78	-2.17	+6.51
West Texas Oil	88.35	+1.95	-0.95	+10.22
Gold \$	1947.7	+1.28	+0.93	+6.76

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