

Dollar holding the upper hand

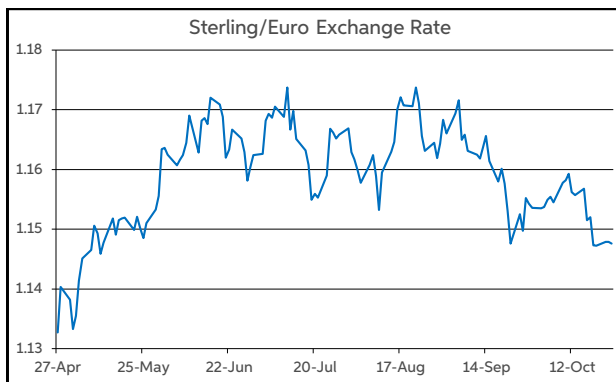
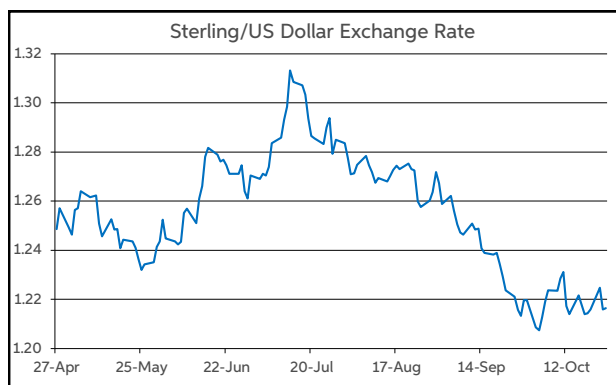
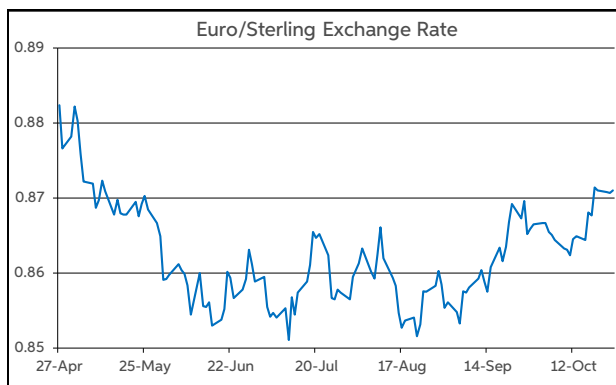
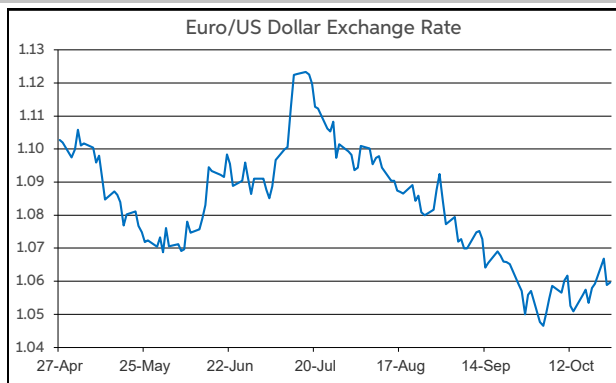
Concerns of weak economic activity in the Eurozone, following some poor macro data, were offset by better than anticipated earnings reports yesterday. Overall, the Euro Stoxx 50 gained 0.6% while the S&P 500 rose by 0.7%. Meantime, US Treasury, German Bund and UK Gilt yields declined by 1-6bps. Elsewhere, Brent crude fell by around 2%, moving back to circa \$88 per barrel.

Data-wise, the Eurozone flash PMIs printed below the consensus in October. Both sector readings deteriorated and were firmly in contraction mode, indicating that the Eurozone economy lost further momentum at the start of Q4. In the UK, the PMIs improved slightly, but remained in contraction territory also. In contrast, the US manufacturing PMI inched higher to 50 in October (vs. 49.5 f'cast), while the services PMI rose to 51.9 (vs. 49.8 f'cast).

On the currency front, the euro was holding a firmer tone in early trading, with EUR/USD rising to a 5-week high of \$1.069. The euro was unable to hold onto its gains though, following the release of the weak PMI data. The ECB Bank Lending Survey indicated credit standards were tightened and that loan demand fell sharply in Q3, which also weighed on the euro. Meanwhile, the dollar was holding the upper hand late on. Overall, the greenback rose by around 0.8% against the euro and sterling over the past 24 hours.

In level terms, the firmer dollar tone is evidenced by EUR/USD opening this morning back near the \$1.06 handle. GBP/USD is down below the \$1.22 threshold. Meantime, EUR/GBP continues to change hands in and around the 87p mark. Turning to the day ahead, the German Ifo for October will be released. The headline index is forecast to be little changed. Barring any major surprises though, the release is unlikely to impact the euro.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0598	-0.76	-0.97
EUR/GBP	0.871	0.05	-1.52
GBP/USD	1.2165	-0.81	0.56
GBP/EUR	1.1476	-0.05	1.54
USD/JPY	149.84	0.13	14.29
EUR/JPY	158.82	-0.61	13.20

* 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	5.44	5.64	5.65	5.28	4.84
EUR	4.50	3.86	3.96	4.06	3.72	3.35
GBP	5.25	5.20	5.26	5.32	5.25	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

Wednesday 25 October 2023
07:37 am



Euro

EUR/GBP	0.871
EUR/USD	1.0598
EUR/JPY	158.82
EUR/SEK	11.7779
EUR/DKK	7.4646
EUR/NOK	11.8306
EUR/CHF	0.946
EUR/AUD	1.6616
EUR/HKD	8.2921
EUR/CAD	1.4567

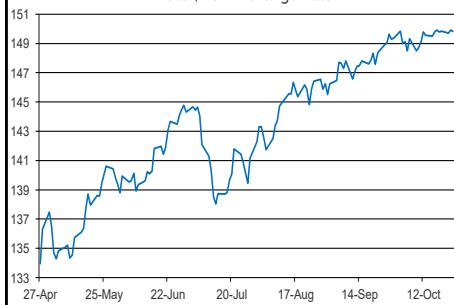
Sterling

GBP/EUR	1.1476
GBP/USD	1.2165
GBP/CAD	1.6721
GBP/NZD	2.0777
GBP/JPY	182.28
GBP/SEK	13.524
GBP/DKK	8.5666
GBP/NOK	13.5805
GBP/CHF	1.086
GBP/AUD	1.9072

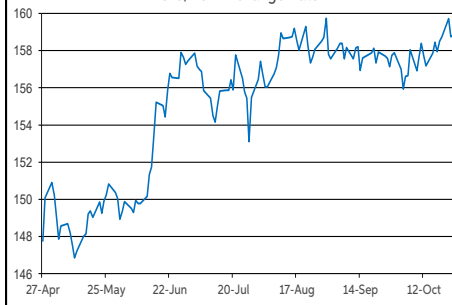
Dollar

USD/JPY	149.84
USD/CAD	1.3744
USD/CHF	0.8926
USD/CNY	7.3119
USD/BRL	4.9924
USD/RUB	92.976
USD/INR	83.1266
AUD/USD	0.6376
NZD/USD	0.5853

Dollar/Yen Exchange Rate

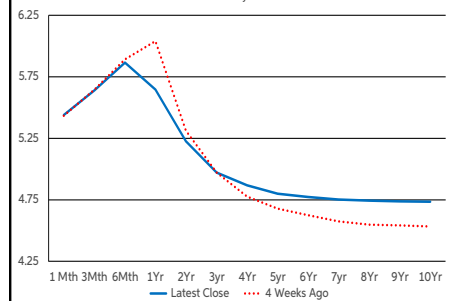


Euro/Yen Exchange Rate



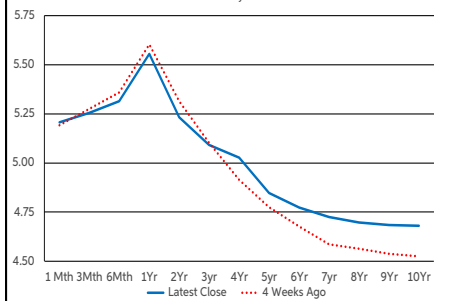
US Swap Curve

Offer Rates : Money Rates to 1 Year



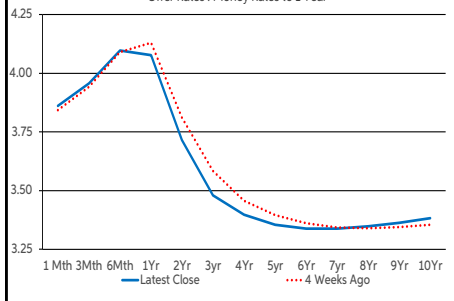
UK Swap Curve

Offer Rates : Money Rates to 1 Year

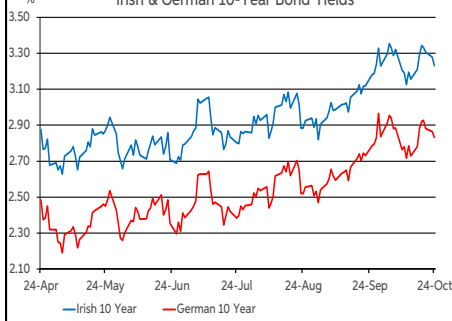


Eurozone Swap Curve

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	4.82	-3	+27	+94
Germany	2.83	-3	+3	+27
UK	4.54	-6	+21	+87
Ireland	3.26	-5	+4	+12
Belgium	3.52	-0	+8	+32
France	3.46	-2	+10	+35
Italy	4.85	+1	+12	+14
Spain	3.95	-2	+6	+29
Portugal	3.55	-1	-2	-5
Greece	4.25	-9	-6	-35
5 Year Swap %				
US	4.80	+1	+16	+81
Eurozone	3.35	-6	-3	+12
UK	4.85	-9	+8	+54
2 Year Swap %				
US	5.23	+5	-4	+55
Eurozone	3.72	-4	-9	+33
UK	5.23	-7	-8	+55
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-2	+1	-16
Belgium	69	+3	+4	+5
France	63	+1	+7	+8
Italy	201	+4	+8	-13
Spain	112	+2	+2	+2
Portugal	71	+2	-5	-32
Greece	141	-6	-10	-62

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	88.07	-1.96	-6.27	+2.51
West Texas Oil	84.58	-1.06	-7.49	+5.51
Gold \$	1970.1	-0.13	+3.66	+7.99

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