

Volatile trading conditions on bond markets

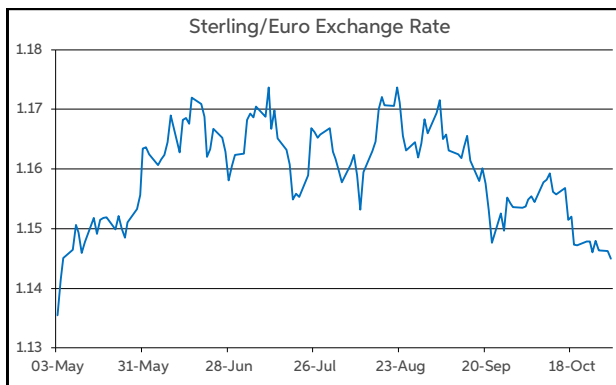
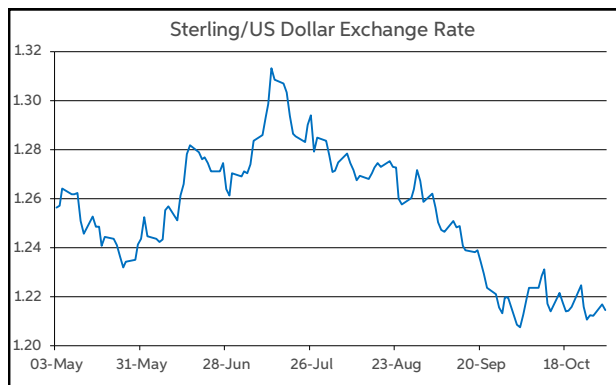
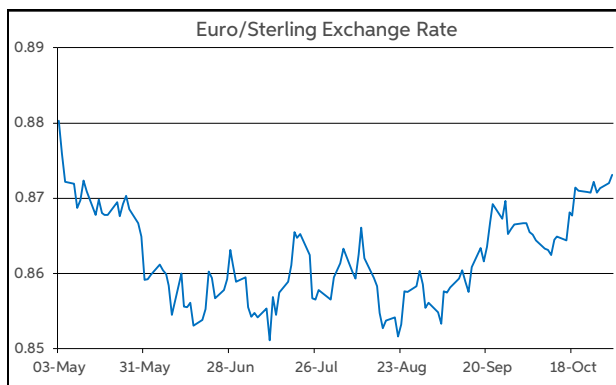
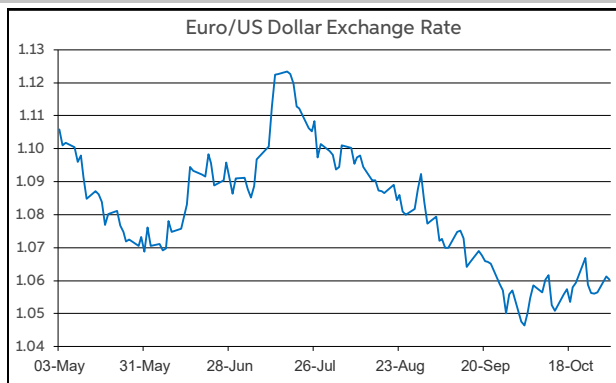
A feature of the action on markets last week was volatile trading conditions on bond markets. This was especially in relation to US Treasuries. Stronger than expected US data put upward pressure on yields. The 10-year yield Treasury yield tested above 5%. Overall though, yields were lower over the week, with the 10-year US Treasury yield unable to sustain the 5% mark, falling below 4.9%. Elsewhere, the German 10-year yield edged back nearer to 2.8%.

The volatile trading conditions on fixed income markets impacted currency markets. The dollar tended to benefit from the periods of higher Treasury yields and lost ground to the euro and sterling, when yields fell back. EUR/USD traded in a \$1.052-1.069 range last week, while GBP/USD operated in a 1.207-1.228 corridor. Meanwhile, USD/JPY broke above the closely watched ¥150 mark. Elsewhere, EUR/GBP was in a very tight 86.8-87.4p range.

There has been no major changes to most of these FX pairs over the past 24 hours. The dollar has been slightly softer against the euro and sterling. EUR/USD opens this morning up at \$1.06, while GBP/USD is changing hands near the midpoint of \$1.21-1.22. EUR/GBP has held onto the 87p threshold. Meanwhile, the yen has weakened after the BoJ tweaked its yield curve policy overnight. USD/JPY is above ¥150 and EUR/JPY is above ¥159.

Looking ahead to the remainder of this week, the focus is very much on monetary policy. Both the Fed and BoE are expected to keep their key policy rates unchanged. However, the meetings still entail some event risk for the respective currencies. From a dollar viewpoint, there is also the release of some key labour market metrics (incl. Non-farm payrolls). Meanwhile, for the euro, inflation numbers (Oct) and Q3 GDP are the main releases of note.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0606	0.43	-0.90
EUR/GBP	0.873	0.15	-1.29
GBP/USD	1.2145	0.27	0.40
GBP/EUR	1.1448	-0.15	1.31
USD/JPY	150.19	0.37	14.55
EUR/JPY	159.29	0.79	13.54

* 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	5.43	5.64	5.60	5.22	4.80
EUR	4.50	3.87	3.95	4.00	3.60	3.26
GBP	5.25	5.19	5.24	5.27	5.19	4.82

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

Tuesday 31 October 2023
07:22 am



Euro

EUR/GBP	0.873
EUR/USD	1.0606
EUR/JPY	159.29
EUR/SEK	11.8103
EUR/DKK	7.4637
EUR/NOK	11.8135
EUR/CHF	0.9573
EUR/AUD	1.6676
EUR/HKD	8.2978
EUR/CAD	1.4668

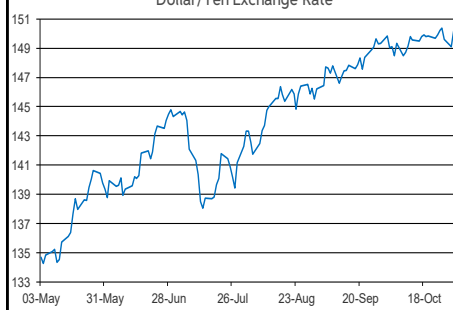
Sterling

GBP/EUR	1.1448
GBP/USD	1.2145
GBP/CAD	1.6796
GBP/NZD	2.0795
GBP/JPY	182.41
GBP/SEK	13.5276
GBP/DKK	8.546
GBP/NOK	13.528
GBP/CHF	1.0961
GBP/AUD	1.9101

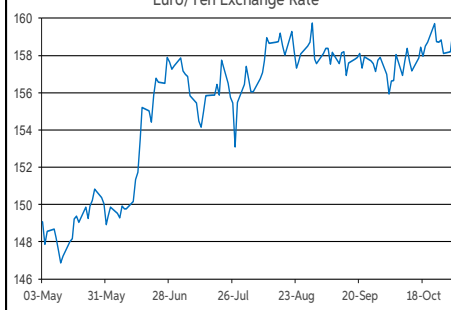
Dollar

USD/JPY	150.19
USD/CAD	1.3828
USD/CHF	0.9024
USD/CNY	7.3177
USD/BRL	5.046
USD/RUB	92.22
USD/INR	83.251
AUD/USD	0.6357
NZD/USD	0.584

Dollar/Yen Exchange Rate

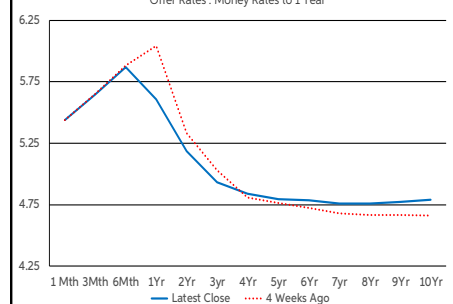


Euro/Yen Exchange Rate



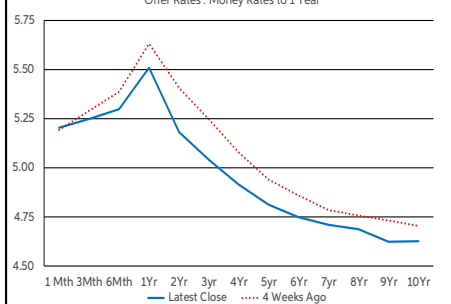
US Swap Curve

Offer Rates : Money Rates to 1 Year



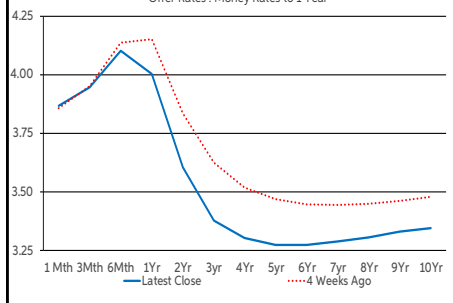
UK Swap Curve

Offer Rates : Money Rates to 1 Year

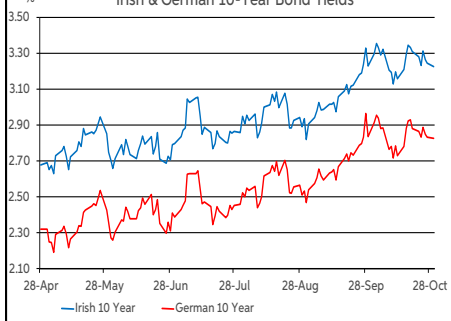


Eurozone Swap Curve

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	4.89	+4	+20	+101
Germany	2.83	-1	-9	+26
UK	4.56	+2	-0	+90
5 Year Swap %				
US	4.80	+5	+7	+80
Eurozone	3.28	+2	-18	+5
UK	4.81	-1	-8	+51
2 Year Swap %				
US	5.19	+3	-10	+51
Eurozone	3.61	-0	-22	+22
UK	5.18	-2	-22	+50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-1	+0	-16
Belgium	67	+1	+1	+3
France	61	-0	+4	+6
Italy	191	-7	+1	-23
Spain	107	-2	-2	-2
Portugal	69	-2	-5	-35
Greece	133	+1	-16	-70

Commodities

	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	87.45	-3.35	-3.59	+1.79
West Texas Oil	83.03	-3.50	-6.51	+3.58
Gold \$	1995.9	-0.49	+9.22	+9.40

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