

Very limited FX price action

There was a quiet start to the week on financial markets yesterday. A full market holiday in the US for Labour Day contributed to the muted price action. In Europe, the Euro Stoxx 50 traded sideways for most of the day, and finished down a marginal 0.1%.

On bond markets, German Bund yields rose by 2-4bps, while UK Gilt yields climbed 3-6bps higher. However, there was no obvious catalyst for the moves. Meantime, oil prices continued to rise, with Brent crude up 0.5% to \$89 per barrel.

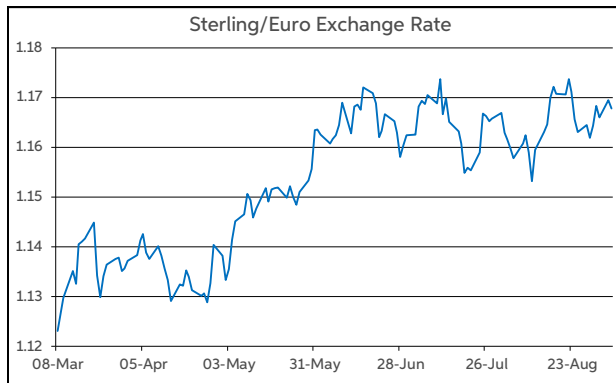
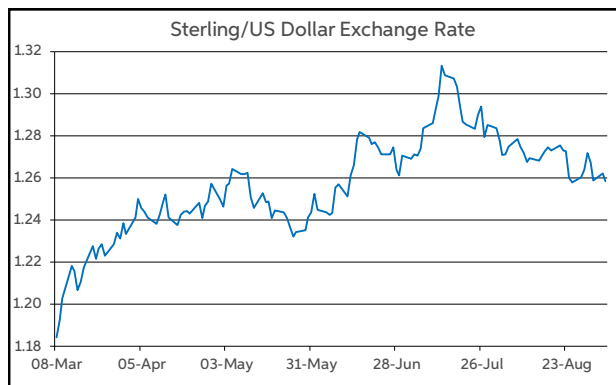
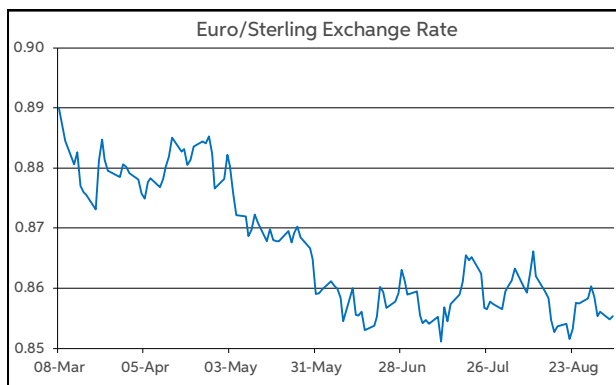
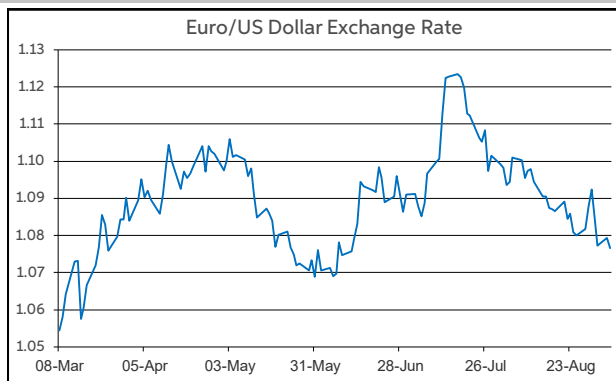
A relatively sparse data schedule also added to the limited moves across various asset classes. The only release of note, the EU Sentix index for September, printed below expectations, falling to -21.5 from -18.9 (and vs. -20.0 f'cast). Meanwhile, on the monetary policy front, in a speech yesterday, ECB President Lagarde steered away from providing any guidance on monetary policy.

Against this backdrop, the main FX pairs operated in very tight ranges throughout the day. EUR/USD traded between \$1.076-\$1.081, while EUR/GBP fluctuated in an extremely narrow 85.4-85.6p corridor. However, overnight, the dollar was holding a slightly firmer tone against the euro and sterling.

In level terms, EUR/USD opens this morning down near \$1.076. Meanwhile, EUR/GBP remains at the midpoint 85-86p. GBP/USD is back below the half \$1.26 threshold.

Turning to the day ahead, the main release of note will be Eurozone producer price inflation for July. However, barring any major surprises, the data are unlikely to impact on markets. Elsewhere, remarks from ECB officials may garner some attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0764	-0.19	0.58
EUR/GBP	0.8553	-0.01	-3.29
GBP/USD	1.2581	-0.20	4.00
GBP/EUR	1.1687	0.01	3.40
USD/JPY	146.97	0.56	12.10
EUR/JPY	158.22	0.36	12.77

* 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	5.66	5.65	5.10	4.40
EUR	4.25	3.64	3.77	3.99	3.67	3.23
GBP	5.25	5.28	5.45	5.74	5.70	5.08

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 05 September 2023
07:33 am



Euro

EUR/GBP	0.8553
EUR/USD	1.0764
EUR/JPY	158.22
EUR/SEK	11.9324
EUR/DKK	7.4518
EUR/NOK	11.5285
EUR/CHF	0.954
EUR/AUD	1.6859
EUR/HKD	8.4362
EUR/CAD	1.4678

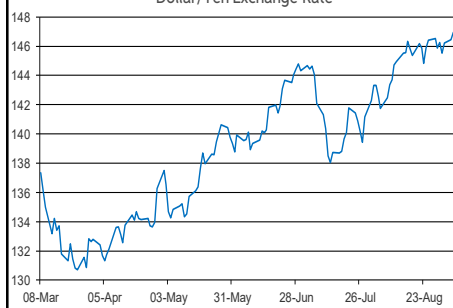
Sterling

GBP/EUR	1.1687
GBP/USD	1.2581
GBP/CAD	1.7158
GBP/NZD	2.1371
GBP/JPY	184.9
GBP/SEK	13.9476
GBP/DKK	8.7099
GBP/NOK	13.4755
GBP/CHF	1.1152
GBP/AUD	1.9707

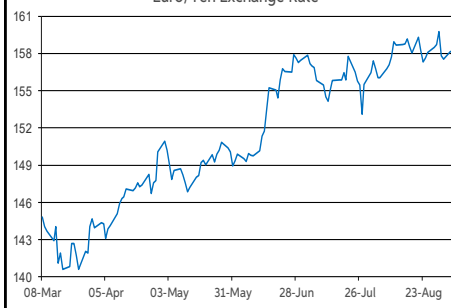
Dollar

USD/JPY	146.97
USD/CAD	1.3636
USD/CHF	0.8862
USD/CNY	7.2945
USD/BRL	4.9373
USD/RUB	97.2425
USD/INR	82.9406
AUD/USD	0.6384
NZD/USD	0.5887

Dollar/Yen Exchange Rate

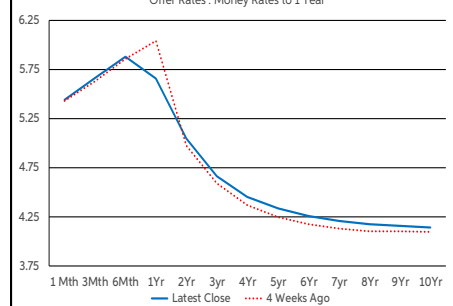


Euro/Yen Exchange Rate



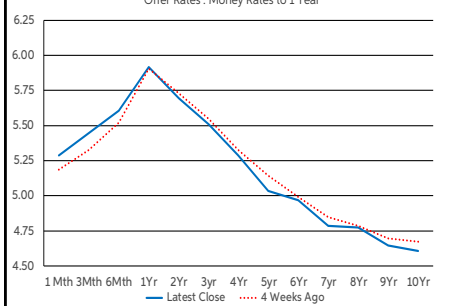
US Swap Curve

Offer Rates : Money Rates to 1 Year



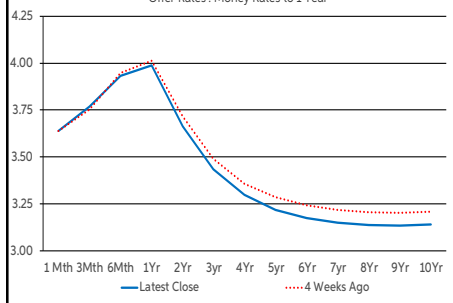
UK Swap Curve

Offer Rates : Money Rates to 1 Year

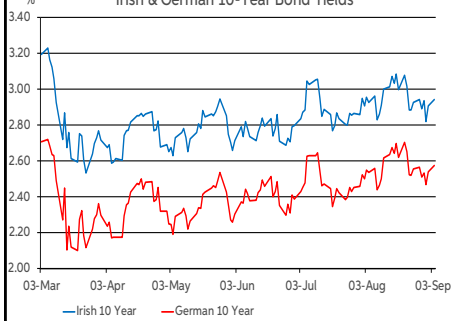


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.18	+7	+8	+30
Germany	2.58	+3	+2	+1
UK	4.47	+4	+1	+80
Ireland	2.97	+4	-2	-18
Belgium	3.19	+2	-5	-1
France	3.11	+4	-2	-1
Italy	4.29	+5	+3	-41
Spain	3.61	+4	-2	-4
Portugal	3.31	+3	-1	-29
Greece	3.94	+11	+5	-65
5 Year Swap %				
US	4.33	-0	+12	+34
Eurozone	3.22	+4	-6	-1
UK	5.03	-4	-11	+73
2 Year Swap %				
US	5.05	-0	+11	+37
Eurozone	3.66	+2	-4	+27
UK	5.70	+3	-3	+101
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	-4	-19
Belgium	61	-1	-6	-2
France	53	+0	-4	-2
Italy	171	+2	+2	-43
Spain	104	+1	-4	-6
Portugal	73	+0	-3	-31
Greece	136	+7	+3	-67

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	89	+0.51	+4.29	+3.60
West Texas Oil	85.52	+2.36	+4.37	+6.69
Gold \$	1938.2	-0.03	+0.09	+6.24

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