

Dollar remains in the ascendancy

Risk appetite continued to deteriorate yesterday, with both the Euro Stoxx 50 and the S&P 500 falling by 0.7%. On bond markets, two-year German Bund and US Treasury yields rose by circa 7bps. Meanwhile, two-year UK Gilt yields were little changed. Elsewhere, Brent crude oil prices held steady, near \$90 per barrel.

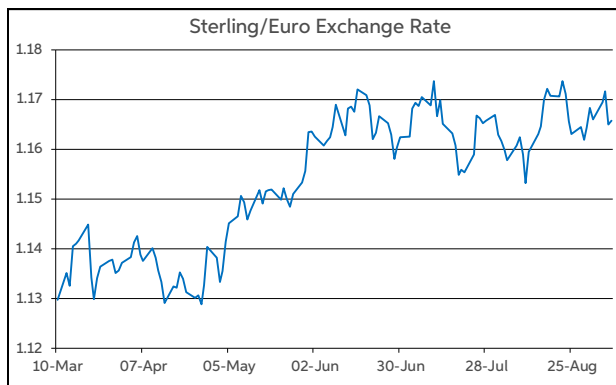
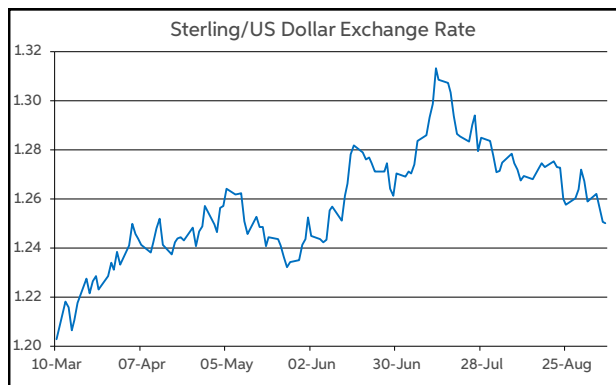
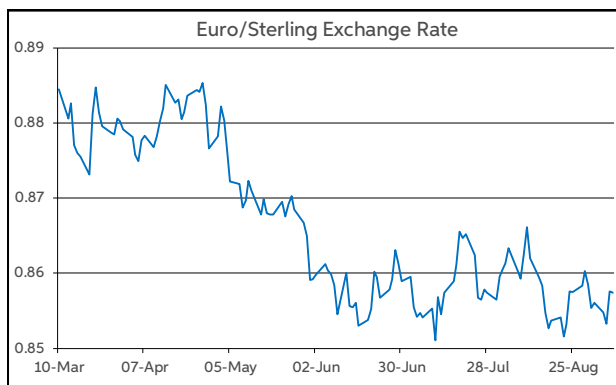
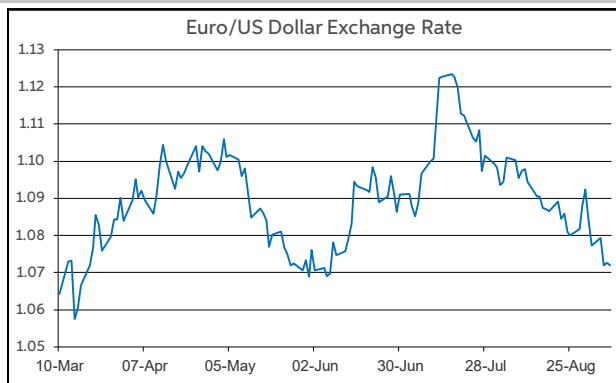
The move higher in short-dated benchmark Eurozone yields coincided with some hawkish rhetoric from a number of ECB officials. Meantime, the US non-manufacturing ISM rose to 54.5 in August (vs. a fall to 52.5 f'cast), with the employment and prices paid sub-components printing at elevated levels. US Treasury yields maintained upward momentum following the release, while interest rate futures hardened, with markets reducing the extent of rate cuts expected next year. In contrast, UK Gilts were relatively static, despite some dovish remarks from BoE Governor Bailey.

Against this backdrop, the dollar remained in the ascendancy, supported by the risk-off tone to sentiment and the strong US data. Elsewhere, sterling was on the defensive, amid the dovish BoE comments. Overall, the greenback gained around 0.1% and 0.6%, respectively, against the euro and sterling.

In level terms, the firmer dollar tone sees EUR/USD open this morning in the lower half of \$1.07-1.08. GBP/USD is back at the \$1.25 handle. Meanwhile, EUR/GBP is in the top half of 85-86p.

Turning to the day ahead, the main release of note is the revised reading of Eurozone Q2 GDP. Growth in the quarter is likely to be revised down from the 0.3% rate previously estimated. In the US, prepared remarks from a number of Fed speakers, and the latest weekly jobless claims data will garner some attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0719	-0.14	0.16
EUR/GBP	0.8576	0.47	-3.03
GBP/USD	1.2497	-0.60	3.31
GBP/EUR	1.1655	-0.47	3.13
USD/JPY	147.51	0.09	12.51
EUR/JPY	158.15	-0.05	12.72

* 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	5.65	5.67	5.20	4.50
EUR	4.25	3.63	3.80	3.98	3.70	3.28
GBP	5.25	5.30	5.43	5.73	5.72	5.14

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 07 September 2023
07:47 am



Euro

EUR/GBP	0.8576
EUR/USD	1.0719
EUR/JPY	158.15
EUR/SEK	11.8985
EUR/DKK	7.4567
EUR/NOK	11.4769
EUR/CHF	0.9554
EUR/AUD	1.6773
EUR/HKD	8.4048
EUR/CAD	1.4616

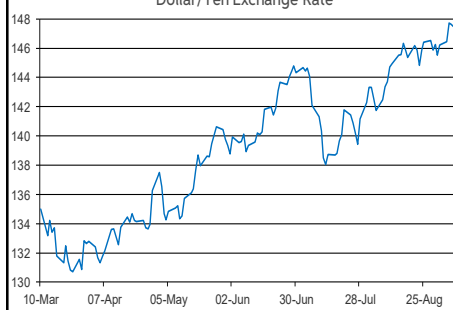
Sterling

GBP/EUR	1.1655
GBP/USD	1.2497
GBP/CAD	1.7039
GBP/NZD	2.1226
GBP/JPY	184.34
GBP/SEK	13.8757
GBP/DKK	8.6914
GBP/NOK	13.375
GBP/CHF	1.1138
GBP/AUD	1.9552

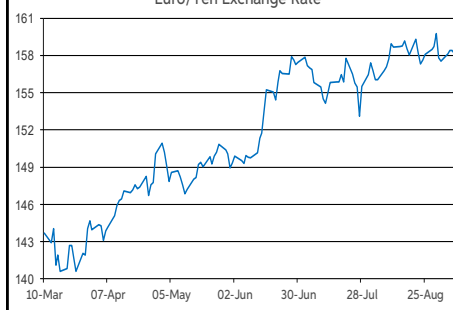
Dollar

USD/JPY	147.51
USD/CAD	1.3634
USD/CHF	0.8913
USD/CNY	7.3255
USD/BRL	4.9784
USD/RUB	98.2025
USD/INR	83.1606
AUD/USD	0.6391
NZD/USD	0.5885

Dollar/Yen Exchange Rate

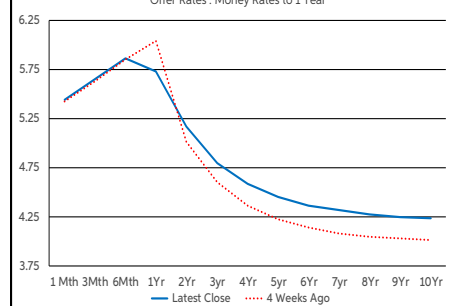


Euro/Yen Exchange Rate



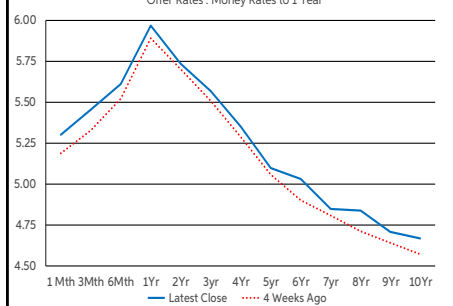
US Swap Curve

Offer Rates : Money Rates to 1 Year



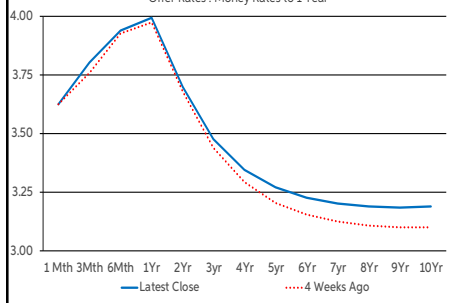
UK Swap Curve

Offer Rates : Money Rates to 1 Year

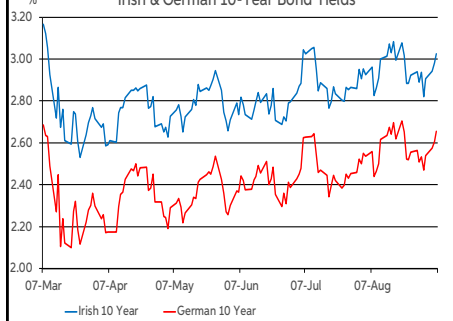


Eurozone Swap Curve

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	4.30	+3	+28	+42
Germany	2.66	+5	+19	+9
UK	4.53	+1	+16	+86
5 Year Swap %				
US	4.45	+4	+26	+46
Eurozone	3.27	+4	+8	+4
UK	5.10	+1	+9	+80
2 Year Swap %				
US	5.17	+7	+19	+49
Eurozone	3.70	+4	+3	+31
UK	5.73	-2	+4	+105
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-0	-3	-19
Belgium	63	+1	-6	-1
France	53	-0	-3	-2
Italy	175	+2	+7	-39
Spain	105	+0	-2	-5
Portugal	76	+1	+1	-28
Greece	134	+2	-4	-69

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	90.6	+0.62	+3.48	+5.46
West Texas Oil	87.55	+0.93	+3.79	+9.22
Gold \$	1916.3	-0.50	+0.09	+5.04

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