

ECB meeting in focus this week

Stock markets lost some ground last week, with both the Euro Stoxx 50 and the S&P 500 declining by circa 1%. On bond markets, short-dated US and Eurozone sovereign yields rose by circa 9-12bps, amid strong US services and labour market data, as well as some hawkish rhetoric from ECB officials. In contrast, 2-year UK Gilt yields fell by 8bps, as markets lowered expectations for the peak in UK interest rates by around 10bps.

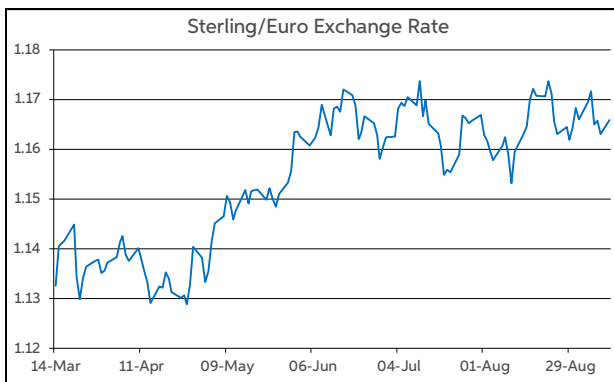
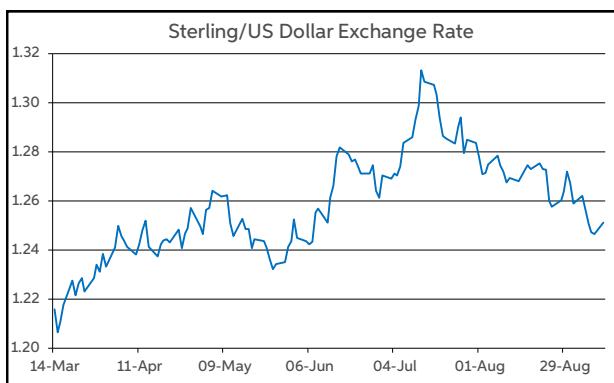
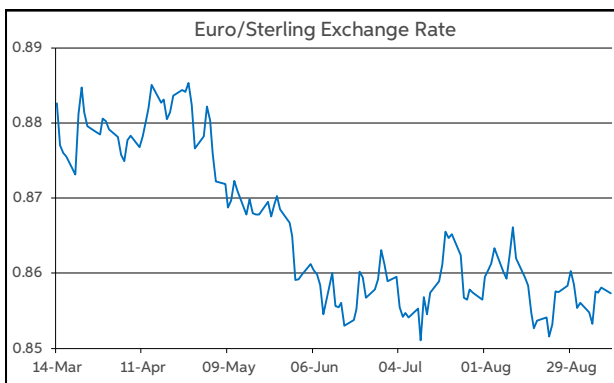
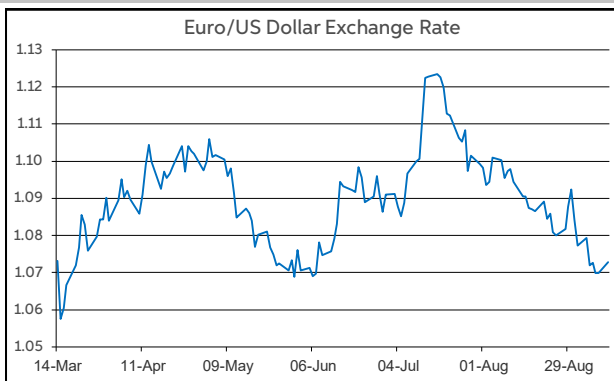
Elsewhere, oil prices continued to climb higher, with Brent crude rising above \$90 per barrel. On the currency front, the dollar remained in the ascendancy. The greenback was supported by the risk averse backdrop, the rise in US yields and the higher oil price. Meantime, sterling was under some downward pressure as short-dated UK yields declined. Overall, the dollar gained around 0.5-0.7% against sterling and the euro last week.

In level terms, EUR/USD opens this morning in the lower half of the \$1.07-108 range, having traded briefly below \$1.07 last week. GBP/USD is operating just above the \$1.25 threshold. Meanwhile, EUR/GBP is in the top half of the 85-86p band.

Looking to the week ahead, the ECB monetary policy decision on Thursday will be the main focus. Futures contracts indicate the market does not think the ECB will hike rates, but the decision will be a close call. Aside from the rates decision, the updated ECB staff projections and post-meeting press conference will be of keen interest. The meeting poses significant two-way risk for the euro.

Data-wise, a busy UK schedule includes labour market and GDP for July. US CPI inflation for August will be of keen interest also, and may impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0727	0.14	0.23
EUR/GBP	0.8574	-0.02	-3.05
GBP/USD	1.251	0.16	3.41
GBP/EUR	1.1658	0.02	3.15
USD/JPY	146.26	-0.65	11.56
EUR/JPY	156.93	-0.51	11.85

* 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	5.67	5.66	5.18	4.50
EUR	4.25	3.68	3.80	3.99	3.69	3.25
GBP	5.25	5.31	5.44	5.63	5.60	5.02

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

Monday 11 September 2023
07:03 am



Euro

EUR/GBP	0.8574
EUR/USD	1.0727
EUR/JPY	156.93
EUR/SEK	11.8788
EUR/DKK	7.4573
EUR/NOK	11.42
EUR/CHF	0.956
EUR/AUD	1.6671
EUR/HKD	8.4073
EUR/CAD	1.4595

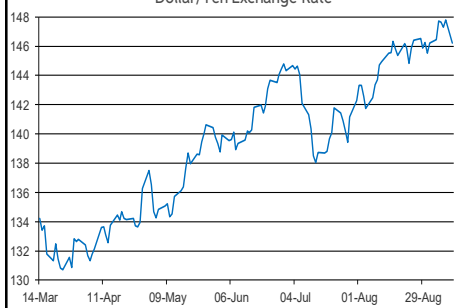
Sterling

GBP/EUR	1.1658
GBP/USD	1.251
GBP/CAD	1.7018
GBP/NZD	2.111
GBP/JPY	182.97
GBP/SEK	13.849
GBP/DKK	8.6945
GBP/NOK	13.314
GBP/CHF	1.1149
GBP/AUD	1.9445

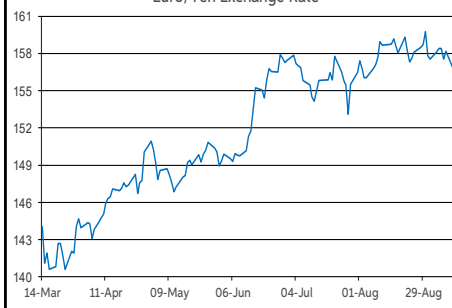
Dollar

USD/JPY	146.26
USD/CAD	1.3602
USD/CHF	0.8911
USD/CNY	7.2841
USD/BRL	4.9839
USD/RUB	97.105
USD/INR	82.875
AUD/USD	0.6433
NZD/USD	0.5924

Dollar/Yen Exchange Rate

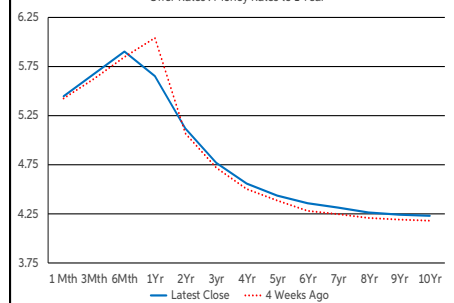


Euro/Yen Exchange Rate



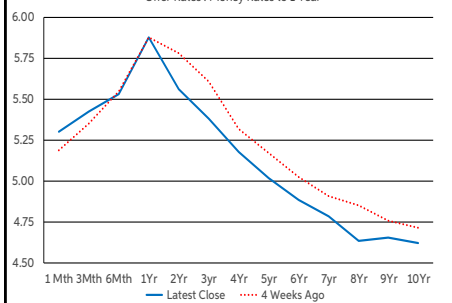
US Swap Curve

Offer Rates : Money Rates to 1 Year



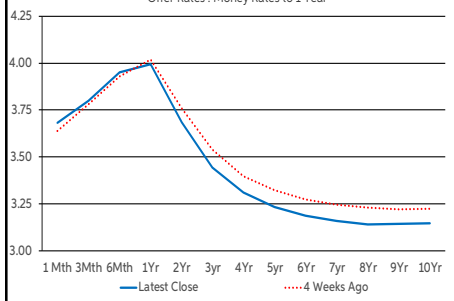
UK Swap Curve

Offer Rates : Money Rates to 1 Year

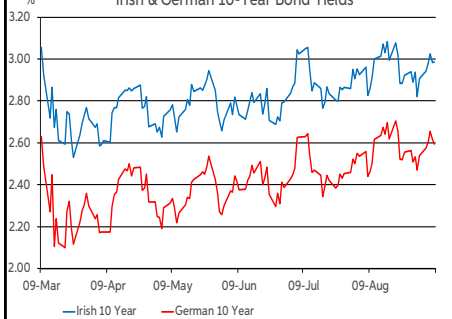


Eurozone Swap Curve

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	4.26	+1	+10	+38
Germany	2.60	-2	-2	+3
UK	4.42	-3	-10	+76
Ireland	3.02	+1	-0	-13
Belgium	3.24	-1	-3	+4
France	3.14	-1	-2	+3
Italy	4.35	-1	+8	-36
Spain	3.64	-1	+1	-1
Portugal	3.34	-1	+1	-26
Greece	3.97	-1	+6	-62
5 Year Swap %				
US	4.44	+3	+9	+44
Eurozone	3.23	-0	-8	+0
UK	5.02	-6	-10	+72
2 Year Swap %				
US	5.12	+1	+9	+45
Eurozone	3.69	+1	-6	+30
UK	5.56	-7	-22	+88
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+4	+2	-17
Belgium	65	+2	-1	+1
France	54	+2	+0	-1
Italy	175	+2	+11	-39
Spain	105	+1	+3	-5
Portugal	74	+1	+3	-29
Greece	138	+1	+9	-65

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	90.65	+0.81	+4.42	+5.52
West Texas Oil	87.51	+0.74	+5.22	+9.17
Gold \$	1917.8	-0.07	+0.23	+5.12

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