

## Attention on the ECB today

The main macro focus yesterday was on US CPI inflation data for August. The headline rate rose by more than expected, from 3.2% to 3.7% (vs. 3.6% f'cast). However, the core rate maintained its decelerating trajectory, printing as forecast, at 4.3%.

From a risk appetite perspective, the mood was generally muted. Most of the main equity indices traded sideways to slightly lower for much of the day. In Europe, the Euro Stoxx 50 finished its session down 0.4%. Meantime, at the closing bell on Wall Street last night, the S&P 500 was a modest 0.1% higher.

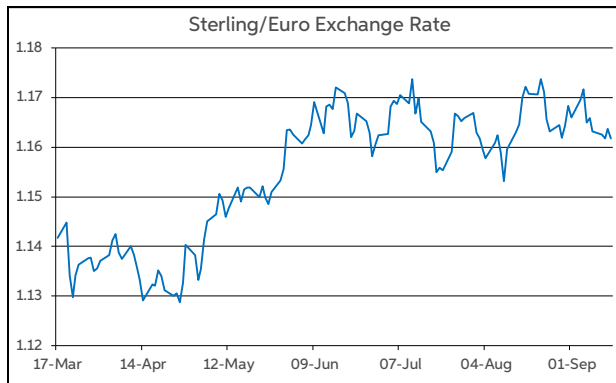
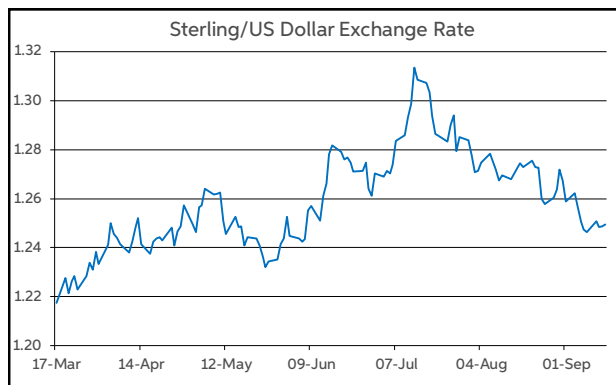
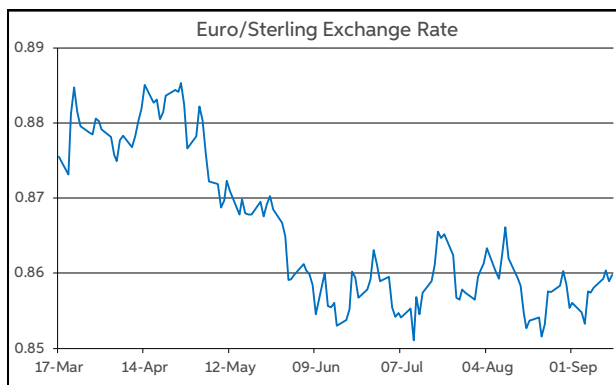
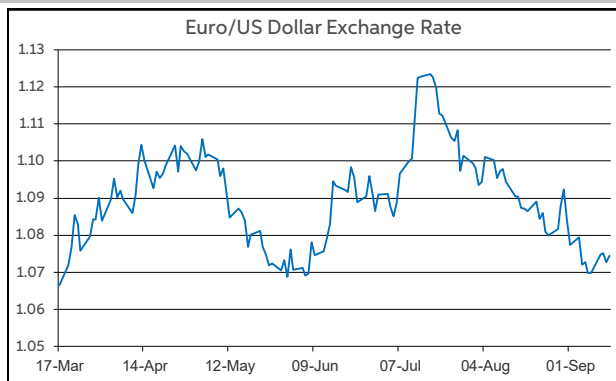
On bond markets, UK Gilt yields continued to trend lower across the curve. The policy sensitive 2-year yield fell below the 5% level. Elsewhere, the moves in Eurozone and US yields were more subdued. Meanwhile, on the commodities front, oil prices remained elevated with Brent crude just below \$92 p/b.

Currency-wise, the majors were confined to relatively narrow ranges. Sterling started the day on the defensive following weaker than expected UK GDP figures for July. Meanwhile, there was no major reaction from the dollar to the US inflation newsflow. The limited FX moves have continued in overnight trading.

As a result, the main pairs open this morning broadly similar to 24 hours earlier. EUR/USD continues to trade in the lower half of \$1.07 -1.08. EUR/GBP is changing hands in and around the 86p mark. GBP/USD is just under the \$1.25 threshold.

Attention today is on the ECB meeting, which poses some event risk for the euro. The market is pricing in around a 65% probability of a 25bps rate hike, which would see the Deposit rate rise to 4%.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0744	-0.06	0.39
EUR/GBP	0.8596	-0.08	-2.80
GBP/USD	1.2496	0.01	3.30
GBP/EUR	1.1626	0.08	2.89
USD/JPY	147.15	-0.16	12.23
EUR/JPY	158.12	-0.23	12.70

\* 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	5.45	5.67	5.65	5.15	4.45
EUR	4.25	3.70	3.82	4.08	3.78	3.31
GBP	5.25	5.32	5.43	5.62	5.50	4.92

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 14 September 2023  
07:25 am



## Euro

EUR/GBP	0.8596
EUR/USD	1.0744
EUR/JPY	158.12
EUR/SEK	11.9551
EUR/DKK	7.4597
EUR/NOK	11.4833
EUR/CHF	0.9584
EUR/AUD	1.6678
EUR/HKD	8.4093
EUR/CAD	1.4545

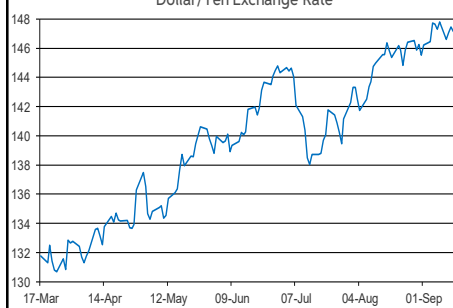
## Sterling

GBP/EUR	1.1626
GBP/USD	1.2496
GBP/CAD	1.6917
GBP/NZD	2.1051
GBP/JPY	183.88
GBP/SEK	13.903
GBP/DKK	8.674
GBP/NOK	13.355
GBP/CHF	1.1147
GBP/AUD	1.9396

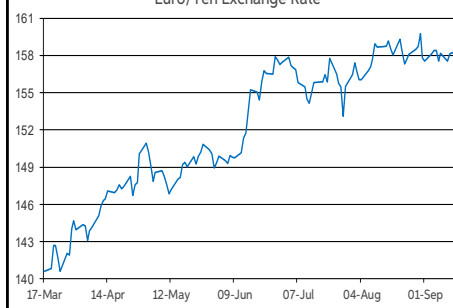
## Dollar

USD/JPY	147.15
USD/CAD	1.3537
USD/CHF	0.8919
USD/CNY	7.2739
USD/BRL	4.9158
USD/RUB	96.59
USD/INR	82.97
AUD/USD	0.6442
NZD/USD	0.5934

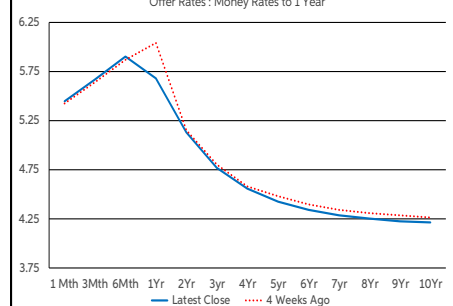
Dollar/Yen Exchange Rate



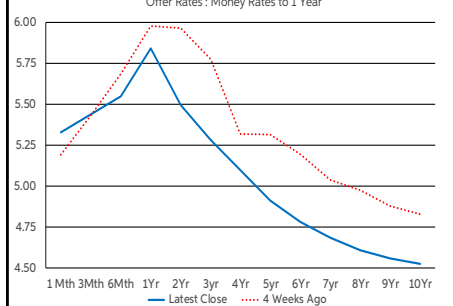
Euro/Yen Exchange Rate



US Swap Curve  
Offer Rates : Money Rates to 1 Year



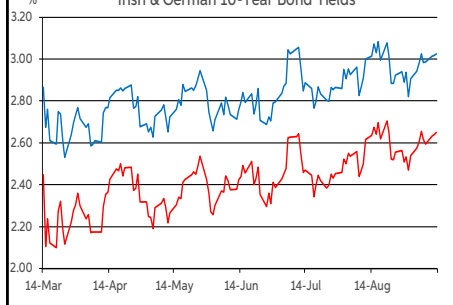
UK Swap Curve  
Offer Rates : Money Rates to 1 Year



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
<b>10 Year Yield %</b>				
US	4.25	-3	-0	+38
Germany	2.65	+1	+1	+9
UK	4.35	-7	-30	+68
<b>5 Year Swap %</b>				
US	4.43	-5	-1	+43
Eurozone	3.31	+3	-3	+8
UK	4.91	-9	-35	+61
<b>2 Year Swap %</b>				
US	5.13	-6	+2	+46
Eurozone	3.77	+5	-1	+38
UK	5.49	-6	-47	+81
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-2	-5	-19
Belgium	65	+0	-5	+1
France	55	+0	+0	+0
Italy	181	+4	+10	-33
Spain	107	+1	+1	-2
Portugal	76	+2	+1	-28
Greece	141	+1	+9	-61

## Commodities

	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	91.88	-0.20	+10.10	+6.95
West Texas Oil	88.59	-0.32	+11.57	+10.52
Gold \$	1906.3	-0.36	+0.77	+4.49

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