

Fed meeting outcome due today

The quiet start to the week on financial markets continued yesterday. Investors opted to keep their powder dry once again, ahead of a number of key central bank meetings this week. A sparse data schedule also contributed to the lacklustre price action. Most of the main equity indices finished a touch lower for the day.

In terms of fixed income, US Treasury and German Bund yields were 2-6bps higher, amid a modest firming in interest rate expectations. Markets pared back the magnitude of rate cuts priced-in for 2024 by circa 5bps in the US and Eurozone.

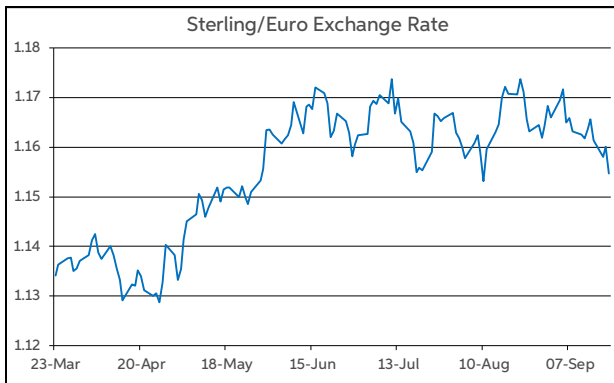
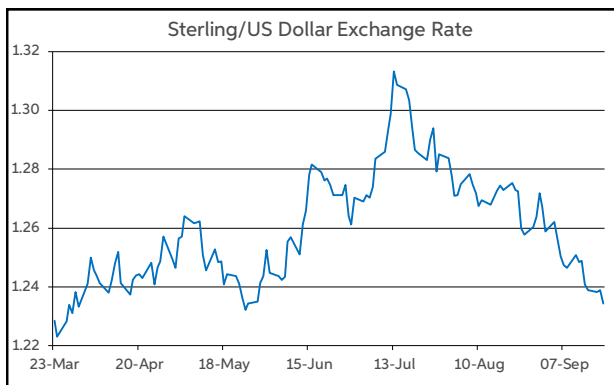
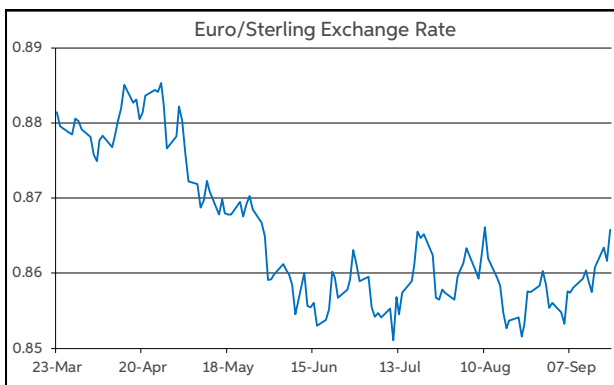
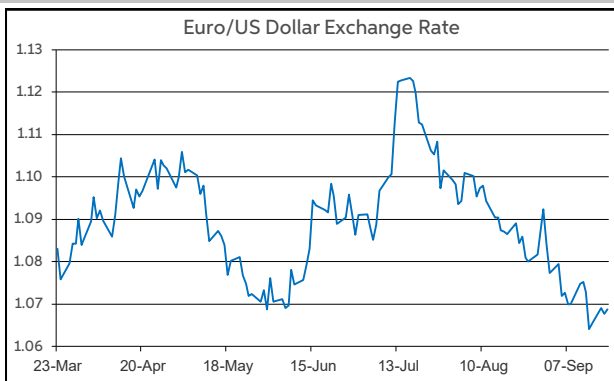
On the currency front, the majors remained confined to very narrow trading ranges yesterday. EUR/USD continued to operate in a narrow corridor, and opens today between \$1.06-1.07.

Already this morning, UK CPI inflation has printed below the consensus. Headline CPI declined to 6.7% in August (vs. 7.0% f'cast), while the core rate fell to 6.2% (vs. 6.8% f'cast). The data have weighed somewhat on sterling so far in early trading.

Following the release, EUR/GBP rose to the midpoint of 86-87p. Elsewhere, GBP/USD is operating down below the halfway mark of \$1.23-1.24. UK rate hike expectations have also softened. Markets now think UK rates will peak at 5.5% this year (vs. 5.65% previously), before being cut to circa 4.8% by end'24 (vs. 5% previously).

However, today's main macro-event comes after the European close, in the form of the latest Fed monetary policy decision. The Fed is widely expected to leave interest rates unchanged, but the updated summary of economic projections, including the dotplot, and the post-meeting press conference, will garner close attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0686	0.07	-0.15
EUR/GBP	0.8656	0.34	-2.13
GBP/USD	1.2344	-0.27	2.04
GBP/EUR	1.1547	-0.34	2.17
USD/JPY	147.94	0.13	12.84
EUR/JPY	158.11	0.20	12.69
* 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	5.55	5.28	4.57
EUR	4.50	3.76	3.90	4.13	3.83	3.36
GBP	5.25	5.34	5.38	5.47	5.32	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

Wednesday 20 September 2023
07:33 am



Euro

EUR/GBP	0.8656
EUR/USD	1.0686
EUR/JPY	158.11
EUR/SEK	11.918
EUR/DKK	7.4536
EUR/NOK	11.517
EUR/CHF	0.9588
EUR/AUD	1.6541
EUR/HKD	8.3583
EUR/CAD	1.4379

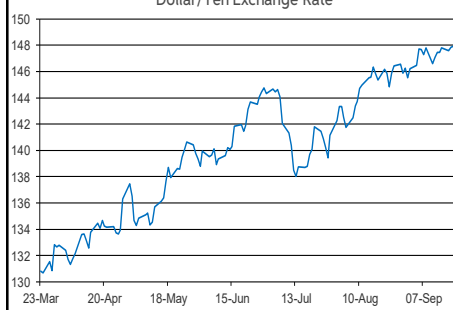
Sterling

GBP/EUR	1.1547
GBP/USD	1.2344
GBP/CAD	1.6609
GBP/NZD	2.078
GBP/JPY	182.6
GBP/SEK	13.7709
GBP/DKK	8.6076
GBP/NOK	13.303
GBP/CHF	1.1073
GBP/AUD	1.9112

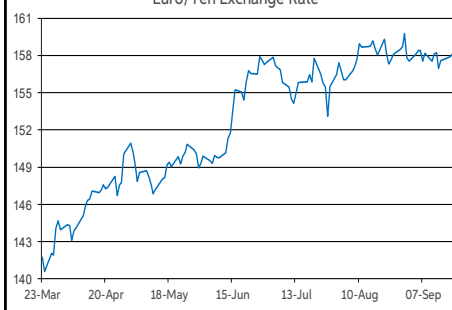
Dollar

USD/JPY	147.94
USD/CAD	1.3454
USD/CHF	0.8969
USD/CNY	7.2992
USD/BRL	4.8665
USD/RUB	96.6425
USD/INR	83.25
AUD/USD	0.6458
NZD/USD	0.5938

Dollar/Yen Exchange Rate

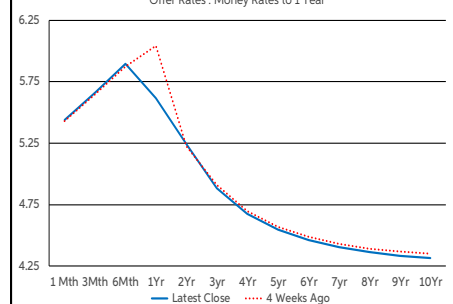


Euro/Yen Exchange Rate



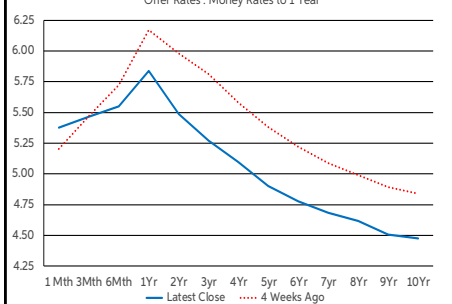
US Swap Curve

Offer Rates : Money Rates to 1 Year



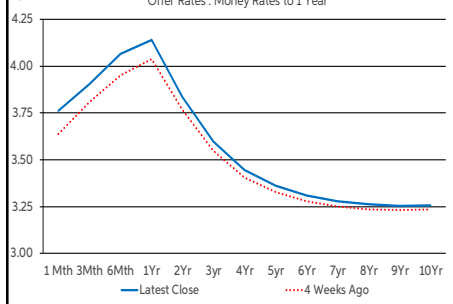
UK Swap Curve

Offer Rates : Money Rates to 1 Year

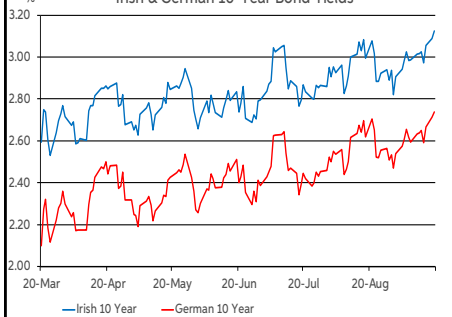


Eurozone Swap Curve

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	4.36	+6	+3	+49
Germany	2.74	+2	+9	+18
UK	4.34	-5	-30	+68
Ireland	3.15	+3	+10	+1
Belgium	3.37	+2	+8	+17
France	3.28	+2	+11	+17
Italy	4.52	-0	+21	-19
Spain	3.80	+1	+12	+14
Portugal	3.48	+2	+10	-13
Greece	4.16	-3	+17	-44
5 Year Swap %				
US	4.55	+6	+2	+55
Eurozone	3.36	+3	+4	+13
UK	4.90	+3	-47	+60
2 Year Swap %				
US	5.24	+6	+6	+57
Eurozone	3.84	+2	+8	+45
UK	5.49	-4	-49	+81
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+1	+2	-17
Belgium	63	-0	-0	-1
France	54	-0	+3	-1
Italy	178	-3	+13	-36
Spain	106	-1	+4	-4
Portugal	73	-0	+1	-30
Greece	142	-5	+8	-61

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	94.34	-0.10	+12.27	+9.81
West Texas Oil	91.16	-0.34	+13.60	+13.72
Gold \$	1930.9	-0.11	+1.76	+5.84

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