

## Eurozone and US inflation data in focus

The main equity indices recouped some of their recent losses on both sides of the Atlantic yesterday. The Euro Stoxx 50 rose by 0.7%, while S&P 500 gained around 0.6%. Elsewhere, Brent crude oil prices eased slightly to circa \$95 per barrel.

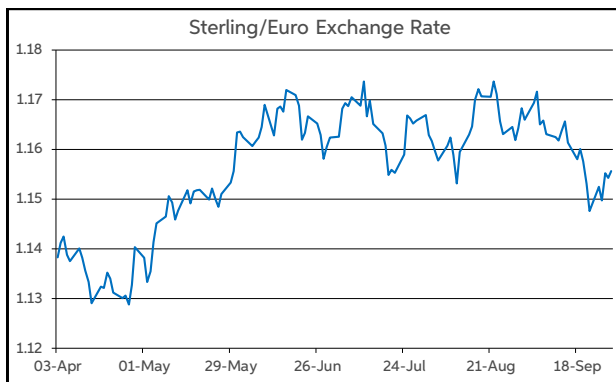
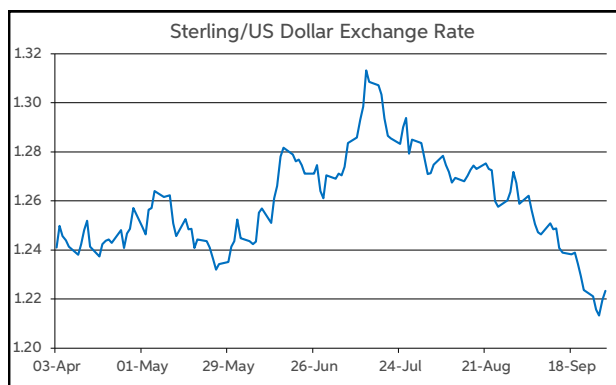
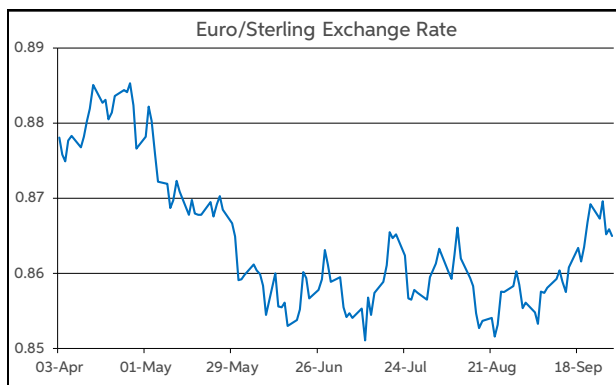
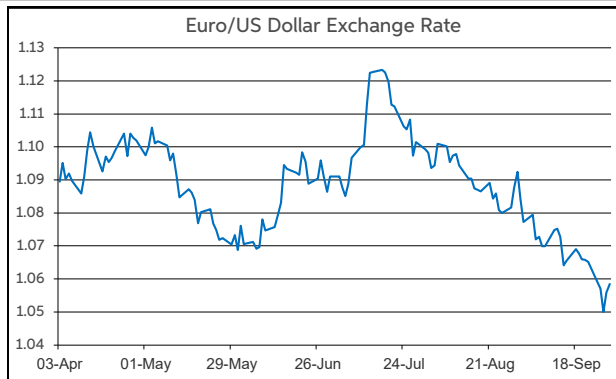
On bond markets, US Treasury yields fell by 3-6bps. Meantime German Bund yields increased by 4-14bps yesterday, although, they are currently off-their peak in early trading. In the UK, Gilt yields climbed higher by 9-17bps, as UK rate hike expectations hardened. Markets are now leaning towards one more rate hike in Q1 next year, and are pricing in fewer rate cuts by the end of 2024. However, there was no obvious catalyst for the firming in UK rates.

Indeed, the main macro newsflow yesterday concerned the US and Eurozone. German flash HICP inflation fell sharply from 6.4%, to 4.3% in September, below the 4.5% consensus. Meanwhile, the EC sentiment index deteriorated again in September. In the US, the latest initial jobless claims printed at 204k, below the 215k forecast.

On forex markets, the recent dollar rally paused for breath, amid the unfavourable move in bond yields for the currency. The dollar shed around 0.8% against the euro and sterling yesterday. The softer tone to the dollar sees EUR/USD opens this morning up in the top half of \$1.05-1.06. Meantime, GBP/USD is operating above the \$1.22 threshold. EUR/GBP remains at the midpoint of 86-87p.

Today, the focus will remain on the US and Eurozone, with inflation data due for both. Eurozone headline and core HICP inflation are expected to fall to 4.5% and 4.8%, respectively, in September. Similarly, US core-PCE inflation is forecast to ease to 3.9% in August from 4.2%. The data pose some event risk for EUR/USD.

**Daniel Noonan, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2022 |
| EUR/USD                  | 1.0583 | 0.76     | -1.11    |
| EUR/GBP                  | 0.8649 | -0.02    | -2.20    |
| GBP/USD                  | 1.2237 | 0.81     | 1.16     |
| GBP/EUR                  | 1.1557 | 0.02     | 2.25     |
| USD/JPY                  | 149.06 | -0.18    | 13.69    |
| EUR/JPY                  | 157.79 | 0.60     | 12.47    |

\* 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      | 5.43         | 5.65  | 5.68       | 5.27 | 4.68 |
| EUR                    | 4.50      | 3.86         | 3.97  | 4.17       | 3.85 | 3.49 |
| GBP                    | 5.25      | 5.18         | 5.30  | 5.46       | 5.41 | 4.94 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

|         |                            |            |            |                  |                           |                 |                                   |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke<br>Shane Gargan | FX Options | Mark Tuite | Reuters<br>Phone | AIBG.I<br>00353-1-7724018 | Morning Comment | John Fahey<br>john.j.fahey@aib.ie |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

# Opening Levels

Friday 29 September 2023  
07:30 am



## Euro

|         |         |
|---------|---------|
| EUR/GBP | 0.8649  |
| EUR/USD | 1.0583  |
| EUR/JPY | 157.79  |
| EUR/SEK | 11.5149 |
| EUR/DKK | 7.4558  |
| EUR/NOK | 11.277  |
| EUR/CHF | 0.9661  |
| EUR/AUD | 1.6363  |
| EUR/HKD | 8.2863  |
| EUR/CAD | 1.4246  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1557  |
| GBP/USD | 1.2237  |
| GBP/CAD | 1.6471  |
| GBP/NZD | 2.0323  |
| GBP/JPY | 182.39  |
| GBP/SEK | 13.3103 |
| GBP/DKK | 8.6194  |
| GBP/NOK | 13.037  |
| GBP/CHF | 1.1173  |
| GBP/AUD | 1.8919  |

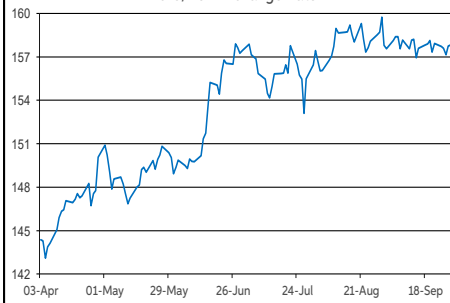
## Dollar

|         |         |
|---------|---------|
| USD/JPY | 149.06  |
| USD/CAD | 1.3459  |
| USD/CHF | 0.9129  |
| USD/CNY | 7.301   |
| USD/BRL | 5.033   |
| USD/RUB | 96.985  |
| USD/INR | 83.0525 |
| AUD/USD | 0.6467  |
| NZD/USD | 0.6019  |

Dollar/Yen Exchange Rate

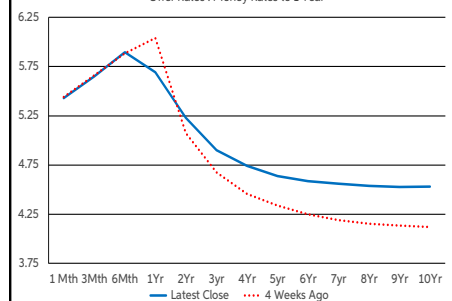


Euro/Yen Exchange Rate



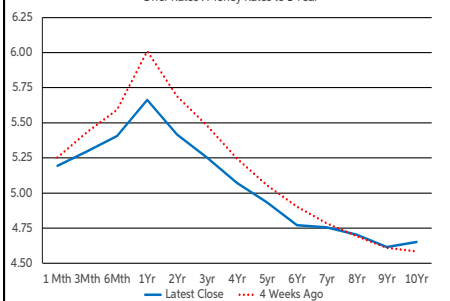
US Swap Curve

Offer Rates : Money Rates to 1 Year



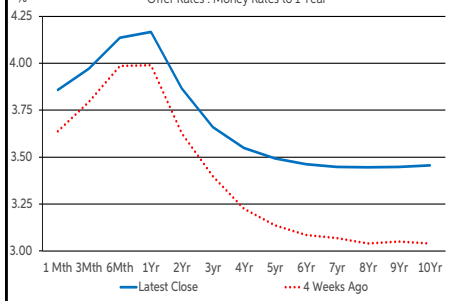
UK Swap Curve

Offer Rates : Money Rates to 1 Year

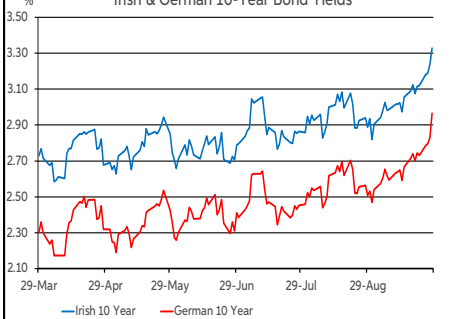


Eurozone Swap Curve

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   | 4.58  | -3         | +47     | +70    |
| Germany  | 2.97  | +14        | +50     | +41    |
| UK   | 4.49  | +13        | +13     | +83    |
| Ireland  | 3.36  | +9         | +52     | +21    |
| Belgium  | 3.60  | +11        | +52     | +40    |
| France   | 3.51  | +10        | +53     | +39    |
| Italy  | 4.88  | +10        | +76     | +18    |
| Spain  | 4.04  | +10        | +56     | +38    |
| Portugal   | 3.75  | +14        | +56     | +15    |
| Greece   | 4.51  | +19        | +71     | -8     |
| 5 Year Swap %                                    |       |            |         |        |
| US   | 4.64  | -7         | +34     | +64    |
| Eurozone   | 3.49  | +5         | +37     | +26    |
| UK   | 4.93  | +16        | -12     | +63    |
| 2 Year Swap %                                    |       |            |         |        |
| US   | 5.23  | -9         | +19     | +55    |
| Eurozone   | 3.87  | +4         | +25     | +48    |
| UK   | 5.42  | +4         | -27     | +73    |
| 10 Year Government Bond Spreads to Benchmark bps |       |            |         |        |
| Ireland  | 39    | -4         | +2      | -19    |
| Belgium  | 63    | -2         | +3      | -0     |
| France   | 54    | -3         | +3      | -1     |
| Italy  | 191   | -4         | +26     | -23    |
| Spain  | 107   | -4         | +6      | -2     |
| Portugal   | 78    | +1         | +6      | -26    |
| Greece   | 154   | +6         | +22     | -49    |

## Commodities

|                | % Change |       |         |        |
|----------------|----------|-------|---------|--------|
|                | Close    | Day   | 4 Weeks | End 22 |
| Brent Oil      | 95.38    | -1.21 | +9.81   | +11.02 |
| West Texas Oil | 91.65    | -2.16 | +9.69   | +14.33 |
| Gold \$        | 1864.6   | -0.54 | -3.88   | +2.20  |

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