

US labour market report in focus this week

Last week, the announcement of a significant stimulus package in China, as well as weak PMI data and cooling inflation in the Eurozone, had a major impact on markets. Against this backdrop, the CSI 300 (a major Chinese stock market index) registered its best week since 2008, rising by 15.7%. At the same time, the Euro Stoxx 50 gained 4%, while the S&P 500 edged just 0.6% higher.

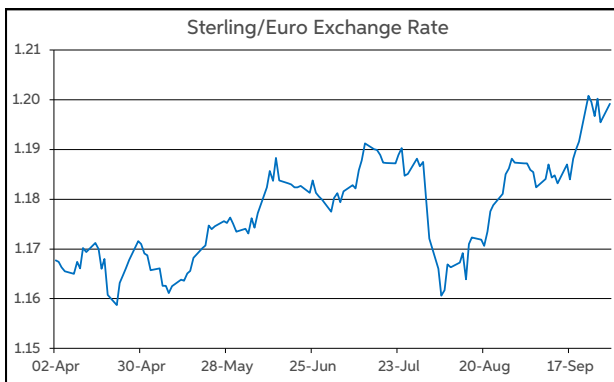
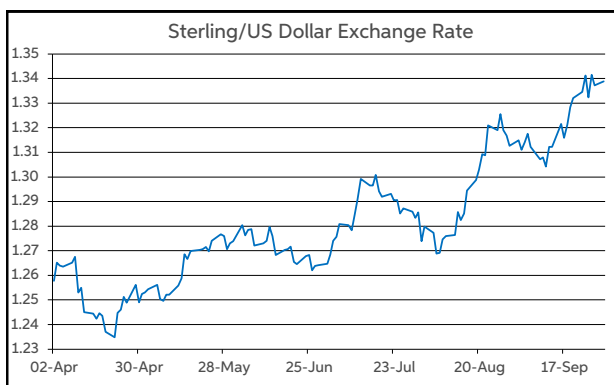
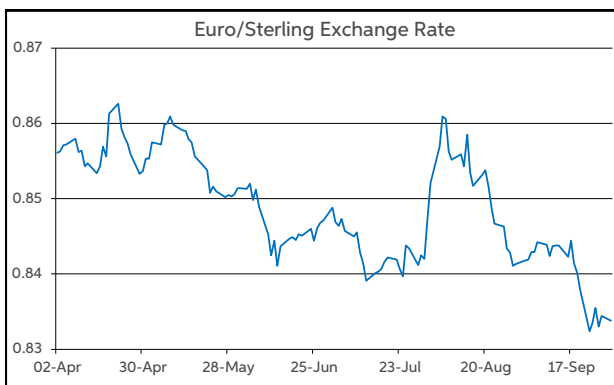
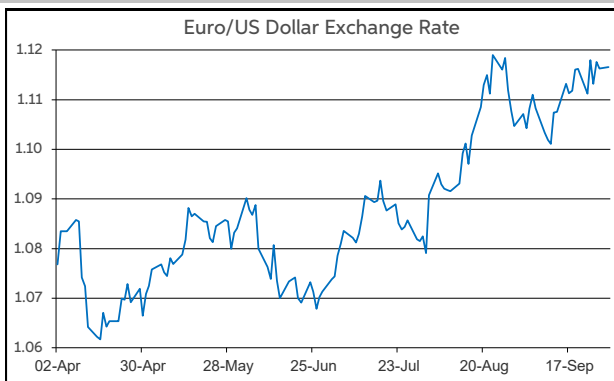
The Euro Stoxx 50 enjoyed spillover effects from the rally in Chinese equities, but it was also propelled upwards by a softening in Eurozone rate expectations. Amid some poor PMI data (the Eurozone composite index moved back into contraction mode) and a sharp fall in both French and Spanish inflation (to 1.5% and 1.7%, respectively), the market is now almost fully pricing in two 25bps rate cuts by the ECB in Q4.

Currency-wise the dollar was under some downward pressure last week. At the same time, the euro was also on the defensive. This saw sterling (+0.5%) and the yen (+1.5%) record gains against both the greenback and the single currency.

As trading gets under way this morning, EUR/GBP is operating in the bottom half of 83-84p, while GBP/USD is just below the \$1.34 mark. Meantime, USD/JPY is back below the ¥142 threshold. EUR/USD is in the top half of the \$1.11-1.12 corridor.

Turning to the week ahead, the main release of note will be the US labour market report for September. Softer conditions in the labour market were a major factor that led the Fed to opt for a bumper 50bps rate cut earlier this month, so the data pose some event risk for US market rate expectations and the dollar. Elsewhere, in the Eurozone, the flash reading of HICP inflation for September is due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1166	0.02	1.18
EUR/GBP	0.8338	-0.02	-3.81
GBP/USD	1.3388	0.02	5.18
GBP/EUR	1.1989	0.02	3.96
USD/JPY	141.68	-2.82	0.44
EUR/JPY	158.21	-2.80	1.66

* 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	4.88	4.96	4.85	4.02	3.64	3.49
EUR	3.65	3.37	3.33	2.68	2.32	2.24
GBP	5.00	4.95	4.81	4.24	4.12	3.86

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 30 September 2024
06:56 am



Euro

EUR/GBP	0.8338
EUR/USD	1.1166
EUR/JPY	158.21
EUR/SEK	11.2557
EUR/DKK	7.4563
EUR/NOK	11.7088
EUR/CHF	0.9397
EUR/AUD	1.6109
EUR/HKD	8.6772
EUR/CAD	1.5079

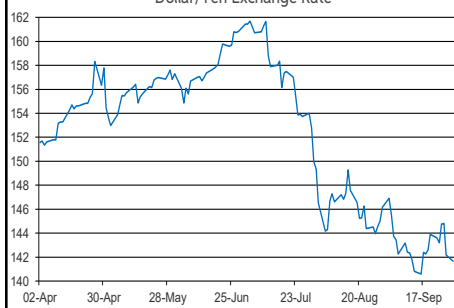
Sterling

GBP/EUR	1.1989
GBP/USD	1.3388
GBP/CAD	1.8083
GBP/NZD	2.1023
GBP/JPY	189.68
GBP/SEK	13.4948
GBP/DKK	8.942
GBP/NOK	14.0382
GBP/CHF	1.1266
GBP/AUD	1.9319

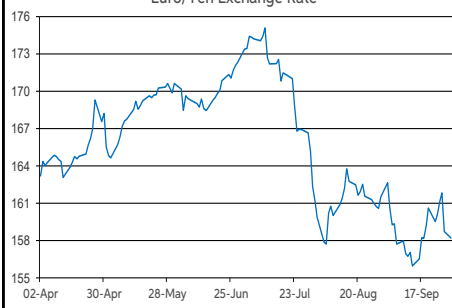
Dollar

USD/JPY	141.68
USD/CAD	1.3504
USD/CHF	0.8413
USD/CNY	7.0131
USD/BRL	5.4341
USD/RUB	93.25
USD/INR	83.77
AUD/USD	0.6931
NZD/USD	0.6369

Dollar/Yen Exchange Rate

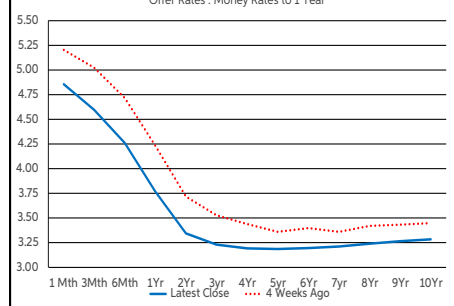


Euro/Yen Exchange Rate



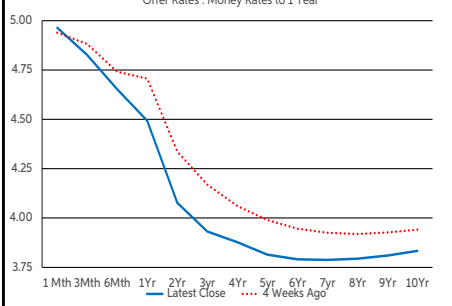
US Swap Curve

Offer Rates : Money Rates to 1 Year



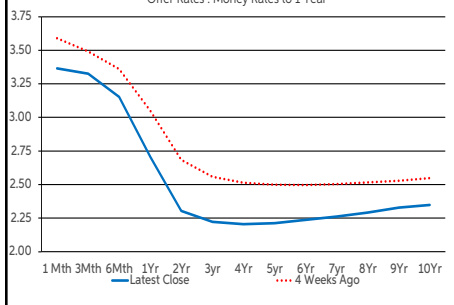
UK Swap Curve

Offer Rates : Money Rates to 1 Year

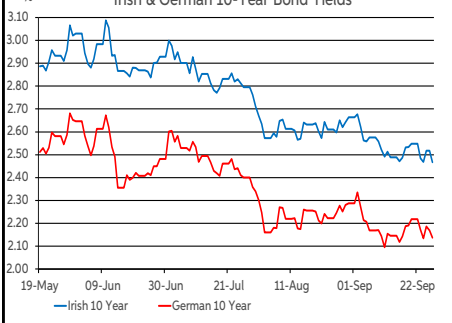


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.75	-4	-16	-11
Germany	2.14	-3	-15	+11
UK	3.98	-3	-4	+44
Ireland	2.50	-5	-18	+13
Belgium	2.77	-5	-12	+8
France	2.93	-4	-9	+37
Italy	3.46	-3	-23	-24
Spain	2.93	-3	-19	-6
Portugal	2.71	-3	-18	-7
Greece	3.11	+1	-22	+3
5 Year Swap %				
US	3.44	-6	-22	-35
Eurozone	2.21	-7	-28	-21
UK	3.81	-7	-17	+16
2 Year Swap %				
US	3.60	-7	-38	-73
Eurozone	2.31	-1	-37	-49
UK	4.08	-5	-26	-19
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	-2	-3	+2
Belgium	63	-2	+3	-3
France	79	-1	+6	+26
Italy	132	+0	-8	-35
Spain	79	+0	-4	-17
Portugal	57	+0	-3	-19
Greece	97	+4	-7	-8

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	71.98	+0.53	-8.65	-6.57
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2658.0	-0.46	+6.19	+28.87

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