

Cautious tone to start the week

Investor sentiment was holding a cautious tone for much of yesterday. This was against the backdrop of the escalation in the Middle East conflict. Risk appetite was already on a more fragile footing in recent weeks as markets fretted over the on-going rise in bond yields. Data-wise, yesterday's macro diary was generally quiet and lacking in top tier releases.

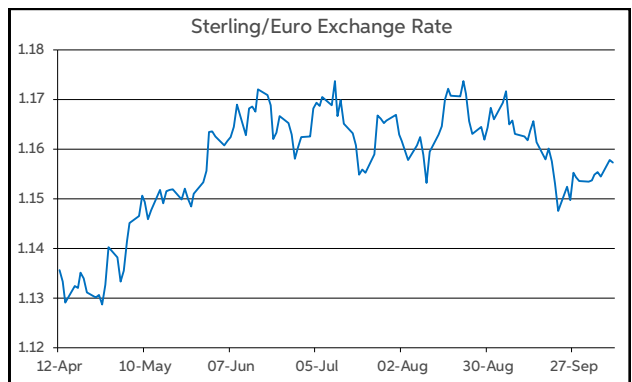
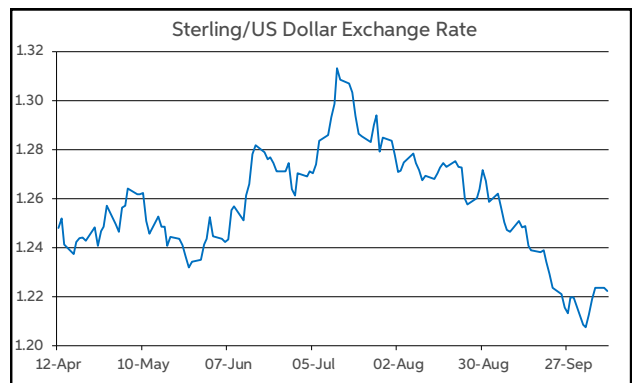
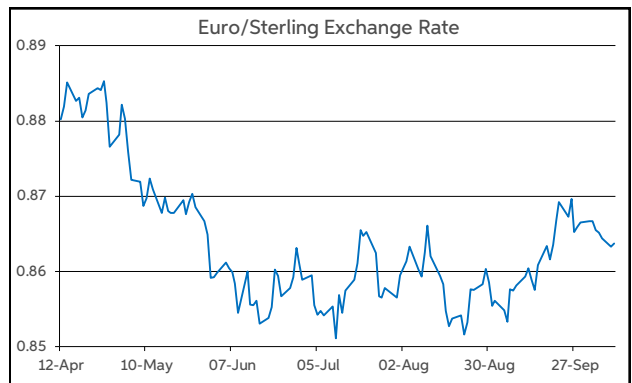
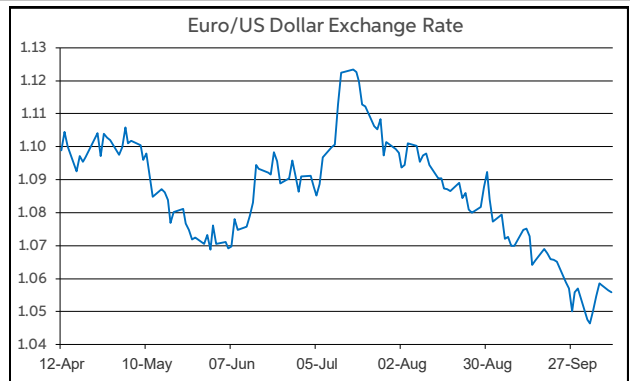
In terms of equity market performance, in Europe, the Euro Stoxx 50 fell by 0.8% on the day. Meanwhile, over the course of the US trading session on Wall Street, there was some firming in risk appetite. This was reflected in the S&P 500 registering a 0.6% gain at the closing bell last night.

On bond markets, US Treasuries were closed for the Columbus Day holiday. European yields fell as bond prices were supported by the risk averse backdrop. The 10-year German Bund yield declined by around 10bps to back below 2.8%. Meantime, the 10-year UK Gilt yield fell back below the 4.5% mark.

Currency-wise, the action was confined to very tight ranges yesterday. This lack of any notable moves has continued in overnight trading. As a result, the majors open this morning broadly similar to 24 hours earlier. This is evident in EUR/USD starting today's European session near the midpoint of \$1.05-1.06. EUR/GBP continues to operate within the 86-87p trading band. Meanwhile, cable (GBP/USD) remains near to the \$1.22 threshold.

Looking ahead to today, the macro calendar remains sparse. Italian industrial production (Aug) and US small business optimism (Sept) are the few releases of note. Newsflow from the Middle East will also be closely followed by markets.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0558	0.09	-1.35
EUR/GBP	0.8637	-0.15	-2.34
GBP/USD	1.2223	0.25	1.04
GBP/EUR	1.1573	0.15	2.40
USD/JPY	148.7	-0.34	13.42
EUR/JPY	157.02	-0.24	11.92

* 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	5.46	5.67	5.60	5.18	4.67
EUR	4.50	3.86	3.98	4.08	3.69	3.33
GBP	5.25	5.20	5.28	5.39	5.30	4.86

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

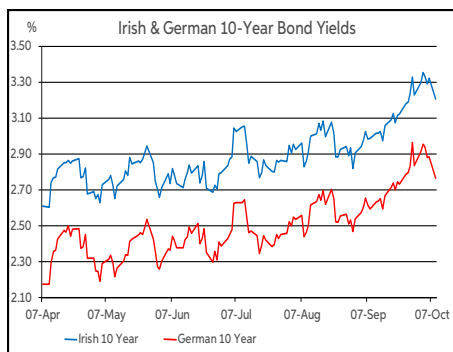
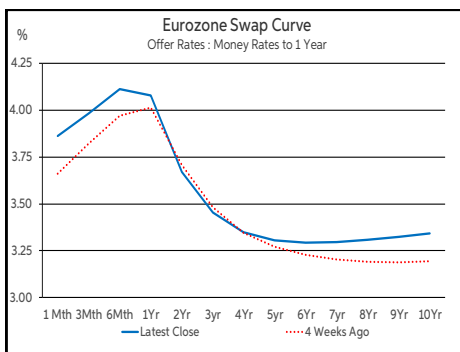
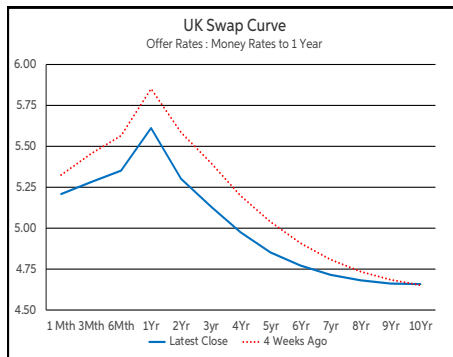
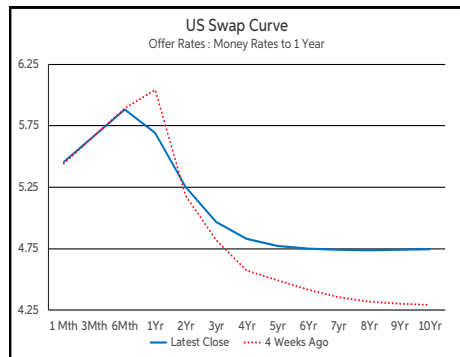
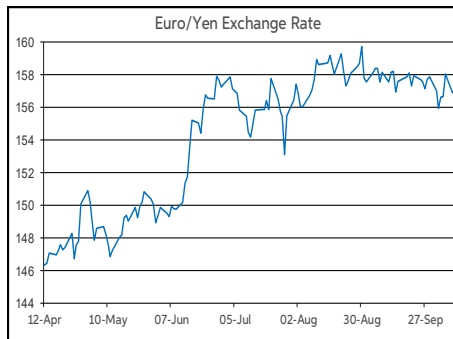
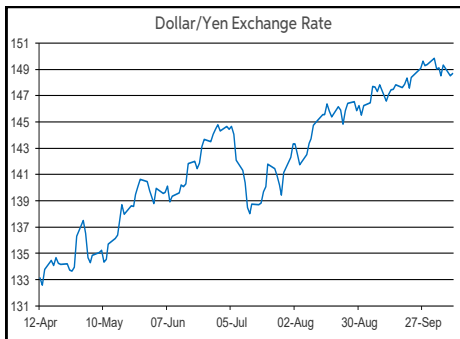
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Tuesday 10 October 2023
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8637	GBP/EUR	1.1573	USD/JPY	148.7
EUR/USD	1.0558	GBP/USD	1.2223	USD/CAD	1.36
EUR/JPY	157.02	GBP/CAD	1.6624	USD/CHF	0.906
EUR/SEK	11.5768	GBP/NZD	2.0313	USD/CNY	7.2919
EUR/DKK	7.4566	GBP/JPY	181.76	USD/BRL	5.1355
EUR/NOK	11.4238	GBP/SEK	13.3977	USD/RUB	98.976
EUR/CHF	0.9567	GBP/DKK	8.6299	USD/INR	83.25
EUR/AUD	1.648	GBP/NOK	13.218	AUD/USD	0.6407
EUR/HKD	8.2626	GBP/CHF	1.1078	NZD/USD	0.6016
EUR/CAD	1.4361	GBP/AUD	1.9077		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.79	+0	+50	+92
Germany	2.76	-12	+13	+20
UK	4.48	-10	+1	+81
5 Year Swap %				
US	4.77	-0	+32	+78
Eurozone	3.31	-10	+4	+8
UK	4.85	-9	-18	+55
2 Year Swap %				
US	5.25	+0	+12	+58
Eurozone	3.67	-8	-3	+28
UK	5.30	-6	-28	+62
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+1	+8	-11
Belgium	69	+0	+5	+6
France	60	+0	+6	+5
Italy	207	+3	+31	-7
Spain	116	+3	+10	+6
Portugal	78	+3	+3	-26
Greece	161	+6	+23	-42

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	88.15	+4.22	-2.75	+2.61
West Texas Oil	82.83	+0.64	-5.12	+3.33
Gold \$	1860.9	+1.56	-3.16	+2.00

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