

## ECB policy meeting in focus this week

There was a cautious mood on markets last week, as rising bond yields and concerns of the potential for a wider conflict in the Middle East weighed on sentiment. The Euro Stoxx 50 shed 2.7%, while the S&P 500 fell by 2.4%. Meantime, oil prices continued to rise, with Brent crude up above \$93 per barrel during last week, although, it has eased back below this level currently.

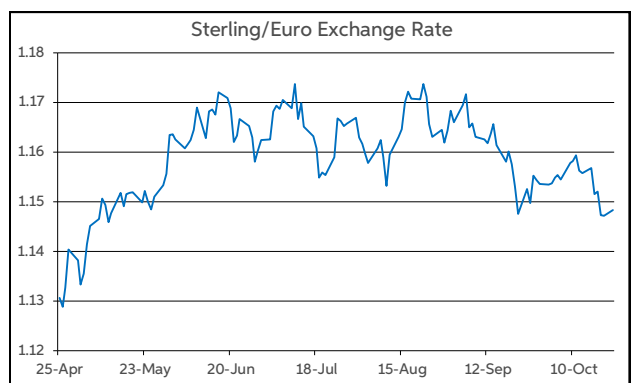
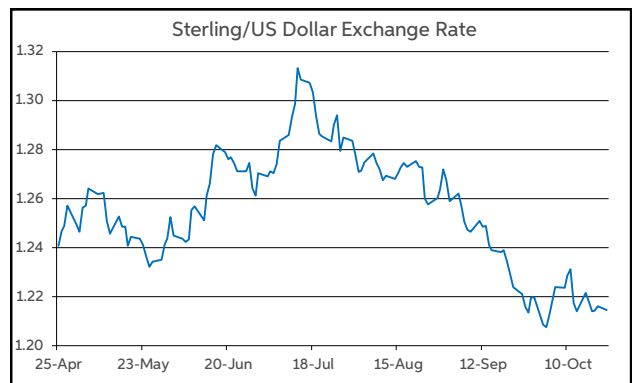
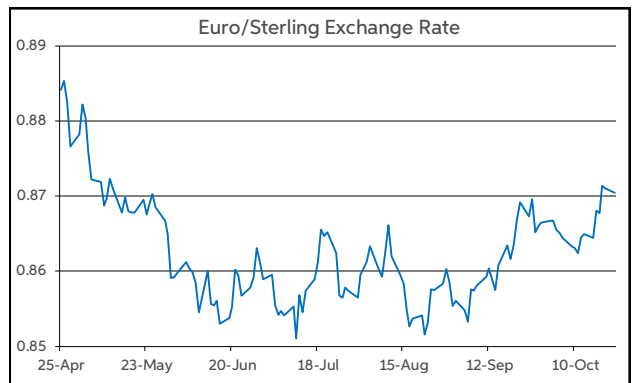
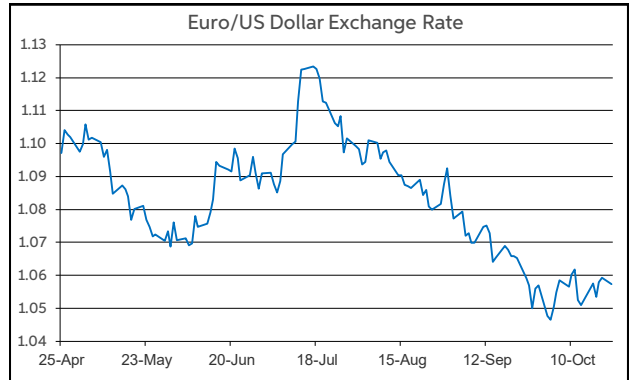
On bond markets, amid volatile trading conditions, medium to long term yields moved sharply higher across the board, reflecting the “higher for longer” interest rate outlook. Most notably, 10-year US Treasury and UK Gilt yields rose by circa 25bps on the week, to 4.9% and 4.65%, respectively. The 10-year German Bund moved up by a more modest 14bps to 2.9%.

Currency-wise, somewhat surprisingly against this backdrop, the euro was holding a slightly firmer tone. The single currency gained between 0.4-0.7% versus the dollar, sterling and yen last week. However, there were no obvious catalysts for the move.

In level terms, EUR/USD opens this morning in the upper half of the \$1.05-1.06 range. EUR/GBP is operating up at 87p threshold also. Meantime, GBP/USD is changing hands close to the midpoint of the \$1.21-1.22 corridor. EUR/JPY is near the halfway mark of ¥158-159, having started last week near ¥157.

This week, the main focus will be the ECB monetary policy decision on Thursday. The central bank is widely expected to leave interest rates on hold. However, the post-meeting press conference will garner close attention. Data-wise, the flash PMIs in the US, UK and Eurozone for October are due. US Core-PCE inflation for September and the first reading of Q3 GDP will also be released.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0572	-0.01	-1.21
EUR/GBP	0.8703	-0.14	-1.59
GBP/USD	1.2145	0.11	0.40
GBP/EUR	1.1484	0.14	1.62
USD/JPY	149.94	0.06	14.36
EUR/JPY	158.55	0.04	13.01

\* 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	5.66	5.66	5.29	4.95
EUR	4.50	3.86	3.97	4.09	3.78	3.45
GBP	5.25	5.21	5.26	5.36	5.38	4.99

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 23 October 2023  
07:18 am



## Euro

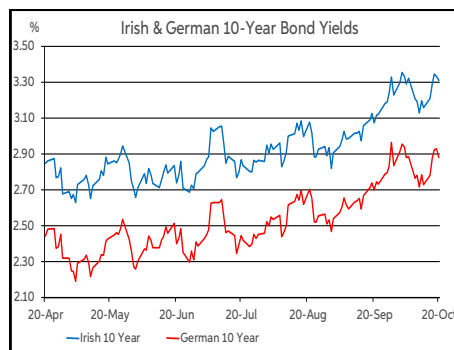
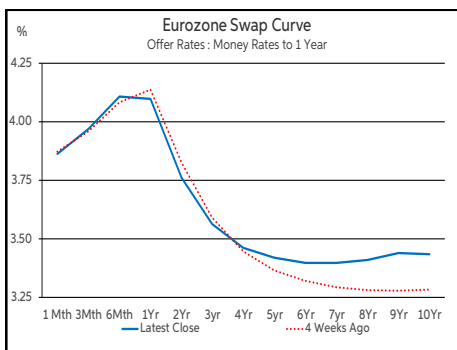
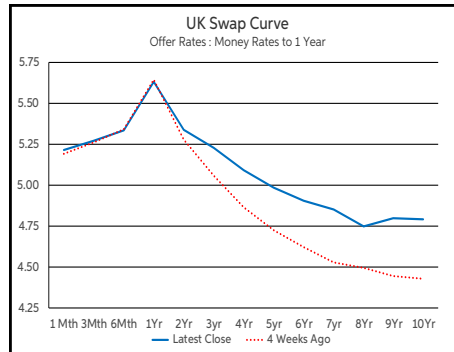
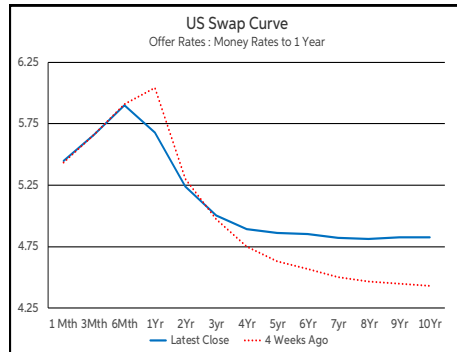
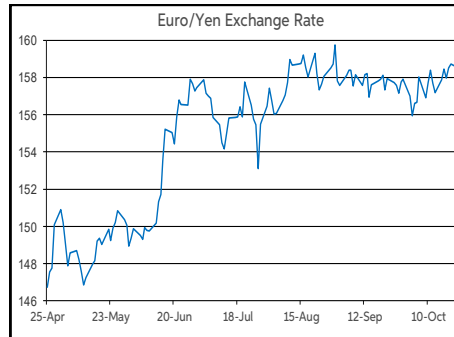
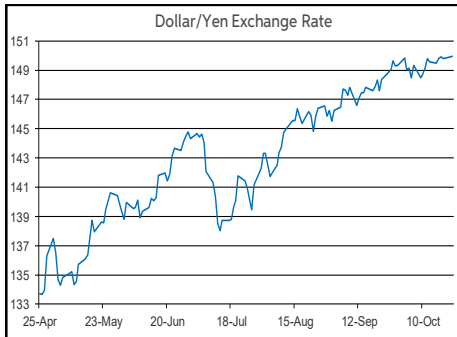
EUR/GBP	0.8703
EUR/USD	1.0572
EUR/JPY	158.55
EUR/SEK	11.62
EUR/DKK	7.4614
EUR/NOK	11.7198
EUR/CHF	0.9465
EUR/AUD	1.6746
EUR/HKD	8.2743
EUR/CAD	1.4499

## Sterling

GBP/EUR	1.1484
GBP/USD	1.2145
GBP/CAD	1.6657
GBP/NZD	2.0843
GBP/JPY	182.1
GBP/SEK	13.3481
GBP/DKK	8.5716
GBP/NOK	13.456
GBP/CHF	1.0873
GBP/AUD	1.9237

## Dollar

USD/JPY	149.94
USD/CAD	1.3714
USD/CHF	0.8951
USD/CNY	7.3171
USD/BRL	5.0322
USD/RUB	95.5025
USD/INR	83.145
AUD/USD	0.6313
NZD/USD	0.5825



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.91	-8	+48	+104
Germany	2.88	-4	+15	+32
UK	4.65	-0	+40	+99
<b>Ireland</b>				
Ireland	3.34	-2	+18	+19
Belgium	3.56	-3	+18	+36
France	3.51	-3	+23	+40
Italy	4.92	-2	+33	+22
Spain	4.00	-3	+19	+34
Portugal	3.62	-3	+11	+2
Greece	4.36	-2	+13	-23
<b>5 Year Swap %</b>				
US	4.86	-10	+27	+87
Eurozone	3.42	-6	+6	+19
UK	4.99	-8	+26	+68
<b>2 Year Swap %</b>				
US	5.24	-7	-2	+56
Eurozone	3.76	-8	-5	+37
UK	5.34	-10	+7	+66
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	46	+2	+3	-13
Belgium	67	+1	+3	+4
France	63	+2	+8	+8
Italy	204	+2	+19	-10
Spain	112	+1	+4	+2
Portugal	73	+1	-4	-31
Greece	147	+2	-2	-55

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	92.16	-0.24	-1.19	+7.28
West Texas Oil	89.12	-0.26	-0.98	+11.18
Gold \$	1981.0	+0.37	+2.91	+8.59

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