

ECB meeting in focus this week

Stock markets lost some ground last week, with both the Euro Stoxx 50 and the S&P 500 declining by circa 1%. On bond markets, short-dated US and Eurozone sovereign yields rose by circa 9-12bps, amid strong US services and labour market data, as well as some hawkish rhetoric from ECB officials. In contrast, 2-year UK Gilt yields fell by 8bps, as markets lowered expectations for the peak in UK interest rates by around 10bps.

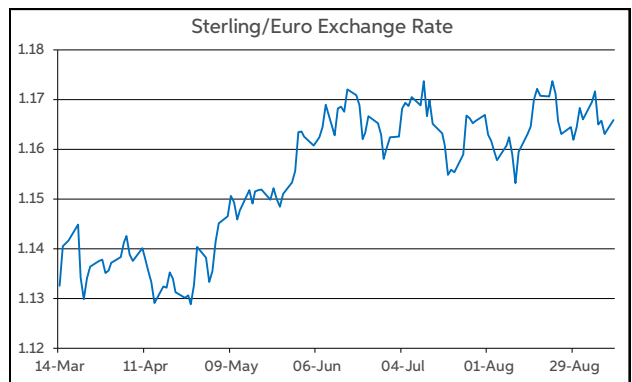
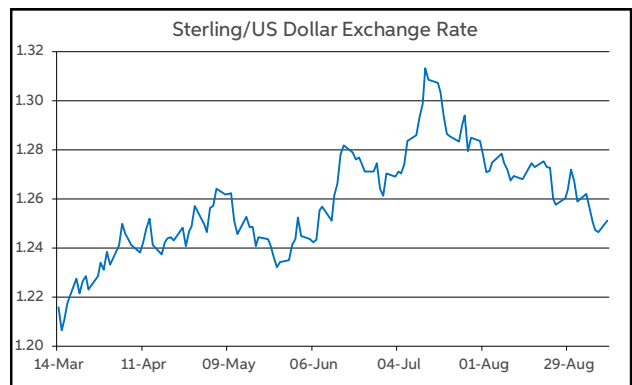
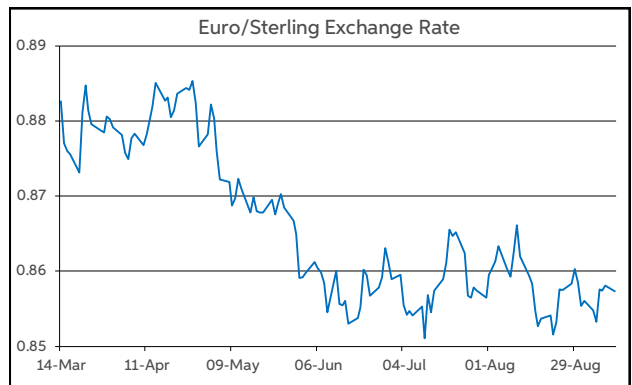
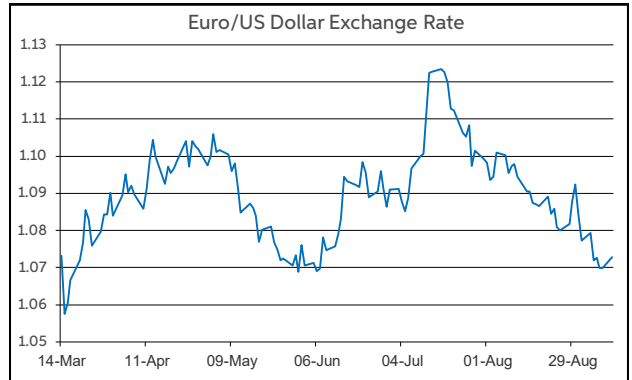
Elsewhere, oil prices continued to climb higher, with Brent crude rising above \$90 per barrel. On the currency front, the dollar remained in the ascendancy. The greenback was supported by the risk averse backdrop, the rise in US yields and the higher oil price. Meantime, sterling was under some downward pressure as short-dated UK yields declined. Overall, the dollar gained around 0.5-0.7% against sterling and the euro last week.

In level terms, EUR/USD opens this morning in the lower half of the \$1.07-108 range, having traded briefly below \$1.07 last week. GBP/USD is operating just above the \$1.25 threshold. Meanwhile, EUR/GBP is in the top half of the 85-86p band.

Looking to the week ahead, the ECB monetary policy decision on Thursday will be the main focus. Futures contracts indicate the market does not think the ECB will hike rates, but the decision will be a close call. Aside from the rates decision, the updated ECB staff projections and post-meeting press conference will be of keen interest. The meeting poses significant two-way risk for the euro.

Data-wise, a busy UK schedule includes labour market and GDP for July. US CPI inflation for August will be of keen interest also, and may impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0727	0.14	0.23
EUR/GBP	0.8574	-0.02	-3.05
GBP/USD	1.251	0.16	3.41
GBP/EUR	1.1658	0.02	3.15
USD/JPY	146.26	-0.65	11.56
EUR/JPY	156.93	-0.51	11.85

* 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	5.67	5.66	5.18	4.50
EUR	4.25	3.68	3.80	3.99	3.69	3.25
GBP	5.25	5.31	5.44	5.63	5.60	5.02

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

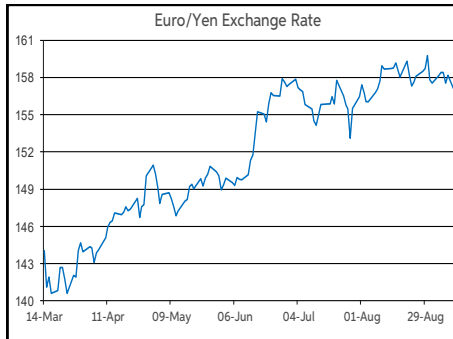
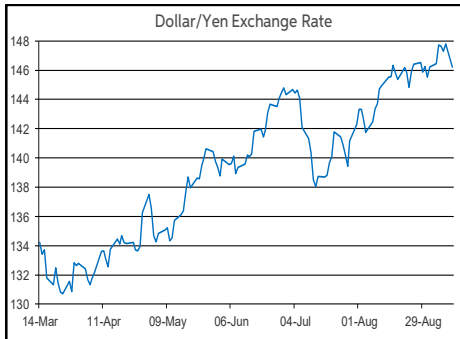
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

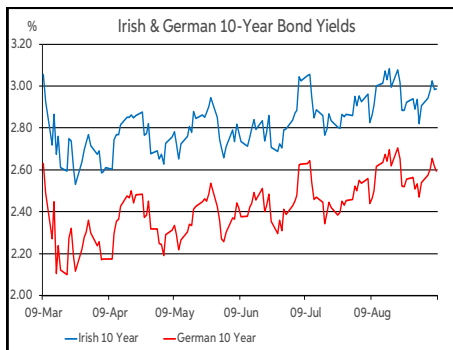
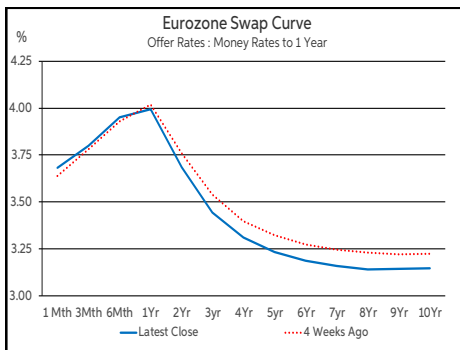
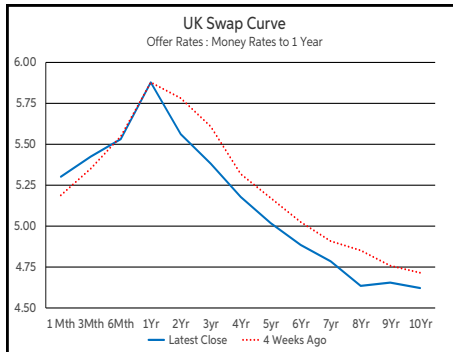
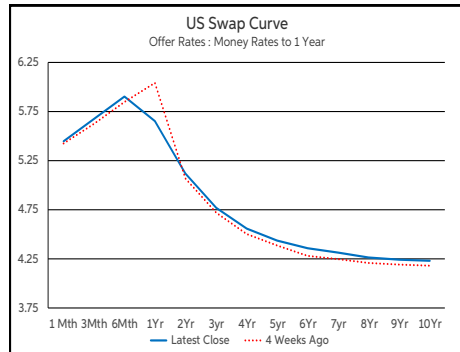
Monday 11 September 2023
07:03 am



Euro		Sterling		Dollar	
EUR/GBP	0.8574	GBP/EUR	1.1658	USD/JPY	146.26
EUR/USD	1.0727	GBP/USD	1.251	USD/CAD	1.3602
EUR/JPY	156.93	GBP/CAD	1.7018	USD/CHF	0.8911
EUR/SEK	11.8788	GBP/NZD	2.111	USD/CNY	7.2841
EUR/DKK	7.4573	GBP/JPY	182.97	USD/BRL	4.9839
EUR/NOK	11.42	GBP/SEK	13.849	USD/RUB	97.105
EUR/CHF	0.956	GBP/DKK	8.6945	USD/INR	82.875
EUR/AUD	1.6671	GBP/NOK	13.314		
EUR/HKD	8.4073	GBP/CHF	1.1149	AUD/USD	0.6433
EUR/CAD	1.4595	GBP/AUD	1.9445	NZD/USD	0.5924



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.26	+1	+10	+38
Germany	2.60	-2	-2	+3
UK	4.42	-3	-10	+76
5 Year Swap %				
US	4.44	+3	+9	+44
Eurozone	3.23	-0	-8	+0
UK	5.02	-6	-10	+72
2 Year Swap %				
US	5.12	+1	+9	+45
Eurozone	3.69	+1	-6	+30
UK	5.56	-7	-22	+88
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+4	+2	-17
Belgium	65	+2	-1	+1
France	54	+2	+0	-1
Italy	175	+2	+11	-39
Spain	105	+1	+3	-5
Portugal	74	+1	+3	-29
Greece	138	+1	+9	-65



Commodities				
	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	90.65	+0.81	+4.42	+5.52
West Texas Oil	87.51	+0.74	+5.22	+9.17
Gold \$	1917.8	-0.07	+0.23	+5.12

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