

Fed meeting outcome due today

The quiet start to the week on financial markets continued yesterday. Investors opted to keep their powder dry once again, ahead of a number of key central bank meetings this week. A sparse data schedule also contributed to the lacklustre price action. Most of the main equity indices finished a touch lower for the day.

In terms of fixed income, US Treasury and German Bund yields were 2-6bps higher, amid a modest firming in interest rate expectations. Markets pared back the magnitude of rate cuts priced -in for 2024 by circa 5bps in the US and Eurozone.

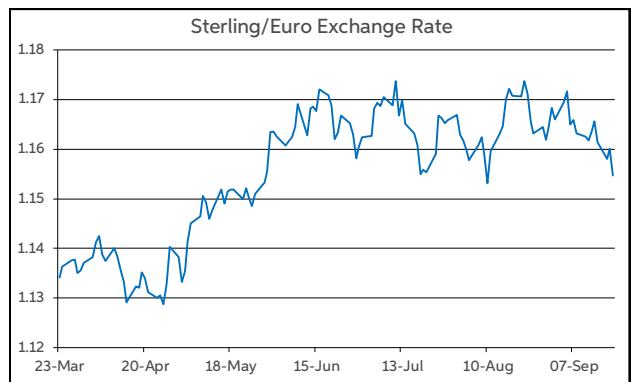
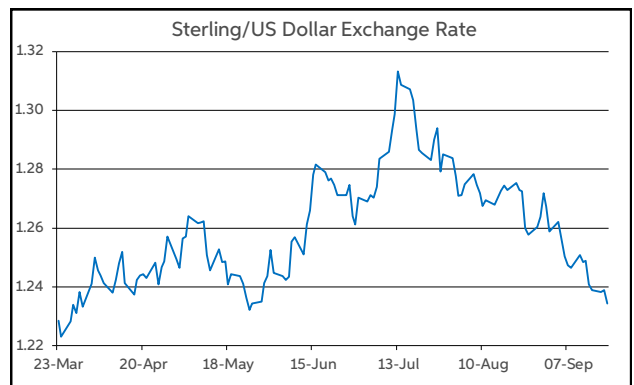
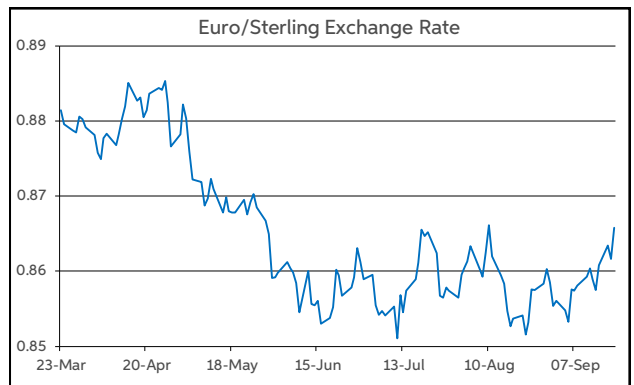
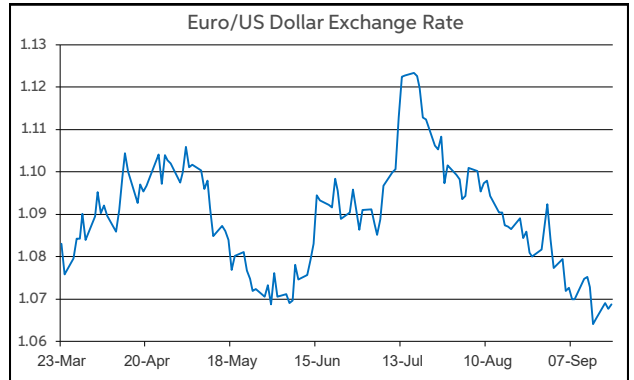
On the currency front, the majors remained confined to very narrow trading ranges yesterday. EUR/USD continued to operate in a narrow corridor, and opens today between \$1.06-1.07.

Already this morning, UK CPI inflation has printed below the consensus. Headline CPI declined to 6.7% in August (vs. 7.0% f'cast), while the core rate fell to 6.2% (vs. 6.8% f'cast). The data have weighed somewhat on sterling so far in early trading.

Following the release, EUR/GBP rose to the midpoint of 86-87p. Elsewhere, GBP/USD is operating down below the halfway mark of \$1.23-1.24. UK rate hike expectations have also softened. Markets now think UK rates will peak at 5.5% this year (vs. 5.65% previously), before being cut to circa 4.8% by end'24 (vs. 5% previously).

However, today's main macro-event comes after the European close, in the form of the latest Fed monetary policy decision. The Fed is widely expected to leave interest rates unchanged, but the updated summary of economic projections, including the dotplot, and the post-meeting press conference, will garner close attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0686	0.07	-0.15
EUR/GBP	0.8656	0.34	-2.13
GBP/USD	1.2344	-0.27	2.04
GBP/EUR	1.1547	-0.34	2.17
USD/JPY	147.94	0.13	12.84
EUR/JPY	158.11	0.20	12.69

* 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	5.66	5.55	5.28	4.57
EUR	4.50	3.76	3.90	4.13	3.83	3.36
GBP	5.25	5.34	5.38	5.47	5.32	4.82

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

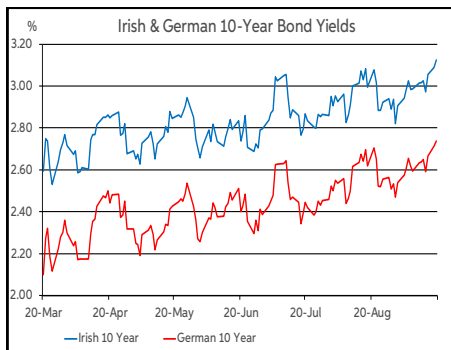
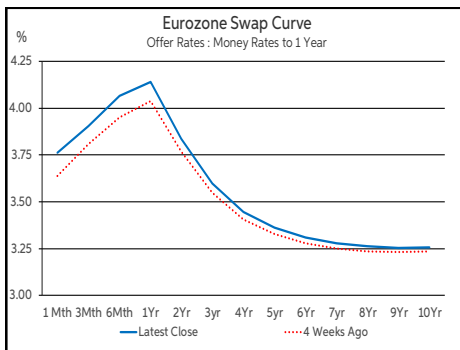
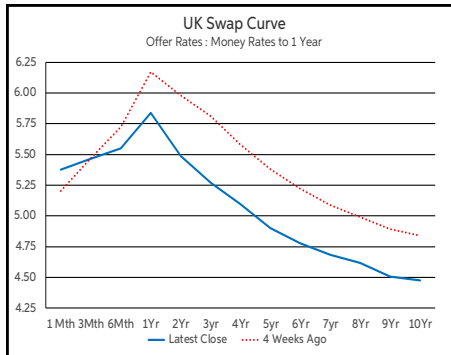
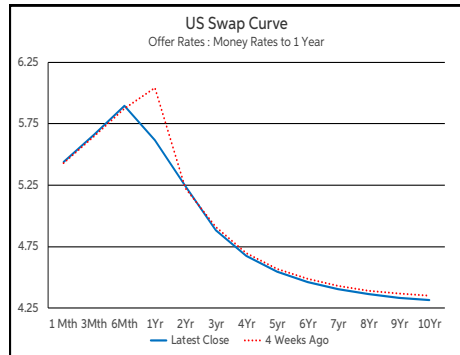
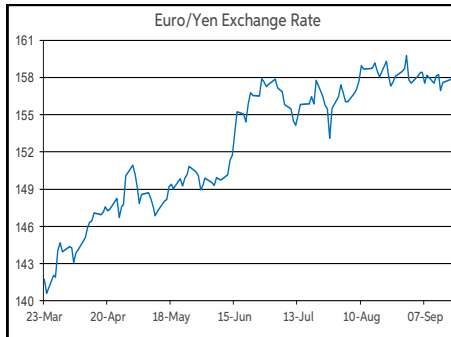
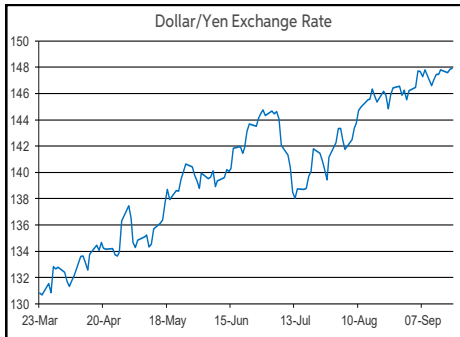
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Wednesday 20 September 2023
07:33 am



Euro		Sterling		Dollar	
EUR/GBP	0.8656	GBP/EUR	1.1547	USD/JPY	147.94
EUR/USD	1.0686	GBP/USD	1.2344	USD/CAD	1.3454
EUR/JPY	158.11	GBP/CAD	1.6609	USD/CHF	0.8969
EUR/SEK	11.918	GBP/NZD	2.078	USD/CNY	7.2992
EUR/DKK	7.4536	GBP/JPY	182.6	USD/BRL	4.8665
EUR/NOK	11.517	GBP/SEK	13.7709	USD/RUB	96.6425
EUR/CHF	0.9588	GBP/DKK	8.6076	USD/INR	83.25
EUR/AUD	1.6541	GBP/NOK	13.303	AUD/USD	0.6458
EUR/HKD	8.3583	GBP/CHF	1.1073	NZD/USD	0.5938
EUR/CAD	1.4379	GBP/AUD	1.9112		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.36	+6	+3	+49
Germany	2.74	+2	+9	+18
UK	4.34	-5	-30	+68
5 Year Swap %				
US	4.55	+6	+2	+55
Eurozone	3.36	+3	+4	+13
UK	4.90	+3	-47	+60
2 Year Swap %				
US	5.24	+6	+6	+57
Eurozone	3.84	+2	+8	+45
UK	5.49	-4	-49	+81
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+1	+2	-17
Belgium	63	-0	-0	-1
France	54	-0	+3	-1
Italy	178	-3	+13	-36
Spain	106	-1	+4	-4
Portugal	73	-0	+1	-30
Greece	142	-5	+8	-61

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	94.34	-0.10	+12.27	+9.81
West Texas Oil	91.16	-0.34	+13.60	+13.72
Gold \$	1930.9	-0.11	+1.76	+5.84

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