

EUR/USD down below \$1.06

The risk averse tone to investor sentiment from last week persisted in Europe yesterday. The Euro Stoxx 50 fell by 0.9%. The downbeat mood mainly stems from concerns that official interest rates will remain at elevated levels for an extended period of time, following last weeks central bank meetings. Hawkish remarks from Fed officials yesterday provided little solace to markets in this regard.

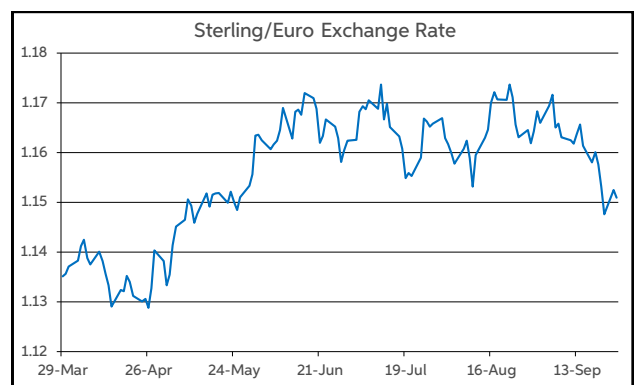
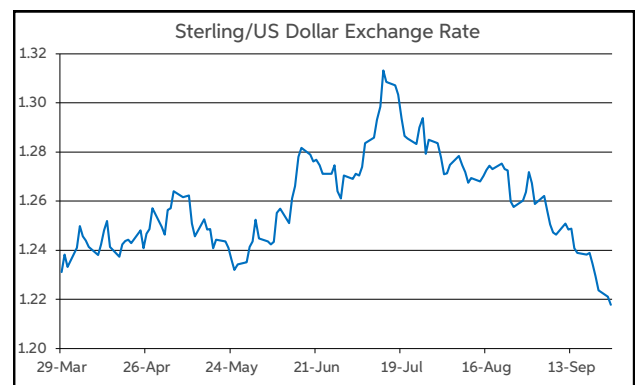
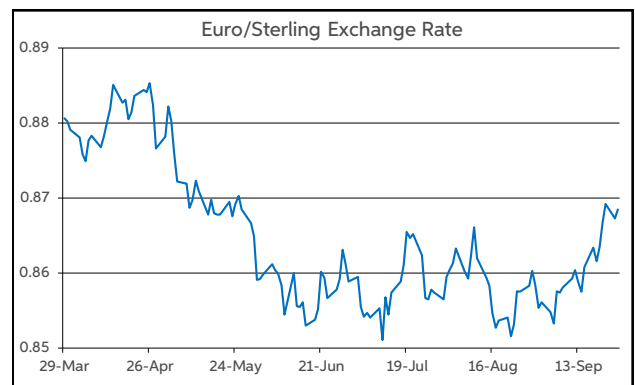
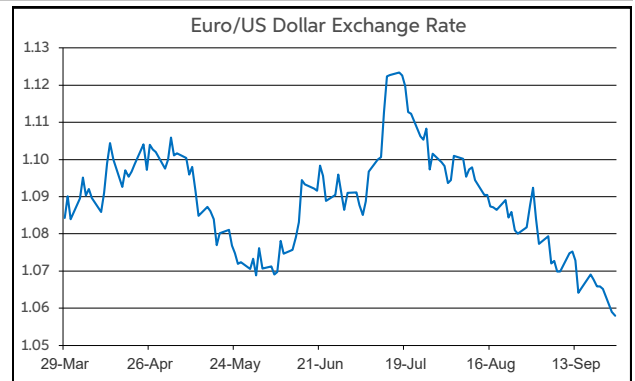
Against this backdrop, medium to long-term sovereign bond yields rose by 5-12bps, in the US, Eurozone and UK yesterday. Having reached a 15-year year last week, the benchmark US 10-year Treasury yields climbed above 4.50%. Elsewhere, oil prices edged slightly lower, with Brent crude falling back below \$93 per barrel.

On the currency front, the dollar was in the ascendancy amid the hawkish Fed rhetoric, and the associated rise in US yields. Meanwhile, the yen was under some downward pressure following dovish comments from BoJ officials, including Governor Ueda. The euro was also on the defensive, as the German Ifo deteriorated for a fifth month running in September. Some less hawkish statements from ECB officials proved to be unhelpful for the euro as well.

In level terms, the firmer dollar and softer euro tones are reflected in EUR/USD opening back below the \$1.06 threshold. GBP/USD is operating down below the \$1.22 handle. Elsewhere, EUR/GBP is changing hands in the top half of the 86-87p range. USD/JPY is trading up above ¥149, its highest level since October last year.

Today, there is a relatively quiet data schedule. The only release of note is US consumer confidence for September. The consensus is for a slight fall in the index. Meantime, remarks from Fed and ECB officials will garner some attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0579	-0.64	-1.15
EUR/GBP	0.8684	-0.15	-1.81
GBP/USD	1.2181	-0.49	0.69
GBP/EUR	1.1512	0.15	1.84
USD/JPY	149.12	0.53	13.74
EUR/JPY	157.77	-0.13	12.45

* 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	5.43	5.66	5.59	5.33	4.71
EUR	4.50	3.87	3.96	4.14	3.81	3.40
GBP	5.25	5.18	5.26	5.38	5.28	4.74

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

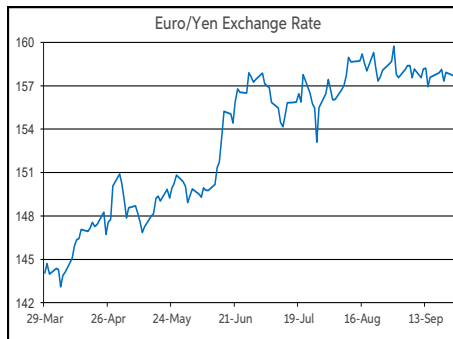
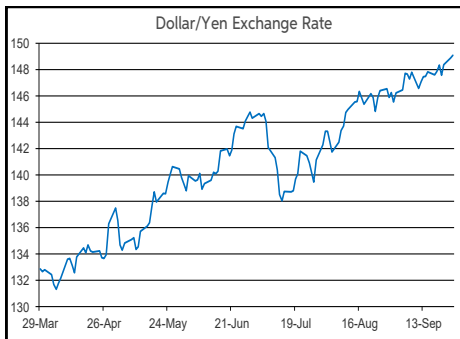
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

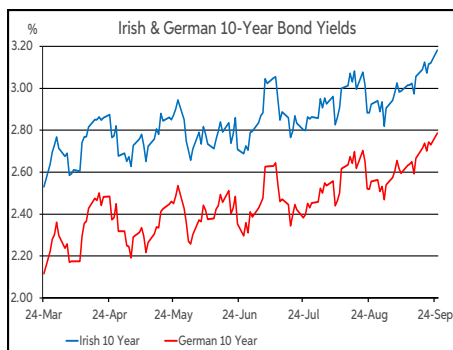
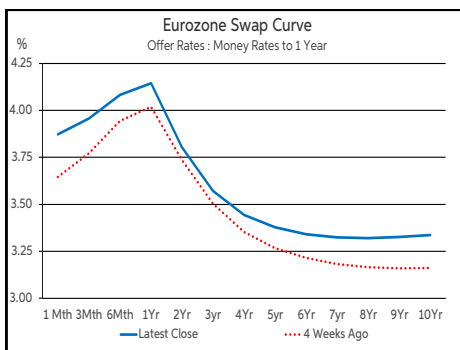
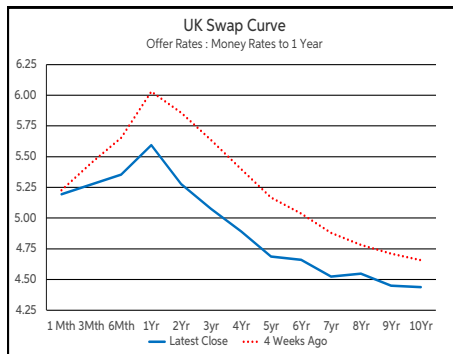
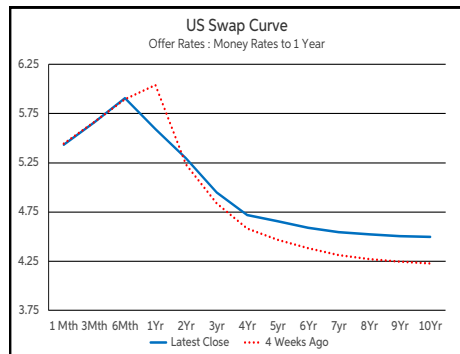
Tuesday 26 September 2023
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8684	GBP/EUR	1.1512	USD/JPY	149.12
EUR/USD	1.0579	GBP/USD	1.2181	USD/CAD	1.348
EUR/JPY	157.77	GBP/CAD	1.6422	USD/CHF	0.9136
EUR/SEK	11.728	GBP/NZD	2.0463	USD/CNY	7.3103
EUR/DKK	7.4566	GBP/JPY	181.64	USD/BRL	4.97
EUR/NOK	11.4681	GBP/SEK	13.5097	USD/RUB	96.005
EUR/CHF	0.9667	GBP/DKK	8.5846	USD/INR	83.223
EUR/AUD	1.6515	GBP/NOK	13.2048		
EUR/HKD	8.2727	GBP/CHF	1.1131	AUD/USD	0.6403
EUR/CAD	1.4264	GBP/AUD	1.902	NZD/USD	0.5952



Debt Markets				
	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.53	+9	+33	+65
Germany	2.79	+5	+22	+23
UK	4.33	+8	-12	+66
5 Year Swap %				
US	4.65	+6	+23	+66
Eurozone	3.38	+2	+12	+15
UK	4.69	-3	-43	+38
2 Year Swap %				
US	5.30	+4	+10	+62
Eurozone	3.80	-1	+8	+42
UK	5.28	+0	-54	+60
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+0	+3	-16
Belgium	64	+0	+1	+0
France	55	+0	+3	+0
Italy	186	+1	+20	-28
Spain	107	-0	+6	-2
Portugal	75	-2	+4	-28
Greece	149	-1	+16	-54



Commodities				
	Close	Day	4 Weeks	End 22
Brent Oil	93.29	+0.02	+10.51	+8.59
West Texas Oil	89.68	-0.36	+11.20	+11.88
Gold \$	1915.7	-0.48	-0.21	+5.00

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