

Dollar holding the upper hand

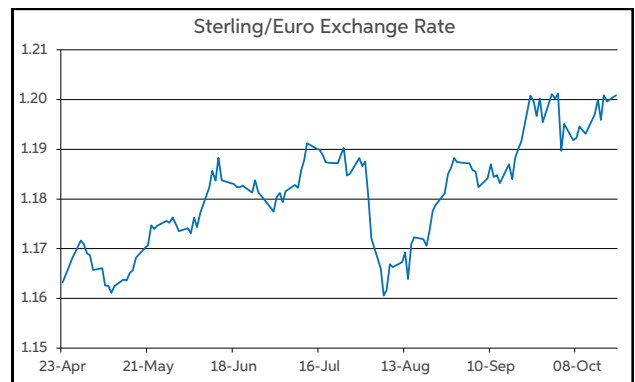
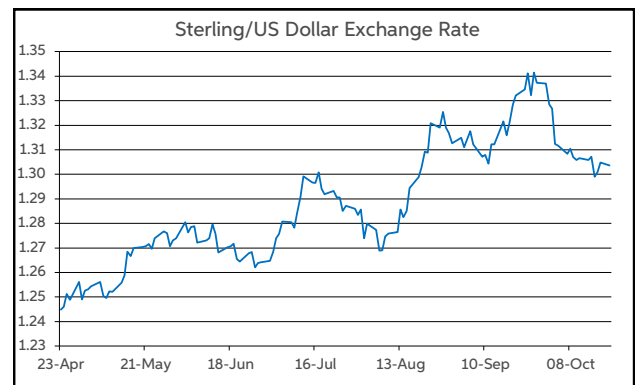
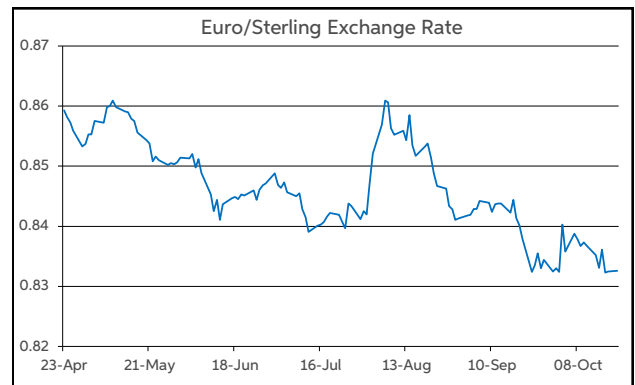
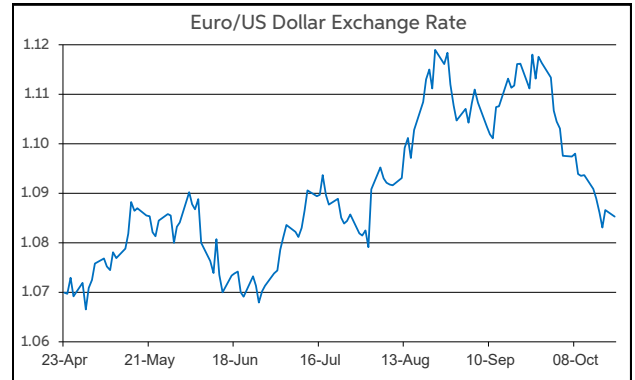
The currency market action last week saw the dollar continue to hold the upper hand. Another consensus beating US macro release helped to support the greenback. This time, it was retail sales figures for September. The data indicated a solid end to Q3 for the all-important consumer spending side of the US economy.

For the euro, the ECB meeting acted as a headwind for the currency. As expected, the central bank cut rates by 25bps. The meeting statement and President Lagarde's press conference had a dovish tone, emphasising concerns for the economy's growth performance. The ECB comments reinforced market expectations for another rate cut in December. Meanwhile, sterling exhibited some sensitivity to UK macro newsflow. Softer than forecast CPI inflation numbers (Sept) weighed on the pound mid-week. However, stronger than expected retail sales data (Sept) on Friday boosted sterling heading into the weekend.

All of the above is reflected in EUR/USD starting this week at the midpoint of \$1.08-1.09. This compares to \$1.11 in the early part of October. EUR/GBP opens in the lower half of 83-84p. It briefly traded below the 83p mark last week. This represents a significant support level for the pair, as it has not been consistently below this mark since the Brexit referendum. GBP/USD is trading in the bottom end of \$1.30-1.31. This is slightly under last Monday's open but well below its \$1.33 territory at the start of October.

This week, the flash PMI's for October are the main data highlight. This is especially the case for the euro, given the numerous references by the ECB last week to the weak September survey results. There is also a busy diary of central bank speakers from the ECB, BoE and Fed to keep currency watchers interested.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0853	0.12	-1.66
EUR/GBP	0.8326	0.02	-3.95
GBP/USD	1.3037	0.12	2.42
GBP/EUR	1.2008	-0.02	4.11
USD/JPY	149.47	-0.28	5.96
EUR/JPY	162.29	-0.12	4.28

* 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	4.88	4.74	4.62	4.11	4.06	3.86
EUR	3.40	3.15	3.20	2.58	2.29	2.25
GBP	5.00	4.85	4.70	4.20	4.16	3.94

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

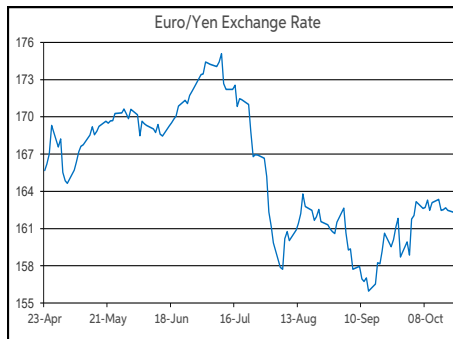
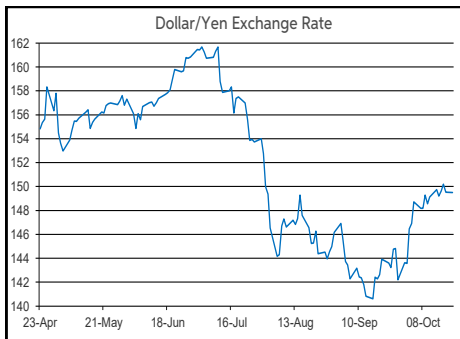
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

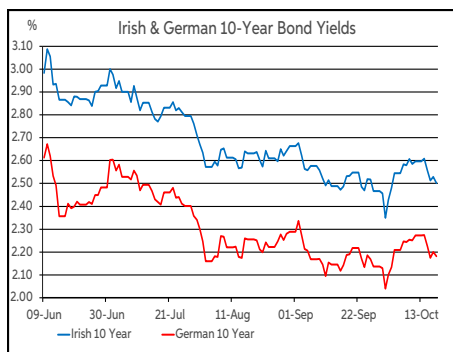
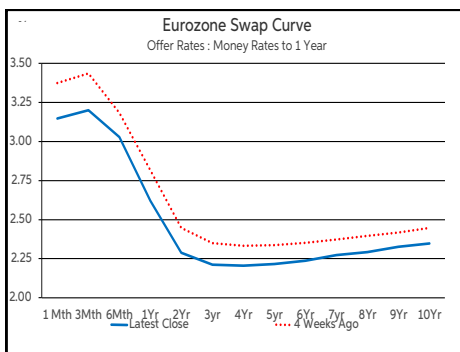
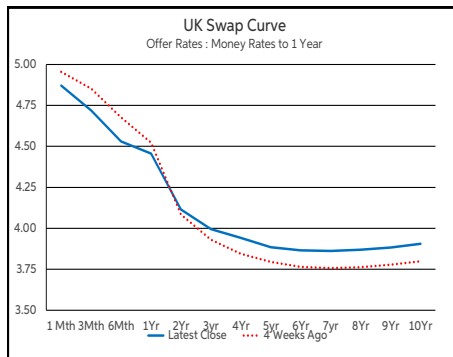
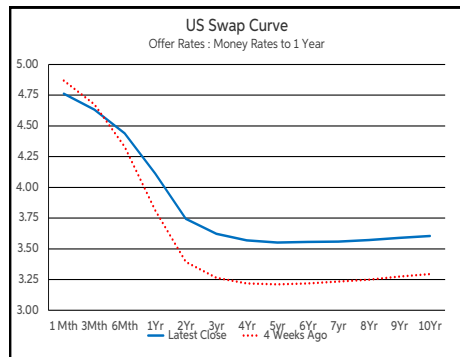
Monday 21 October 2024
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8326	GBP/EUR	1.2008	USD/JPY	149.47
EUR/USD	1.0853	GBP/USD	1.3037	USD/CAD	1.3815
EUR/JPY	162.29	GBP/CAD	1.801	USD/CHF	0.8655
EUR/SEK	11.4377	GBP/NZD	2.1504	USD/CNY	7.1121
EUR/DKK	7.4583	GBP/JPY	194.86	USD/BRL	5.6894
EUR/NOK	11.8887	GBP/SEK	13.7326	USD/RUB	96.1
EUR/CHF	0.9395	GBP/DKK	8.957	USD/INR	84.066
EUR/AUD	1.6229	GBP/NOK	14.2764	AUD/USD	0.6688
EUR/HKD	8.4349	GBP/CHF	1.1281	NZD/USD	0.6062
EUR/CAD	1.4996	GBP/AUD	1.9491		



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	4.08	-2	+35	+22
Germany	2.18	-2	-4	+16
UK	4.06	-3	+15	+52
5 Year Swap %				
US	3.82	-1	+36	+2
Eurozone	2.22	-4	-11	-21
UK	3.89	-6	+10	+23
2 Year Swap %				
US	4.00	-2	+38	-33
Eurozone	2.29	-4	-15	-51
UK	4.12	-3	+4	-15
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	-2	-1	+1
Belgium	58	-1	-3	-8
France	72	-2	-3	+19
Italy	118	-3	-16	-49
Spain	69	-1	-9	-27
Portugal	44	-1	-13	-32
Greece	86	-1	-13	-19



Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	73.06	-1.87	-1.92	-5.17
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2720.2	+1.03	+3.75	+31.89

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