

Morning Comment

AIB Treasury Economic Research Unit



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07:23 am

Subdued mood on markets

There was a generally subdued mood to risk appetite yesterday. Investors were keeping a close eye on the Middle East amid ongoing concerns over the risk of a further escalation in the conflict. Meantime, the macro data diary was lacking in 'top tier' releases on both sides of the Atlantic.

Against this backdrop, on equity markets, the S&P 500 was 1% lower at the closing bell on Wall Street last night. Meanwhile, oil prices continued to move higher, with Brent crude up around 4%, to above \$80 per barrel.

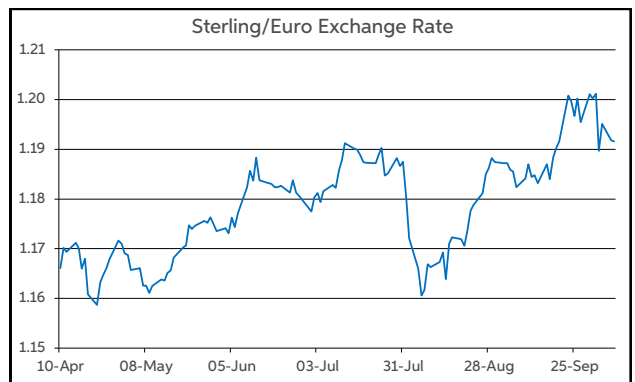
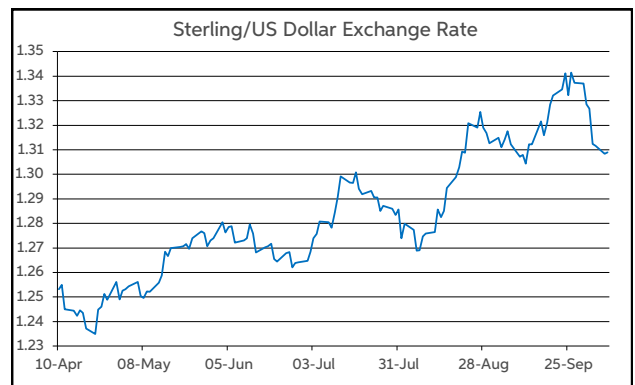
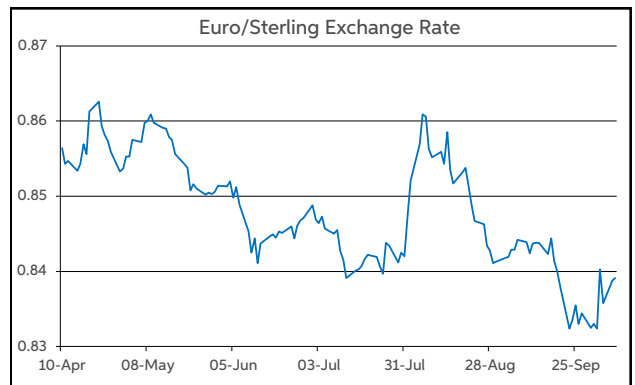
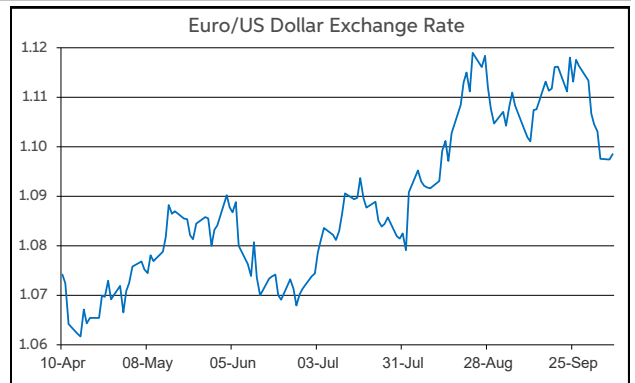
On bond markets, yields were on an upward trajectory. The 10-year yields on the main sovereign benchmarks were up by between 3-8bps. This included the 10-year US Treasury yield rising back above 4%, continuing its upward momentum that was underpinned by last Friday's consensus beating payrolls data.

Currency-wise, the majors were contained within relatively tight ranges yesterday. This has continued in overnight Asia-Pacific trading. Of the modest moves to register over the past 24 hours, sterling has retained its softer tone from last week.

This is reflected in EUR/GBP edging up nearer to the 84p threshold. At the same time, GBP/USD has been unable to hold onto the \$1.31 mark. Elsewhere, EUR/USD continues to change hands below \$1.10, confined to a narrow \$1.095-1.099 range.

Ahead today, the macro data calendar remains sparse. US small business optimism (Sept) is one of the few highlights. Therefore, geopolitical newsflow may be the main potential source of any directional impact for investor sentiment.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0985	0.15	-0.46
EUR/GBP	0.8391	0.36	-3.20
GBP/USD	1.309	-0.20	2.84
GBP/EUR	1.1915	-0.36	3.30
USD/JPY	147.9	-0.42	4.85
EUR/JPY	162.48	-0.28	4.40

* 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	4.82	4.66	4.11	4.05	3.80
EUR	3.65	3.27	3.25	2.75	2.46	2.38
GBP	5.00	4.94	4.78	4.40	4.36	4.12

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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Euro

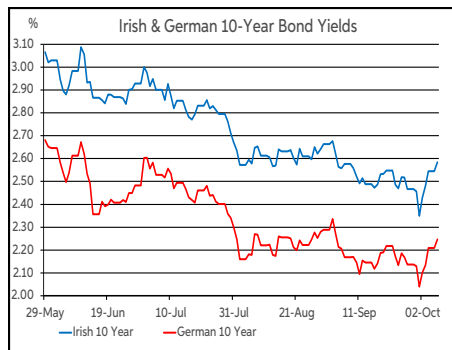
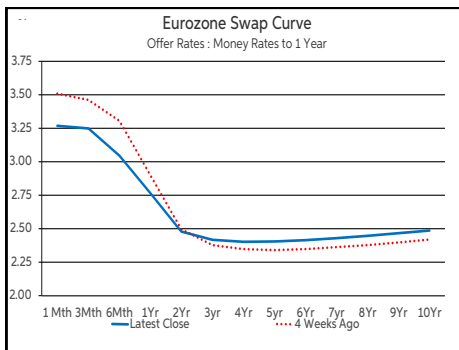
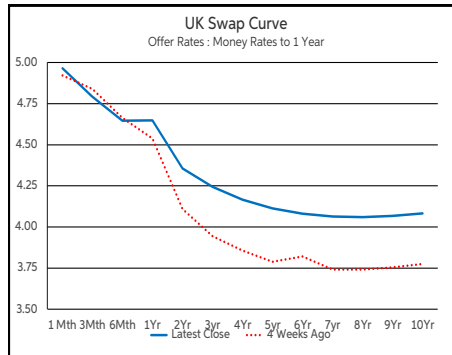
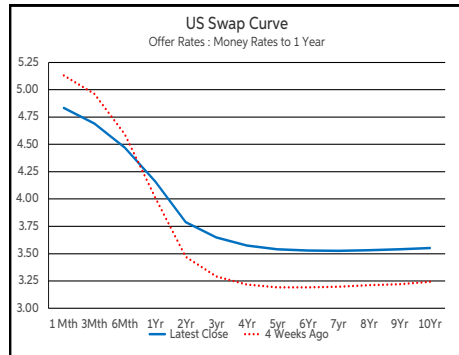
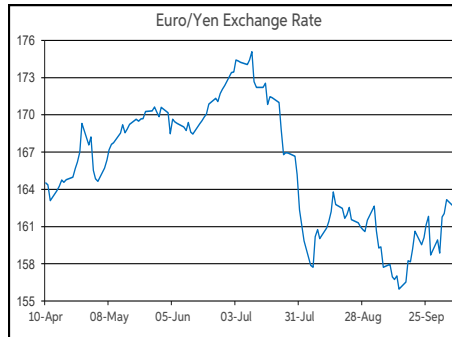
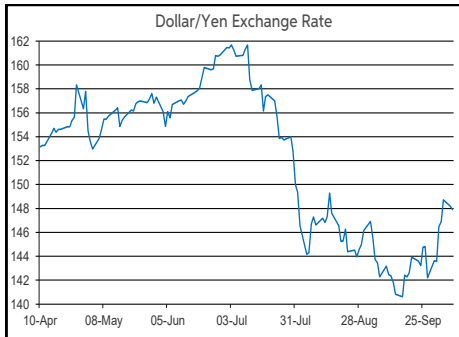
EUR/GBP	0.8391
EUR/USD	1.0985
EUR/JPY	162.48
EUR/SEK	11.3685
EUR/DKK	7.4562
EUR/NOK	11.7031
EUR/CHF	0.9375
EUR/AUD	1.6326
EUR/HKD	8.5348
EUR/CAD	1.4976

Sterling

GBP/EUR	1.1915
GBP/USD	1.309
GBP/CAD	1.7846
GBP/NZD	2.1388
GBP/JPY	193.61
GBP/SEK	13.5458
GBP/DKK	8.8846
GBP/NOK	13.94
GBP/CHF	1.117
GBP/AUD	1.9455

Dollar

USD/JPY	147.9
USD/CAD	1.3633
USD/CHF	0.8534
USD/CNY	7.0628
USD/BRL	5.497
USD/RUB	96.25
USD/INR	83.928
AUD/USD	0.6726
NZD/USD	0.6119



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.03	+4	+33	+17
Germany	2.25	+4	+8	+22
UK	4.21	+8	+35	+67
5 Year Swap %				
Ireland	2.61	+5	+3	+25
Belgium	2.87	+4	+9	+18
France	3.02	+3	+14	+46
Italy	3.57	+5	+2	-13
Spain	3.02	+4	+2	+2
Portugal	2.77	+3	-3	-1
Greece	3.21	+3	-4	+14
2 Year Swap %				
US	3.80	+6	+37	+1
Eurozone	2.41	+6	+8	-2
UK	4.11	+10	+33	+46
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	+1	-5	+3
Belgium	62	-0	+1	-4
France	77	-0	+6	+24
Italy	132	+2	-6	-35
Spain	77	+1	-6	-20
Portugal	52	-1	-11	-24
Greece	96	-1	-12	-9

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	80.93	+3.69	+12.65	+5.05
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2643.6	-0.33	+5.52	+28.17

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