

## Sterling under pressure in early trading

There was a cautious tone to risk appetite yesterday on either side of the Atlantic. Both the Euro Stoxx 50 and the S&P 500 registered losses, amid some disappointing corporate earnings data. The former shed 1.9%, while the latter declined by 0.8%. In terms of fixed income, US Treasury and German Bund yields declined by 3-5bps. UK Gilt yields fell by a sharper 4-10bps along the curve.

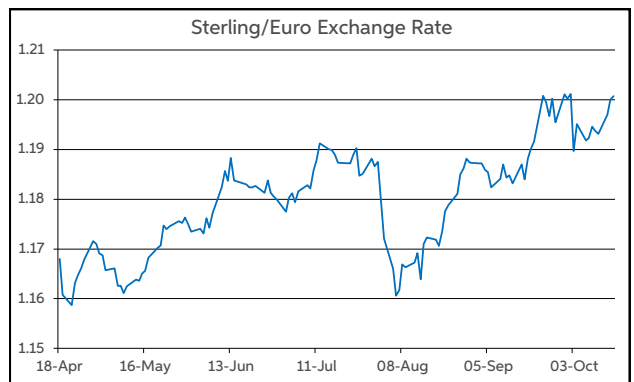
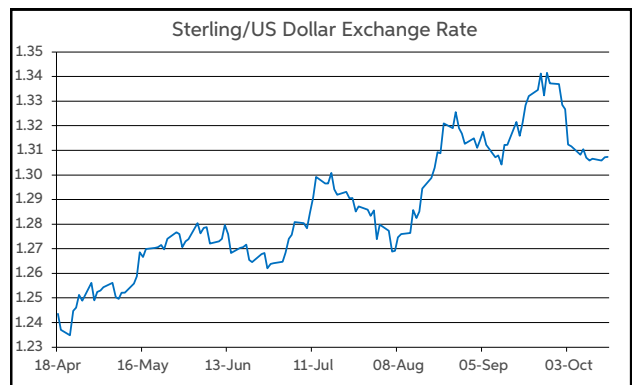
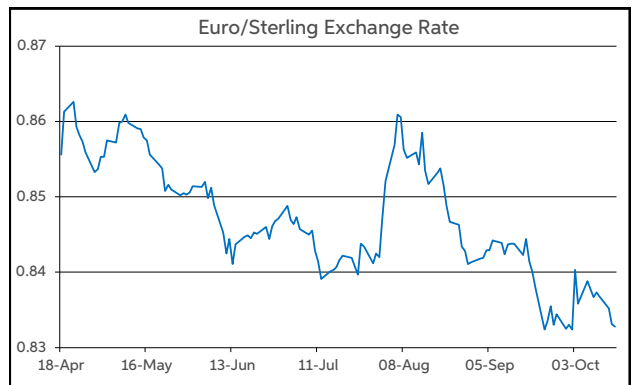
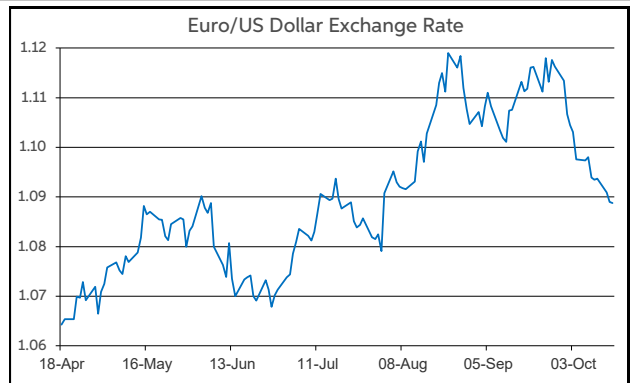
On the data front, Eurozone industrial production rose by 1.8% (vs. 1.7% f'cast) in August, although this was partly offset by a downward revision to the July reading. Meanwhile, the German ZEW sentiment indicator printed at 13.1 (vs. 10.0 f'cast).

Currency-wise, the main pairs were tightly range bound. Of the limited price action to register, there was a marginally firmer tone to sterling. This was on the back of some stronger than anticipated labour market data for August. Elsewhere, the euro was temporarily supported by the better than anticipated data yesterday, but the single currency was unable to sustain its gains.

In level terms, the firmer tone to sterling saw EUR/GBP start this morning in the lower half of the 83-84p range. GBP/USD was in the top half of \$1.30-1.31 at the open also. Meanwhile, EUR/USD commenced trading below the \$1.09 threshold.

However, sterling has been under some downward pressure in early trading. It has fallen by circa 0.4% against the dollar and euro in the initial aftermath of the release of CPI inflation data for September. Both the headline and core rates printed below the consensus, falling to 1.7% and 3.2%, (vs. 1.9% and 3.4% f'cast). Encouragingly, services inflation eased to 4.9%, down from 5.6% in August. The remainder of today's data schedule is relatively sparse.

**Daniel Noonan, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2023 |
| EUR/USD                  | 1.0876 | -0.14    | -1.45    |
| EUR/GBP                  | 0.8371 | 0.30     | -3.43    |
| GBP/USD                  | 1.2994 | -0.43    | 2.08     |
| GBP/EUR                  | 1.1945 | -0.30    | 3.55     |
| USD/JPY                  | 149.23 | -0.30    | 5.79     |
| EUR/JPY                  | 162.32 | -0.44    | 4.30     |

\* v Previous Day's European Open  
See Next Page for More Rates

|     | Base Rate | Money Market |       | Swap Rates |      |      |
|-----|-----------|--------------|-------|------------|------|------|
|     |           | 1-Mth        | 3-Mth | 1-Yr       | 2-Yr | 5-Yr |
| USD | 4.88      | 4.77         | 4.61  | 4.10       | 4.04 | 3.82 |
| EUR | 3.65      | 3.26         | 3.21  | 2.71       | 2.42 | 2.34 |
| GBP | 5.00      | 4.88         | 4.75  | 4.31       | 4.26 | 4.04 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Wednesday 16 October 2024  
06:55 am



## Euro

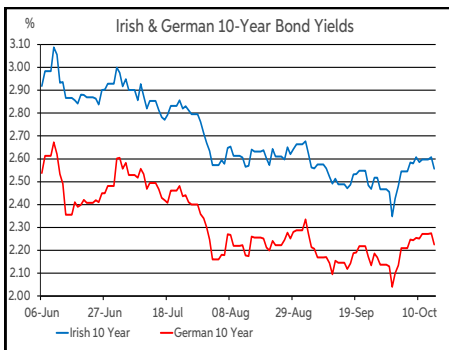
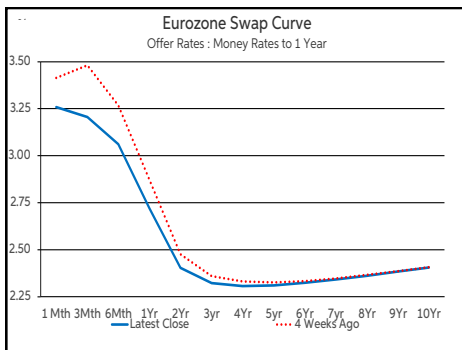
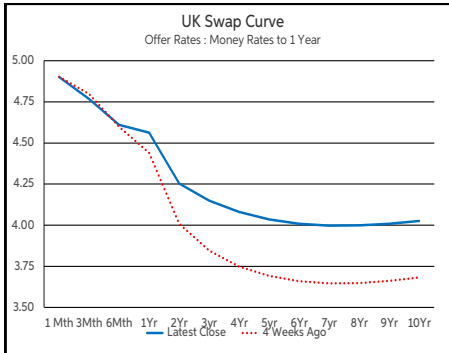
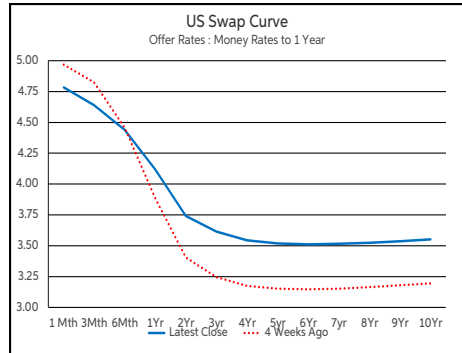
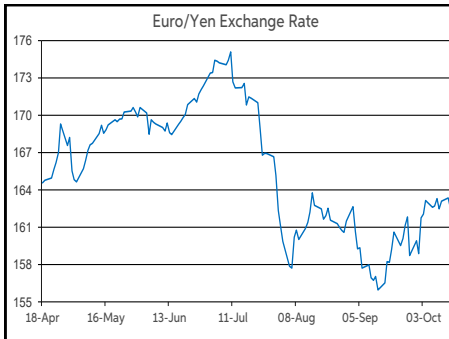
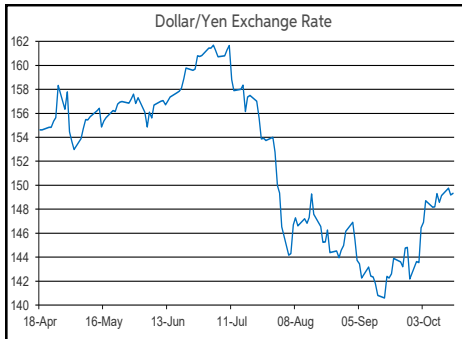
|         |         |
|---------|---------|
| EUR/GBP | 0.8371  |
| EUR/USD | 1.0878  |
| EUR/JPY | 162.34  |
| EUR/SEK | 11.34   |
| EUR/DKK | 7.46    |
| EUR/NOK | 11.7709 |
| EUR/CHF | 0.9384  |
| EUR/AUD | 1.627   |
| EUR/HKD | 8.4514  |
| EUR/CAD | 1.4993  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1944  |
| GBP/USD | 1.2994  |
| GBP/CAD | 1.7908  |
| GBP/NZD | 2.1439  |
| GBP/JPY | 193.92  |
| GBP/SEK | 13.5449 |
| GBP/DKK | 8.9113  |
| GBP/NOK | 14.061  |
| GBP/CHF | 1.1209  |
| GBP/AUD | 1.9434  |

## Dollar

|         |        |
|---------|--------|
| USD/JPY | 149.24 |
| USD/CAD | 1.3783 |
| USD/CHF | 0.8627 |
| USD/CNY | 7.118  |
| USD/BRL | 5.6527 |
| USD/RUB | 97.5   |
| USD/INR | 84.029 |
| AUD/USD | 0.6685 |
| NZD/USD | 0.606  |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 23 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 4.04  | -4         | +40     | +18    |
| Germany   | 2.23  | -5         | +8      | +20    |
| UK  | 4.16  | -8         | +40     | +63    |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| Ireland   | 2.58  | -7         | +7      | +22    |
| Belgium   | 2.83  | -5         | +8      | +14    |
| France  | 2.96  | -7         | +10     | +40    |
| Italy   | 3.47  | -8         | -4      | -23    |
| Spain   | 2.95  | -7         | +0      | -4     |
| Portugal  | 2.70  | -7         | -3      | -9     |
| Greece  | 3.14  | -7         | +3      | +7     |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 3.78  | -5         | +39     | -1     |
| Eurozone  | 2.31  | -5         | -0      | -12    |
| UK  | 4.04  | -6         | +35     | +38    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 35    | -2         | -2      | +1     |
| Belgium   | 60    | -1         | +0      | -6     |
| France  | 73    | -3         | +2      | +20    |
| Italy   | 124   | -4         | -12     | -43    |
| Spain   | 72    | -2         | -8      | -25    |
| Portugal  | 47    | -2         | -11     | -29    |
| Greece  | 92    | -3         | -5      | -13    |

| Commodities    |        |          |         |        |
|----------------|--------|----------|---------|--------|
|                | Close  | % Change |         |        |
|                |        | Day      | 4 Weeks | End 23 |
| Brent Oil      | 74.25  | -4.14    | +0.75   | -3.62  |
| West Texas Oil | 71.65  | -0.17    | -1.90   | -1.27  |
| Gold \$        | 2661.0 | +0.37    | +3.56   | +29.01 |

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