

US core-PCE inflation due today

The cautious mood on markets remained in place yesterday, despite a fall in oil prices and a decline in bond yields. Overall, the Euro Stoxx 50 continued to narrowly outperform, registering a 0.3% gain yesterday. In contrast, the S&P 500 declined by a modest 0.2%.

Oil prices fell by around 3%, with Brent crude moving back below \$103 per barrel. In terms of fixed income, the US Treasury yield curve steepened, as the 2-year yield declined by 2bps amid a softening in US rate expectations, following some dovish remarks from NY Fed President Williams, while long-dated yields edged slightly higher. Elsewhere, UK Gilt and German Bund yields inched 1-5bps lower yesterday. However, the spread between the French and German 10-year yields widened to 120bps.

On the data front, US consumer confidence deteriorated sharply to 81.9 in September (vs. 89.2 f'cast). The reading was the lowest in 12 years, with respondents indicating that they are growing more anxious about the cost of living and conditions in the labour market. In this regard, the JOLTS job opening figure for August fell by 256k, and missed the consensus by 146k.

Currency-wise, the euro remained on the defensive yesterday. At the same time, the yen has firmed somewhat. As trading gets underway this morning, this sees EUR/USD open in the lower half of \$1.13-1.14, having traded at a fresh year-to-date low of \$1.1313 overnight. GBP/USD remains in the \$1.32-1.33 range. EUR/GBP is changing hands nearer to the midpoint of the 85-86p band. USD/JPY is just below the ¥157 threshold.

Today, the main release of note will be US core-PCE inflation for August. Expectations are for it to stay at 3.3% in the month. At the same time, the latest monthly personal income & consumption data will also be in focus. In the Eurozone, the flash readings of HICP inflation in Germany, France and Italy will garner attention.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

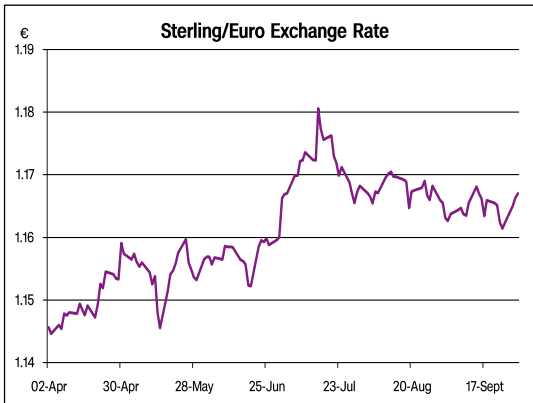
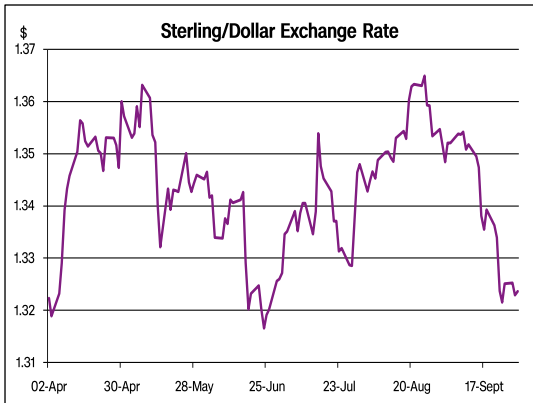
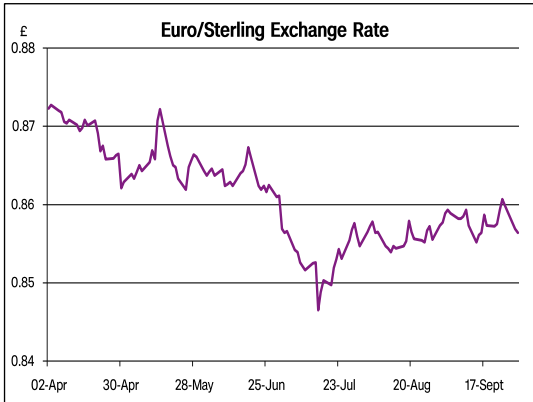
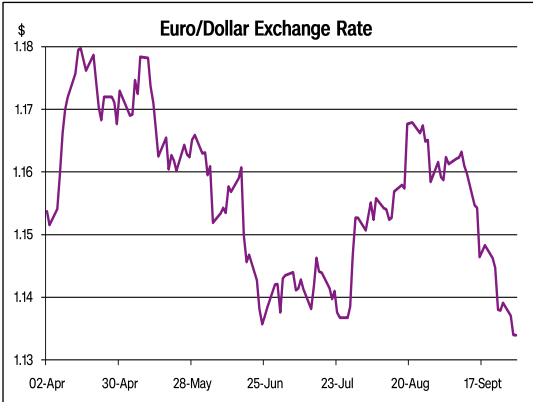
		% Change	
		Day *	End 2025
EUR/USD	1.1339	-0.18	-3.46
EUR/GBP	0.8564	-0.19	-1.73
GBP/USD	1.3236	+0.02	-1.76
GBP/EUR	1.1671	+0.19	1.76
USD/JPY	156.94	-0.37	0.19
EUR/JPY	178.00	-0.54	-3.26

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

	Money Market			Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	3.88	3.90	4.05	4.56	5.01	5.04
EUR	2.50	2.48	2.59	3.40	3.59	3.63
GBP	3.75	3.72	3.89	4.44	4.94	5.01





Today's Opening Rates

Euro

EUR/GBP	0.8564
EUR/USD	1.1339
EUR/JPY	178
EUR/SEK	11.3275
EUR/DKK	7.4751
EUR/NOK	10.8787
EUR/CHF	0.9453
EUR/AUD	1.6255
EUR/HKD	8.8986
EUR/CAD	1.6088

Sterling

GBP/EUR	1.1669
GBP/USD	1.3234
GBP/CAD	1.878
GBP/NZD	2.3426
GBP/JPY	207.72
GBP/SEK	13.2195
GBP/DKK	8.7238
GBP/NOK	12.6957
GBP/CHF	1.1035
GBP/AUD	1.8975

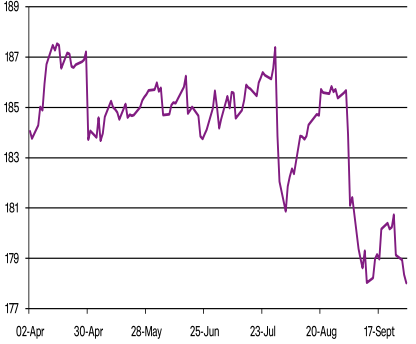
Dollar

USD/JPY	156.96
USD/CAD	1.4189
USD/CHF	0.8336
USD/CNY	6.704
USD/BRL	5.2033
USD/RUB	84.0214
USD/INR	95.97
AUD/USD	0.6973
NZD/USD	0.5647

Dollar/Yen Exchange Rate

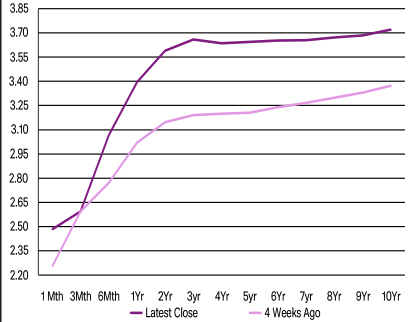


Euro/Yen Exchange Rate



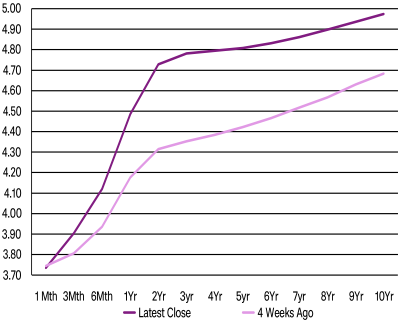
Euro Swap Curve

Offer Rates : Money Rates to 1 Year



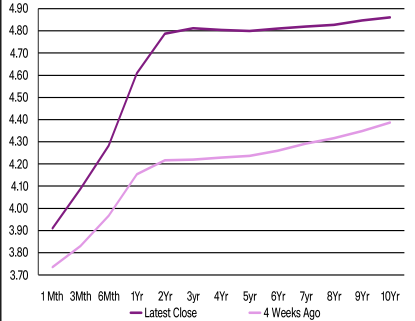
UK Swap Curve

Offer Rates : Money Rates to 1 Year

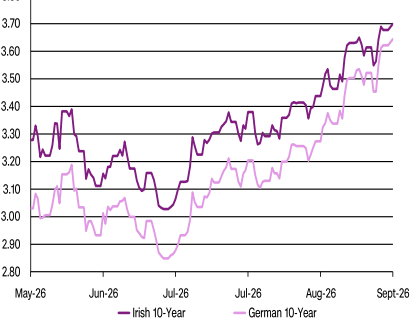


US Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Yields



Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	5.26	+1	+46	+110
Germany	3.61	-3	+28	+75
UK	5.42	-1	+19	+94
Ireland	3.74	+4	+22	+71
Belgium	4.35	+1	+46	+100
France	4.81	+3	+61	+125
Italy	4.63	+1	+44	+112
Spain	4.15	-1	+35	+86
Portugal	4.06	+2	+36	+90
Greece	4.45	+1	+43	+97

5 Year Swap %				
US	5.04	-2	+49	+131
Eurozone	3.62	-2	+35	+106
UK	5.00	+1	+24	+111

2 Year Swap %				
US	5.00	-3	+47	+143
Eurozone	3.58	-0	+38	+132
UK	4.93	+2	+25	+120

10 Year Government Bond Spreads to Benchmark bps				
Ireland	13	+7	-5	-4
Belgium	74	+4	+4	+19
France	120	+6	+6	+33
Italy	101	+4	+4	+17
Spain	53	+2	+2	+7
Portugal	45	+5	+9	+15
Greece	84	+4	+15	+15

Commodities

	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	102.59	-2.56	+8.39	+68.59
West Texas Oil	96.16	-3.23	+5.12	+67.94
Gold \$	4180.8	+1.62	-3.41	-3.09

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