

Dollar on the defensive overnight

There was a cautious mood on markets yesterday, amid choppy trading conditions. Concerns regarding lofty tech-stock valuations initially led to a weaker tone to risk appetite. Following on from sharp losses in Asia, equity markets were initially under pressure yesterday. However, the Euro Stoxx 50 recouped some of its early losses to register a modest 0.4% fall overall, while on Wall Street, the S&P 500 recorded a slight 0.3% gain. Furthermore, benchmark equity indices in Asia have rebounded somewhat overnight, with the Nikkei rising by 1.4%.

In terms of fixed income, sovereign yield curves flattened across the board. Long-dated yields declined by 2-7bps in the US, UK and Germany, while short-dated yields were flat to 5bps higher. Most notably, the rise in the 2-year US Treasury yield coincided with a hotter than expected PPI inflation report for September. Producer price inflation jumped to 6.3% (vs. 5.3% f'cast). At the same time, US retail sales also rose by more than anticipated in September, increasing by 0.8% m/m, albeit the control group metric was softer than forecast, edging just 0.1% m/m higher (vs. +0.3% f'cast). On the monetary policy front, Fed Chair Warsh refused to offer any guidance on the outlook for rates in remarks yesterday.

Currency-wise, the main pairs operated in relatively narrow ranges yesterday. Of the limited moves to note, the dollar was holding a marginally firmer tone throughout the European session, supported by the risk averse mood. Overnight though, the dollar has been on the defensive. As trading gets underway this morning EUR/USD opens in the lower half of \$1.12-1.13. GBP/USD is changing hands just above the \$1.33 threshold. Elsewhere, EUR/GBP is operating below the midpoint of the 84-85p band.

Looking ahead, the final reading of Eurozone HICP inflation is set to confirm that the headline rate rose to 3.8% in September. Elsewhere, US industrial production figures for September are due.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

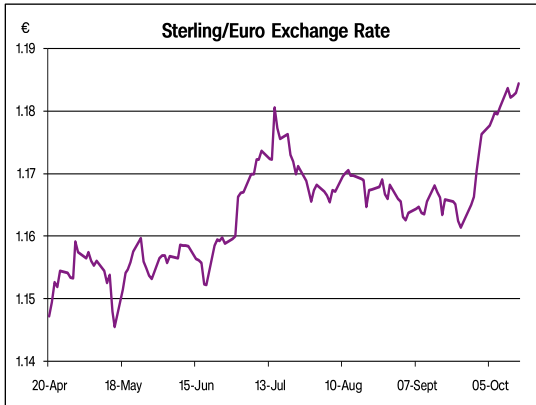
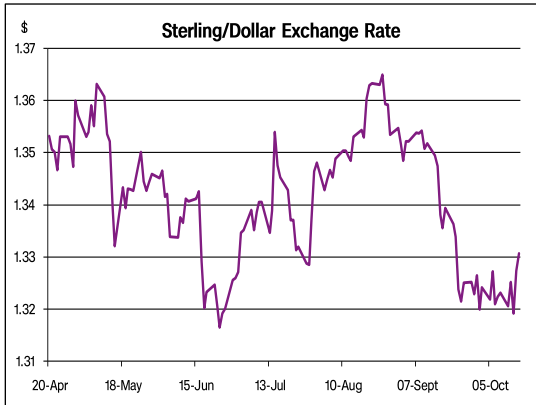
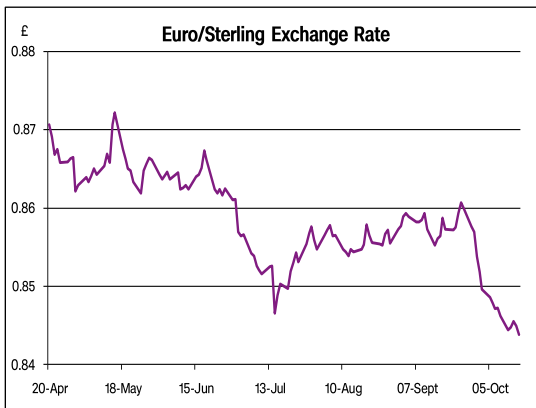
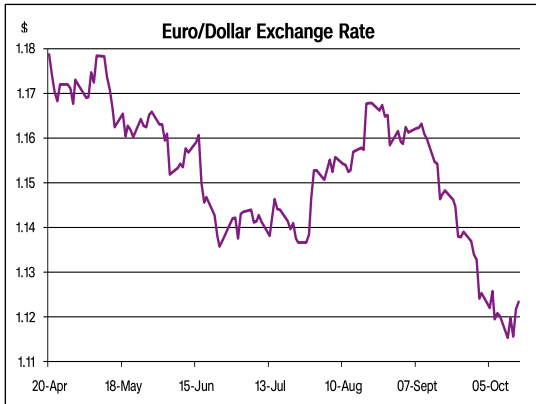
		% Change	
		Day *	End 2025
EUR/USD	1.1236	+0.20	-4.33
EUR/GBP	0.8439	-0.33	-3.17
GBP/USD	1.3309	+0.51	-1.22
GBP/EUR	1.1843	+0.33	3.27
USD/JPY	157.87	-0.06	0.78
EUR/JPY	177.41	+0.14	-3.58

* 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	3.92	4.05	4.46	4.88	4.89
EUR	2.50	2.44	2.63	3.23	3.38	3.43
GBP	3.75	3.81	3.97	4.46	4.87	4.95



Today's Opening Rates

Euro

EUR/GBP	0.844
EUR/USD	1.1237
EUR/JPY	177.42
EUR/SEK	11.1468
EUR/DKK	7.4749
EUR/NOK	10.6059
EUR/CHF	0.9282
EUR/AUD	1.6172
EUR/HKD	8.8188
EUR/CAD	1.5923

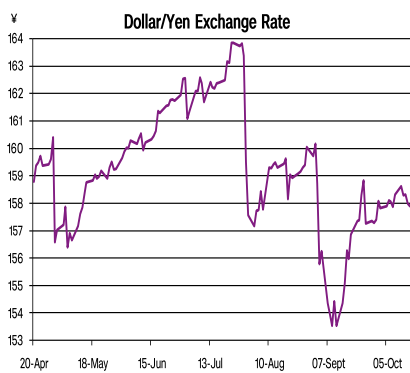
Sterling

GBP/EUR	1.1846
GBP/USD	1.3312
GBP/CAD	1.8863
GBP/NZD	2.3536
GBP/JPY	210.19
GBP/SEK	13.2028
GBP/DKK	8.8535
GBP/NOK	12.5685
GBP/CHF	1.0996
GBP/AUD	1.9154

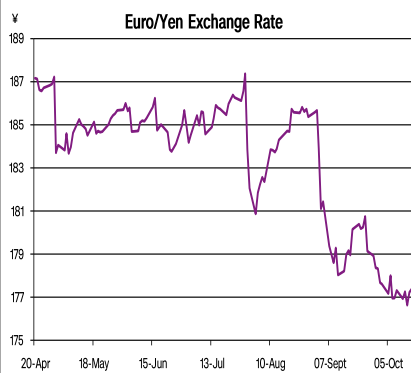
Dollar

USD/JPY	157.88
USD/CAD	1.4171
USD/CHF	0.8259
USD/CNY	6.6882
USD/BRL	5.0984
USD/RUB	83.7850
USD/INR	95.055
AUD/USD	0.6948
NZD/USD	0.5653

Dollar/Yen Exchange Rate

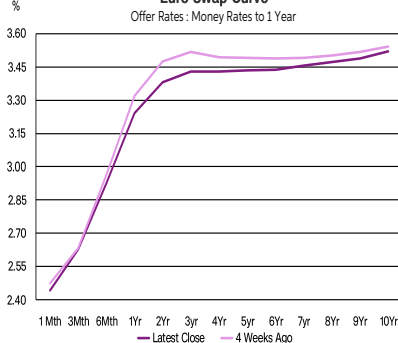


Euro/Yen Exchange Rate



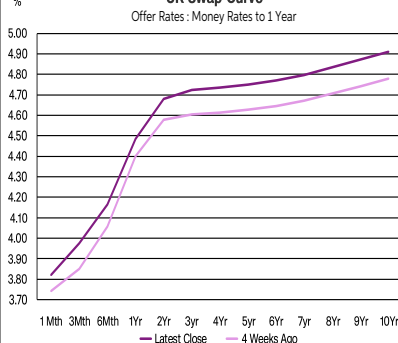
Euro Swap Curve

Offer Rates : Money Rates to 1 Year



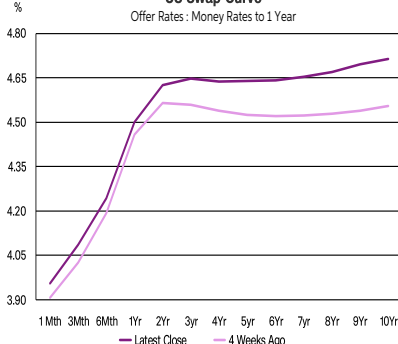
UK Swap Curve

Offer Rates : Money Rates to 1 Year

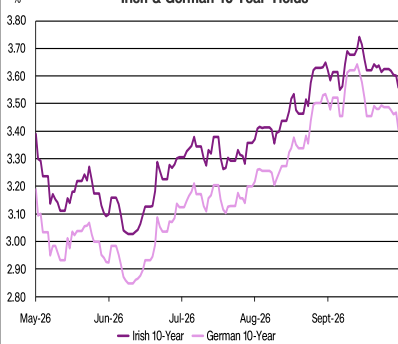


US Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 25
10 Year Yield %				
US	5.09	-10	+14	+93
Germany	3.41	-6	-7	+55
UK	5.38	-5	+15	+90
Ireland	3.56	-4	-3	+53
Belgium	4.26	-7	+17	+92
France	4.79	-8	+35	+123
Italy	4.49	-7	+15	+98
Spain	4.02	-7	+8	+73
Portugal	3.88	-7	+4	+72
Greece	4.27	-12	+3	+79

5 Year Swap %

US	4.87	-10	+10	+115
Eurozone	3.42	-3	-6	+86
UK	4.92	-7	+4	+102

2 Year Swap %

US	4.87	-5	+5	+129
Eurozone	3.37	-2	-10	+112
UK	4.87	-5	+3	+114

10 Year Government Bond Spreads to Benchmark bps

Ireland	15	+2	+4	-2
Belgium	85	-1	-1	+24
France	138	-2	-2	+42
Italy	108	-1	-1	+22
Spain	61	-1	-1	+15
Portugal	47	-1	+11	+18
Greece	86	-7	+10	+10

Commodities

	Close	% Change		
		Day	4 Weeks	End 25
Brent Oil	105.92	-0.13	+1.05	+74.07
West Texas Oil	104.71	+2.75	+1.45	+82.87
Gold \$	4170.2	+1.59	-3.91	-3.33

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