

## Euro firmly on the defensive

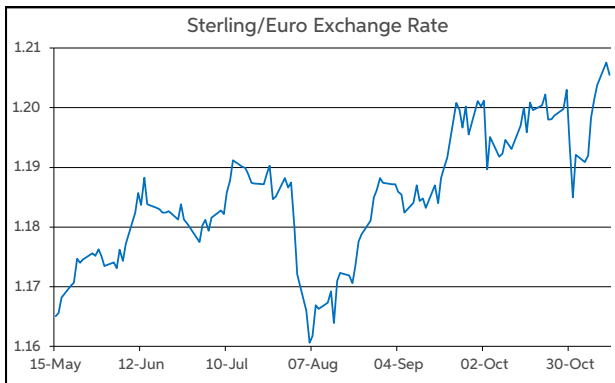
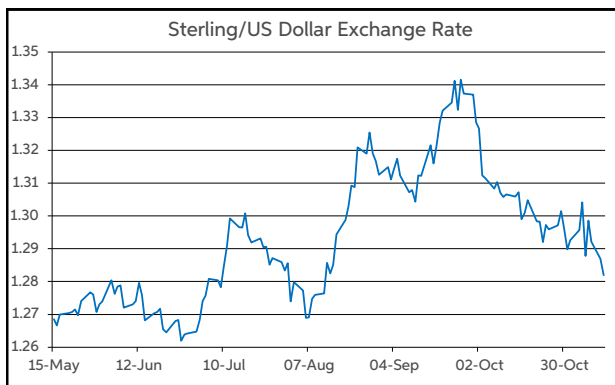
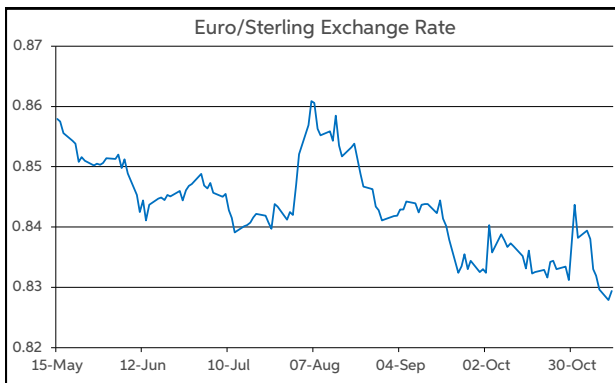
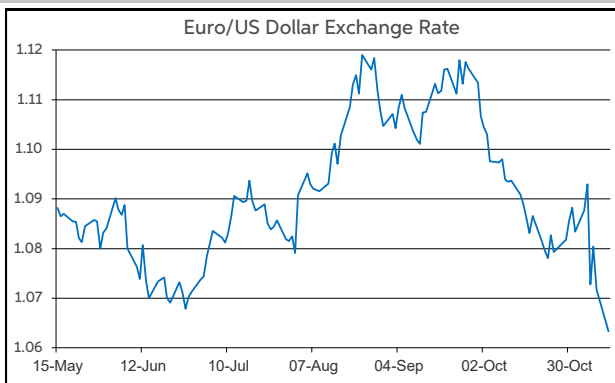
The euro continued to sink yesterday, as the prospect of a Republican “clean sweep” came further into focus. Although the race for control of the House of Representatives has not yet officially been declared, expectations are that Republicans will have a majority. This will make it easier for President-elect Trump to enact his policy agenda (Republicans have won the Senate also), which is seen as being negative for the open Eurozone economy.

At the same time, markets continued to digest political turmoil in Germany, and the potential for snap elections there, sooner than anticipated next year. Against this backdrop, the euro was under downward pressure yesterday. This saw EUR/USD trade down to a low of \$1.063, while EUR/GBP troughed at 82.6p. Thus, the euro has operated near/through key support levels over the past 24 hours. The single currency breached below the 83p mark versus sterling, which has largely held since the Brexit Referendum in 2016, and it traded close to its YTD low of \$1.06 against the dollar.

However, overnight the euro recouped some of its loses versus sterling, albeit EUR/GBP opens today just below the 83p handle still. Elsewhere, EUR/USD continues to trade in the bottom half of \$1.06-1.07, near its low from yesterday. GBP/USD is changing hands back close to \$1.28. USD/JPY is in the top half of ¥153-154.

Already this morning, UK labour market data for September have been released. The unemployment rate rose to 4.3% (vs. 4.1% f'cast), while average earnings growth jumped to +4.3% y/y from 3.9% y/y. However, the data have had little impact on sterling so far in early trading. Later today, the German ZEW is forecast to be little changed in November. Meanwhile, there is a quiet look to the US data calendar. With this in mind, the euro will remain in focus.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0633	-0.77	-3.65
EUR/GBP	0.8294	-0.04	-4.31
GBP/USD	1.2819	-0.72	0.71
GBP/EUR	1.2055	0.04	4.51
USD/JPY	153.77	0.16	9.01
EUR/JPY	163.51	-0.63	5.06

\* 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	4.63	4.60	4.51	4.29	4.40	4.19
EUR	3.40	3.09	3.03	2.45	2.25	2.23
GBP	4.75	4.69	4.67	4.41	4.48	4.27

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

Tuesday 12 November 2024  
07:00 am



## Euro

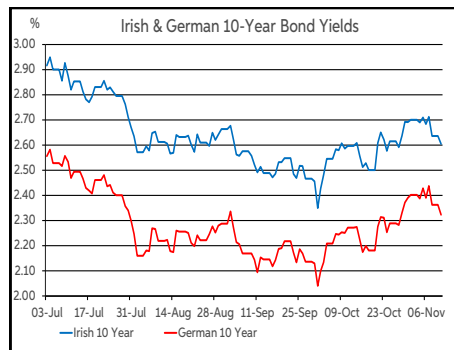
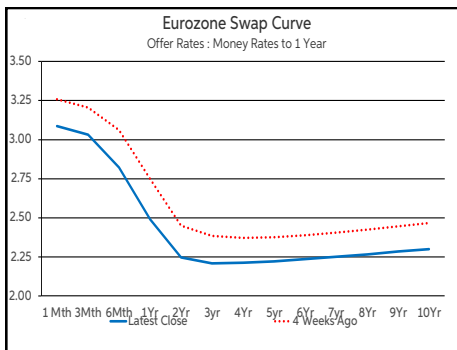
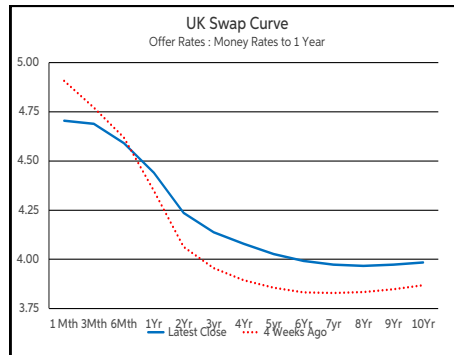
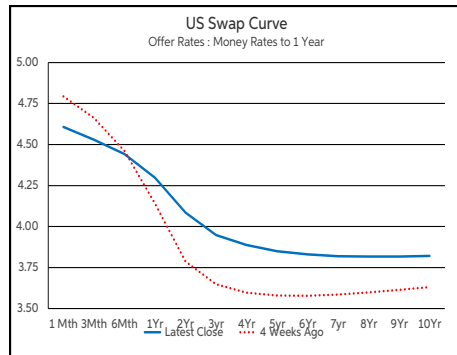
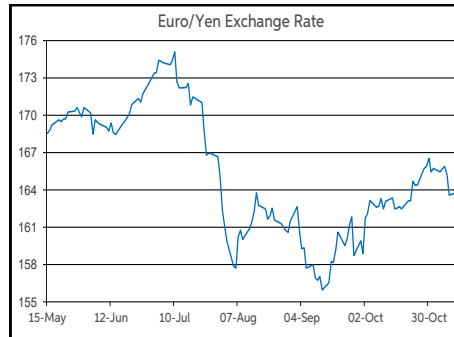
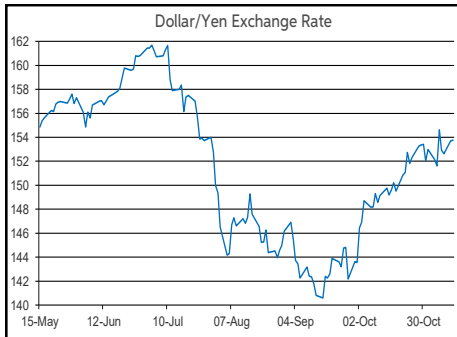
EUR/GBP	0.8294
EUR/USD	1.0633
EUR/JPY	163.51
EUR/SEK	11.56
EUR/DKK	7.4584
EUR/NOK	11.7596
EUR/CHF	0.9376
EUR/AUD	1.6221
EUR/HKD	8.2714
EUR/CAD	1.4829

## Sterling

GBP/EUR	1.2055
GBP/USD	1.2819
GBP/CAD	1.7878
GBP/NZD	2.1517
GBP/JPY	197.12
GBP/SEK	13.9348
GBP/DKK	8.9921
GBP/NOK	14.1749
GBP/CHF	1.1304
GBP/AUD	1.9556

## Dollar

USD/JPY	153.77
USD/CAD	1.3947
USD/CHF	0.8818
USD/CNY	7.2363
USD/BRL	5.7559
USD/RUB	97.55
USD/INR	84.396
AUD/USD	0.6554
NZD/USD	0.5957



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.31	-4	+23	+45
Germany	2.33	-4	+5	+30
UK	4.43	-1	+19	+89
<b>5 Year Swap %</b>				
US	4.14	+2	+30	+35
Eurozone	2.22	-5	-14	-21
UK	4.26	+0	+17	+61
<b>2 Year Swap %</b>				
US	4.31	+0	+29	-2
Eurozone	2.25	-3	-19	-55
UK	4.48	+1	+19	+22
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	31	-0	-7	-3
Belgium	60	-0	-1	-6
France	75	-0	-1	+22
Italy	127	-3	-0	-40
Spain	73	-1	-0	-23
Portugal	51	-1	+1	-25
Greece	89	-3	-5	-15

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	71.83	-2.76	-7.27	-6.76
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2620.2	-2.37	-1.16	+27.03

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