

Volatile trading

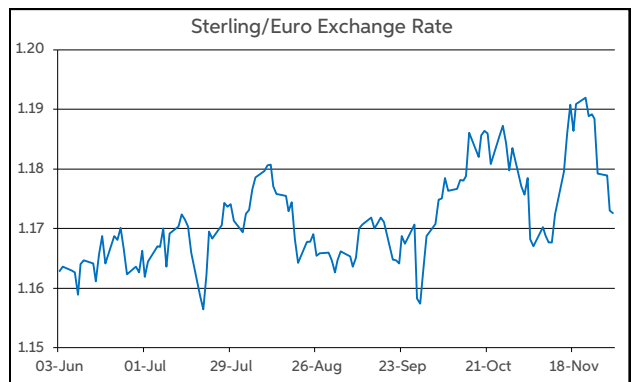
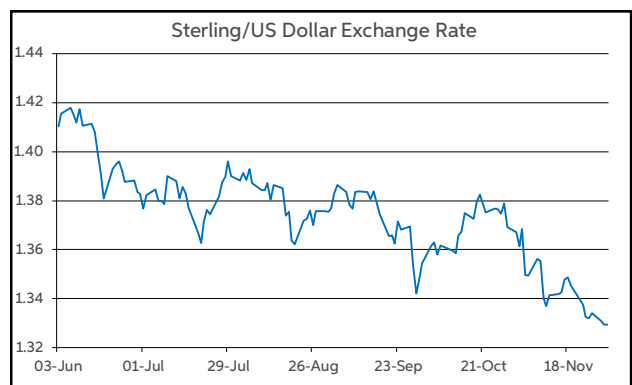
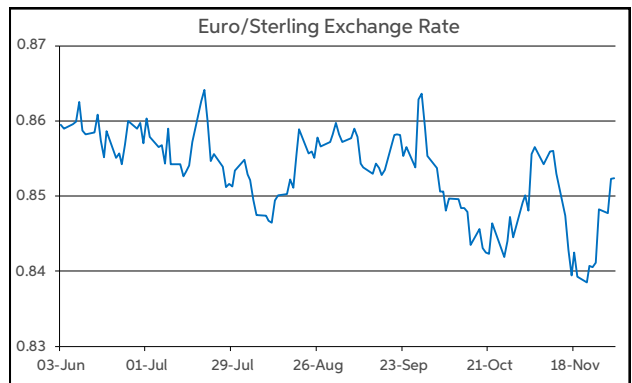
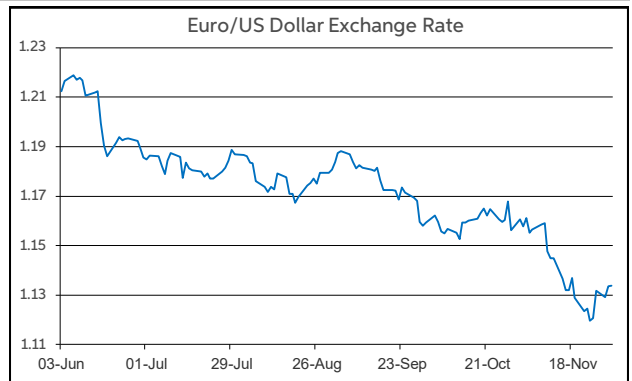
There were volatile trading conditions yesterday. Negative news regarding timeframes for modifying vaccines to cope with the latest variant pushed markets back into risk aversion at the start of the European session. As the day progressed, there was some firming in risk appetite. However, afternoon hawkish comments from Fed Chair Powell spooked markets. He stated that the risks of persistently higher inflation had increased, while also noting that the Fed may speed up the pace of QE tapering (which potentially means rate hikes sooner than the Fed had previously been guiding). At the close on Wall Street last night, the S&P 500 was down 1.9%. The policy sensitive 2-year Treasury yield rose 10bps.

Data-wise, Eurozone inflation for November was ahead of expectations, reaching a new record high. The headline rate printed at 4.9%, from 4.1% (vs. f'cast for 4.5%). Once again rising energy costs were the main driver. However, the recent softness in oil prices (fell again yesterday) means that the upward pressure from this source may start to ease back as we move through 2022.

Currency-wise, during the early part of European trading, the euro continued to move upwards. EUR/USD traded up to a high of \$1.138. Fed Chair Powell's comments though, initially boosted the dollar, with EUR/USD moving back below \$1.13. However, this move reversed again, and the pair opens this morning back up in \$1.13 territory. Elsewhere, EUR/GBP remains near to 85p.

Ahead today, given his comments yesterday, the focus will be on Fed Chair Powell's second day of testimony before Congress. Meanwhile, a speech from BoE Governor Bailey provides some event risk for sterling. Overall, trading conditions could remain volatile given the more uncertain backdrop.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1326	0.15	-7.26
EUR/GBP	0.8502	0.12	-4.87
GBP/USD	1.332	0.02	-2.58
GBP/EUR	1.1755	-0.12	5.12
USD/JPY	113.46	0.34	9.90
EUR/JPY	128.53	0.49	1.88

* 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	0.125	0.09	0.17	0.38	0.84	1.32
EUR	0.00	-0.56	-0.57	-0.52	-0.35	-0.12
GBP	0.10	0.06	0.09	0.69	1.07	1.19

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

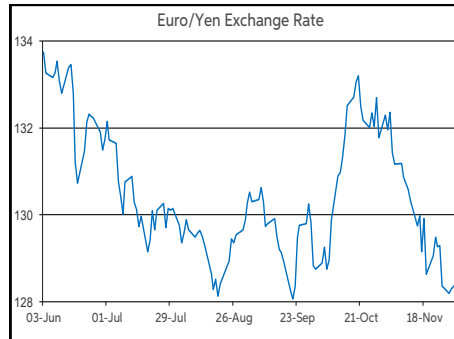
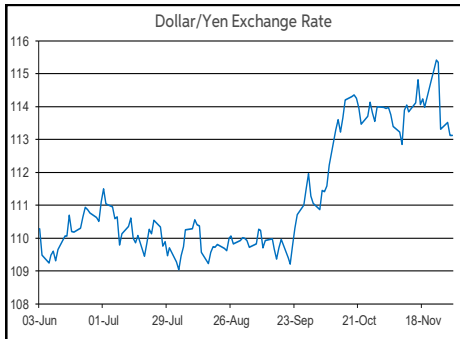
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

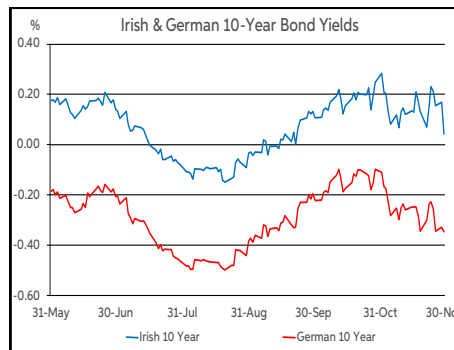
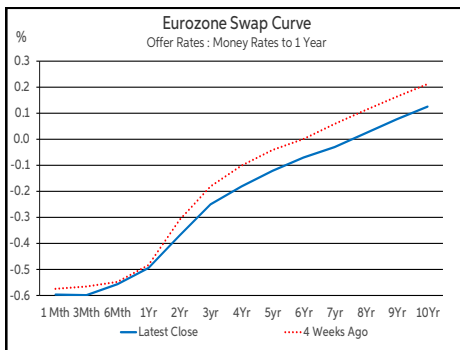
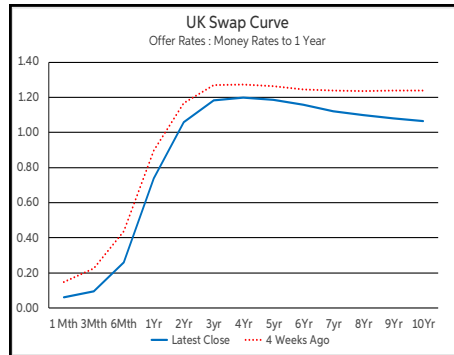
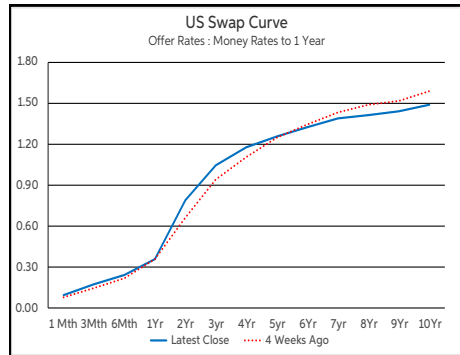
Wednesday 01 December 2021
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8502	GBP/EUR	1.1755	USD/JPY	113.46
EUR/USD	1.1326	GBP/USD	1.332	USD/CAD	1.2745
EUR/JPY	128.53	GBP/CAD	1.6978	USD/CHF	0.9198
EUR/SEK	10.2147	GBP/NZD	1.9459	USD/CNY	6.3651
EUR/DKK	7.4366	GBP/JPY	151.13	USD/BRL	5.6239
EUR/NOK	10.236	GBP/SEK	12.0104	USD/RUB	73.9266
EUR/CHF	1.0418	GBP/DKK	8.7434	USD/INR	74.92
EUR/AUD	1.5839	GBP/NOK	12.0377		
EUR/HKD	8.8311	GBP/CHF	1.2254	AUD/USD	0.7151
EUR/CAD	1.4437	GBP/AUD	1.8625	NZD/USD	0.6843



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 20
10 Year Yield %				
US	1.46	-5	-9	+54
Germany	-0.34	-2	-18	+23
UK	0.81	-6	-23	+62
5 Year Swap %				
US	1.26	-0	+5	+83
Eurozone	-0.12	+1	-7	+34
UK	1.18	-1	-7	+99
2 Year Swap %				
US	0.79	+6	+16	+60
Eurozone	-0.37	+0	-5	+16
UK	1.06	+2	-10	+103
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-5	+2	+18
Belgium	35	-1	+2	+16
France	36	-1	+1	+12
Italy	133	+2	+8	+23
Spain	76	+1	+6	+13
Portugal	68	+0	+7	+4
Greece	159	-3	+20	+39



Commodities				
	Close	Day	% Change	
			4 Weeks	End 20
Brent Oil	70.57	-3.91	-16.70	+36.24
West Texas Oil	69.88	-10.78	-16.72	+44.53
Gold \$	1773.8	-0.63	-0.76	-6.47

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.