

Dollar lower following Powell speech

The Euro Stoxx 50 gained 0.8% yesterday, buoyed by a fall in headline Eurozone inflation. Meanwhile, despite edging lower early on, the S&P 500 rebounded strongly to end the day up 3.1%, supported by comments by Fed Chair Powell. On bond markets, US Treasury yields fell sharply following Chair Powell's remarks also, finishing the day 10-14bps lower along the curve. Meantime, the dollar declined by circa 1%.

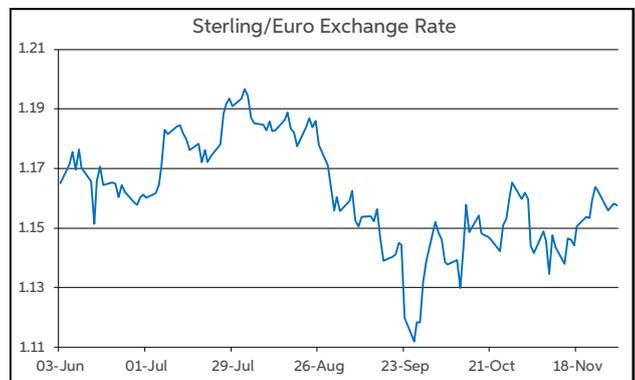
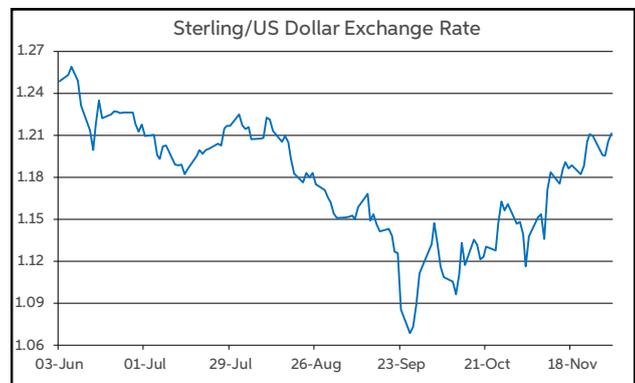
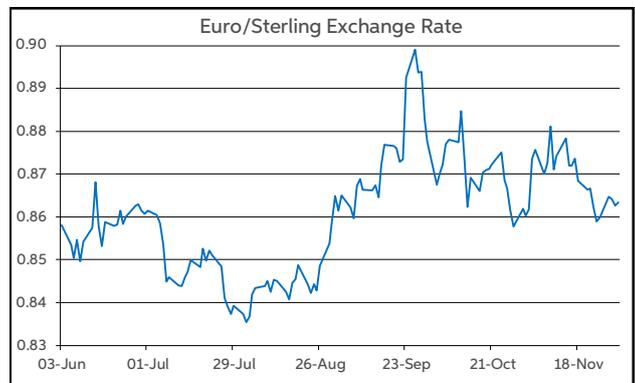
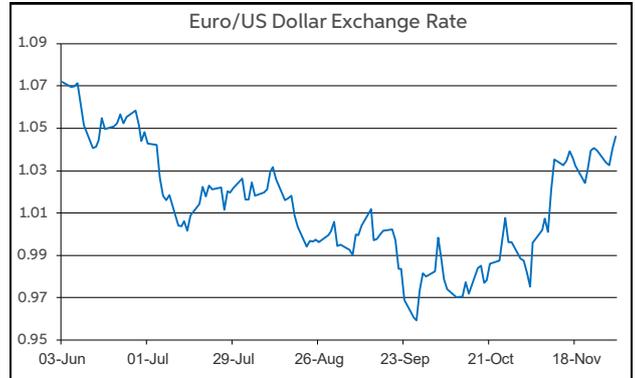
Powell stated that "the time for moderating the pace of rate increases may come as soon as the December meeting". His comments strongly suggest the Fed will slow the pace of rate hike rates to 50bps this month. However, he also reiterated that the peak in US rates will likely be higher than previously anticipated.

Elsewhere, Eurozone headline HICP inflation eased to 10% in November (vs. 10.4% f'cast), falling from 10.6% in October. It is the first time headline inflation has declined in the Eurozone since June of last year. However, the core reading rose by more than anticipated, to 6.6% (vs. 6.3% f'cast) indicating that underlying inflationary pressures are continuing to build.

As trading gets underway this morning, the softer tone to the dollar sees EUR/USD open in the top half of the \$1.04-1.05 range. Meanwhile, GBP/USD is changing hands up above the \$1.21 threshold. EUR/GBP remains confined to the 86-87p corridor.

Turning to the day ahead, US core-PCE inflation is projected to edge lower in October, to 5% from 5.1%. Elsewhere in the US, the manufacturing ISM is forecast to fall into contraction territory in November. In the Eurozone, a speech from ECB Chief Economist Lane will garner attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.046	1.09	-7.99
EUR/GBP	0.8636	-0.01	2.81
GBP/USD	1.2109	1.09	-10.50
GBP/EUR	1.1572	0.01	-2.73
USD/JPY	135.87	-1.88	18.07
EUR/JPY	142.16	-0.80	8.63

* 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	3.875	4.12	4.76	5.09	4.64	3.80
EUR	2.00	1.50	1.98	2.75	2.81	2.57
GBP	3.00	3.23	3.66	4.57	4.58	4.11

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

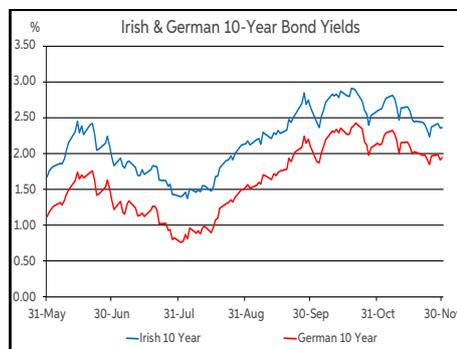
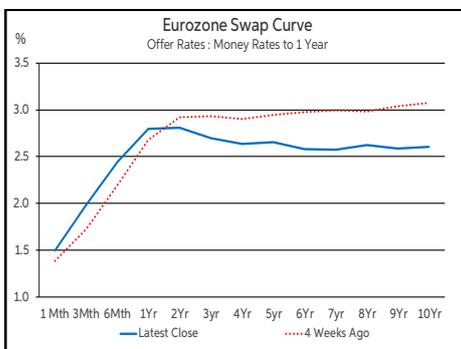
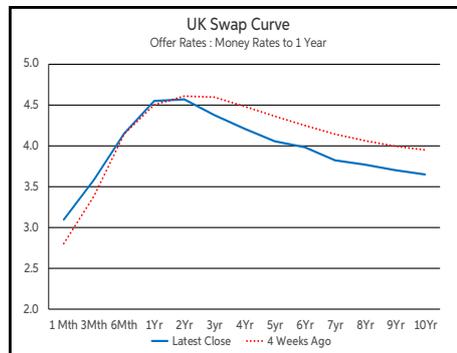
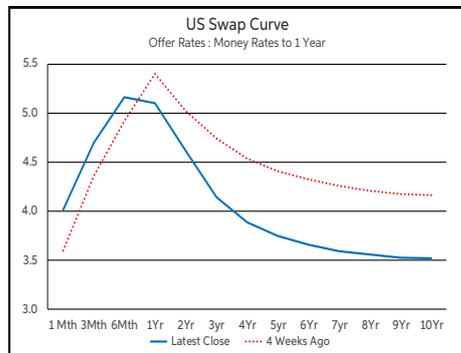
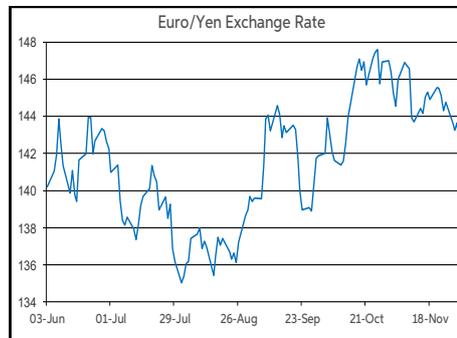
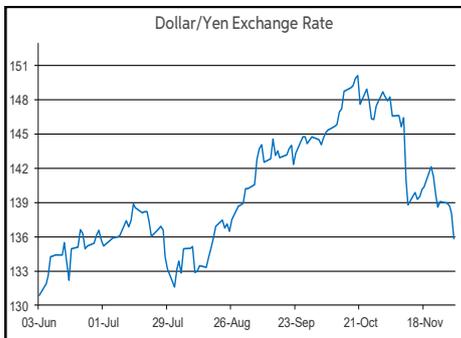
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 01 December 2022
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8636	GBP/EUR	1.1572	USD/JPY	135.87
EUR/USD	1.0459	GBP/USD	1.2109	USD/CAD	1.3396
EUR/JPY	142.16	GBP/CAD	1.6223	USD/CHF	0.9412
EUR/SEK	10.9073	GBP/NZD	1.9097	USD/CNY	7.0531
EUR/DKK	7.4364	GBP/JPY	164.52	USD/BRL	5.1851
EUR/NOK	10.2369	GBP/SEK	12.631	USD/RUB	60.95
EUR/CHF	0.9847	GBP/DKK	8.6079	USD/INR	81.17
EUR/AUD	1.5299	GBP/NOK	11.854		
EUR/HKD	8.1449	GBP/CHF	1.1398	AUD/USD	0.6837
EUR/CAD	1.4014	GBP/AUD	1.7709	NZD/USD	0.6338



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.61	-14	-49	+210
Germany	1.94	+3	-19	+212
UK	3.16	+6	-24	+219
Ireland				
Ireland	2.39	+0	-27	+214
Belgium	2.46	+2	-27	+229
France	2.41	-14	-27	+221
Italy	3.88	+5	-41	+269
Spain	2.95	+4	-31	+235
Portugal	2.90	+5	-25	+242
Greece	4.17	+1	-41	+285
5 Year Swap %				
US	3.75	-18	-63	+242
Eurozone	2.65	-2	-28	+264
UK	4.06	+4	-30	+278
2 Year Swap %				
US	4.62	-13	-37	+368
Eurozone	2.81	-6	-10	+311
UK	4.57	+4	-3	+338
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-3	-8	+2
Belgium	52	-2	-8	+16
France	46	-17	-7	+9
Italy	193	+2	-22	+57
Spain	101	+1	-12	+23
Portugal	96	+2	-6	+29
Greece	222	-2	-22	+73

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	85.43	+2.89	-11.16	+9.84
West Texas Oil	80.48	+3.23	-10.64	+6.84
Gold \$	1768.5	+1.07	+8.17	-3.28

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