

## Sentiment continues to whipsaw

Investor sentiment continues to whipsaw as markets remain highly sensitive to Covid-19 newsflow. The Euro Stoxx 50 finished up 2.9% yesterday, retracing its losses from Tuesday. In the US, The S&P 500 was also moving higher at the end of the European session, but closed down 1.2% as risk appetite soured.

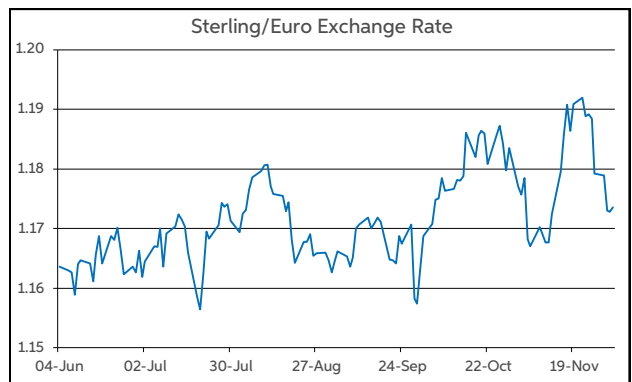
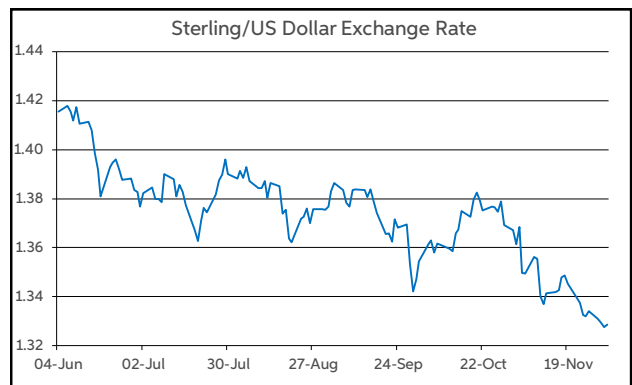
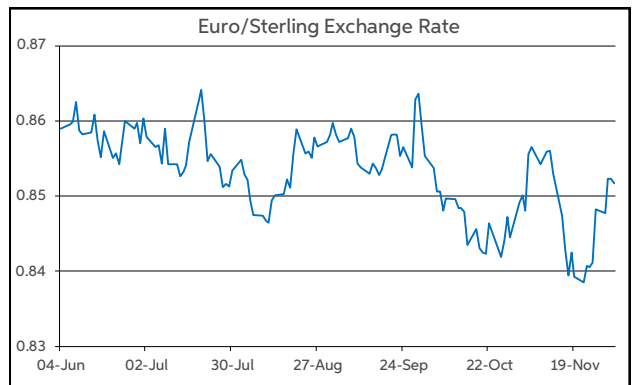
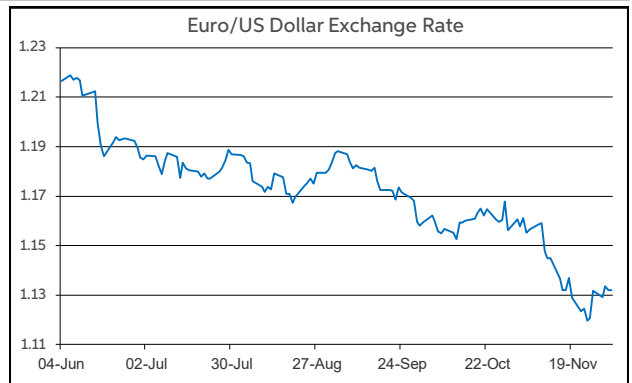
On the currency front, the first day of December coincided with less volatile trading than earlier in the week. Of the limited action to register, the dollar was holding a slightly firmer tone on the exchanges. This happened as Chair Powell doubled down on his hawkish comments from Tuesday. Chair Powell repeated his view that inflation can no longer be described as transitory, and that he is open to the idea of a quicker paced tapering of QE.

Elsewhere in the US, in terms of data, the manufacturing ISM printed above 60 again in November, as expected. Meanwhile, the ADP Employment Report was also in-line with the consensus for November, ahead of Friday's non-farm payrolls number. However, the ADP report has been a less reliable precursor to the non-farm data throughout the pandemic.

In level terms, the slightly firmer dollar tone sees EUR/USD start today in the bottom half of \$1.13-1.14. Cable (GBP/USD) is changing hands just below the \$1.33 threshold. Meantime, EUR/GBP is operating at the 85p mark.

Ahead today, Eurozone producer prices and unemployment data for October will garner attention. However, market sentiment is more likely to continue to be swayed by Covid-19 related newsflow. Elsewhere, OPEC+ meets today to discuss increasing oil supply in January, as prices fell below \$70/bbl yesterday.

**Daniel Noonan, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2020 |
| EUR/USD                  | 1.1317 | -0.16    | -7.34    |
| EUR/GBP                  | 0.8516 | 0.13     | -4.71    |
| GBP/USD                  | 1.3288 | -0.27    | -2.82    |
| GBP/EUR                  | 1.1737 | -0.13    | 4.94     |
| USD/JPY                  | 113.22 | -0.19    | 9.67     |
| EUR/JPY                  | 128.15 | -0.34    | 1.58     |

\* 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     | 0.10         | 0.17  | 0.39       | 0.84  | 1.30  |
| EUR                    | 0.00      | -0.57        | -0.57 | -0.49      | -0.35 | -0.12 |
| GBP                    | 0.10      | 0.07         | 0.11  | 0.70       | 1.05  | 1.18  |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Thursday 02 December 2021  
07:39 am



## Euro

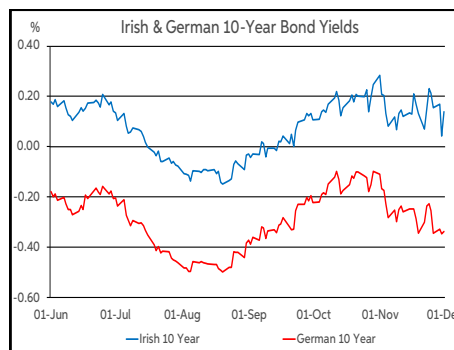
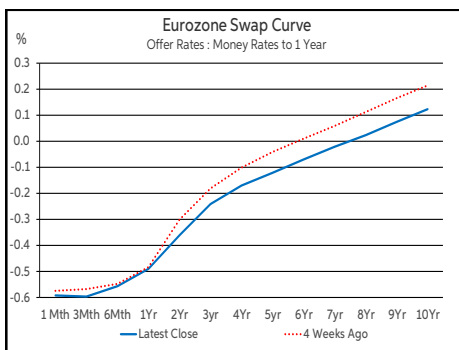
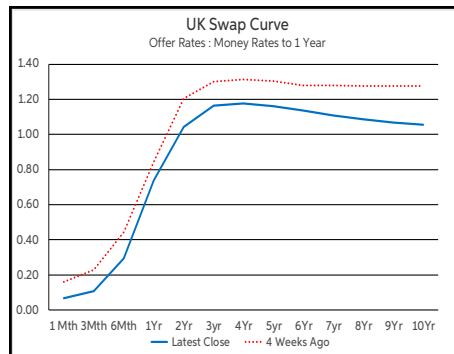
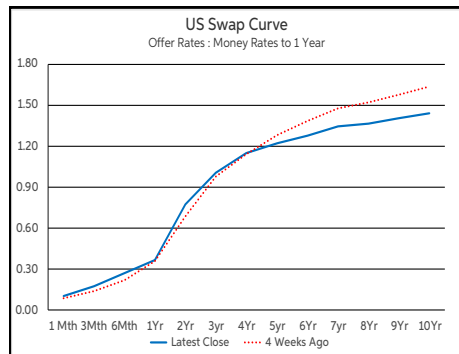
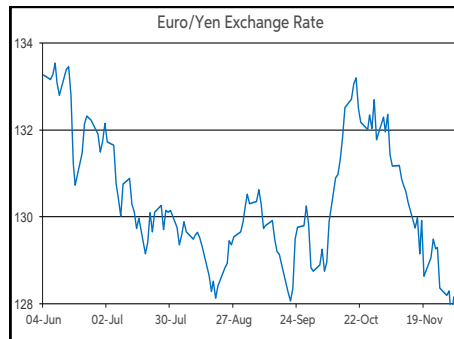
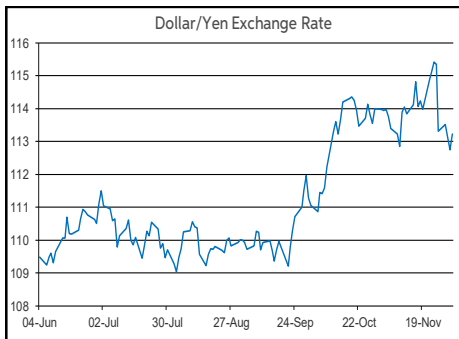
|         |         |
|---------|---------|
| EUR/GBP | 0.8516  |
| EUR/USD | 1.1317  |
| EUR/JPY | 128.15  |
| EUR/SEK | 10.2743 |
| EUR/DKK | 7.4362  |
| EUR/NOK | 10.2784 |
| EUR/CHF | 1.0419  |
| EUR/AUD | 1.5926  |
| EUR/HKD | 8.8139  |
| EUR/CAD | 1.4466  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1737  |
| GBP/USD | 1.3288  |
| GBP/CAD | 1.6984  |
| GBP/NZD | 1.9503  |
| GBP/JPY | 150.44  |
| GBP/SEK | 12.0606 |
| GBP/DKK | 8.7284  |
| GBP/NOK | 12.0593 |
| GBP/CHF | 1.2232  |
| GBP/AUD | 1.8696  |

## Dollar

|         |        |
|---------|--------|
| USD/JPY | 113.22 |
| USD/CAD | 1.2777 |
| USD/CHF | 0.9205 |
| USD/CNY | 6.3715 |
| USD/BRL | 5.6955 |
| USD/RUB | 73.995 |
| USD/INR | 74.91  |
| AUD/USD | 0.7106 |
| NZD/USD | 0.6812 |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 20 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 1.40  | -5         | -20     | +49    |
| Germany   | -0.33 | +1         | -16     | +24    |
| UK  | 0.82  | +1         | -25     | +63    |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 1.22  | -2         | -3      | +80    |
| Eurozone  | -0.12 | -0         | -7      | +34    |
| UK  | 1.16  | -2         | -14     | +97    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 0.78  | -0         | +12     | +58    |
| Eurozone  | -0.36 | +1         | -5      | +17    |
| UK  | 1.04  | -2         | -15     | +102   |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 48    | +3         | +4      | +21    |
| Belgium   | 34    | -0         | +4      | +15    |
| France  | 36    | -0         | +1      | +12    |
| Italy   | 136   | +3         | +14     | +26    |
| Spain   | 76    | +1         | +7      | +13    |
| Portugal  | 70    | +2         | +10     | +6     |
| Greece  | 155   | -4         | +19     | +35    |

| Commodities    |          |       |         |        |
|----------------|----------|-------|---------|--------|
|                | % Change |       |         |        |
|                | Close    | Day   | 4 Weeks | End 20 |
| Brent Oil      | 68.87    | -2.41 | -16.00  | +32.95 |
| West Texas Oil | 65.44    | -1.06 | -19.03  | +35.35 |
| Gold \$        | 1782.7   | +0.50 | +0.74   | -6.00  |

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