

US payrolls due today

There was a mixed mood on markets yesterday. The Euro Stoxx 50 rose by 0.5%, while the S&P 500 finished flat for the day. Meantime, on bond markets German Bund and US Treasury yields declined by 8-14bps, as market rate hike expectations softened for both economies. UK Gilt yields fell by a more modest 2-6bps.

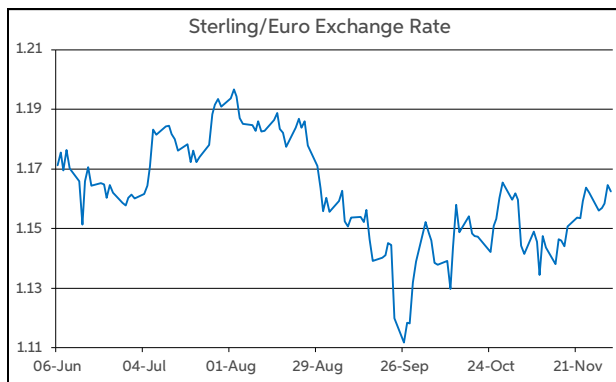
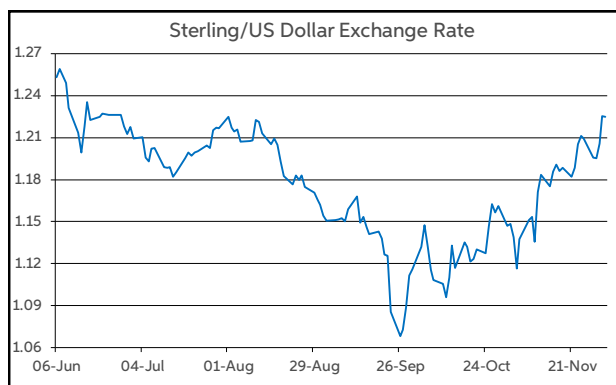
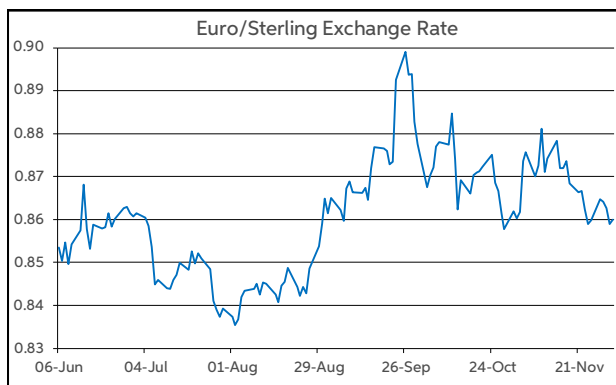
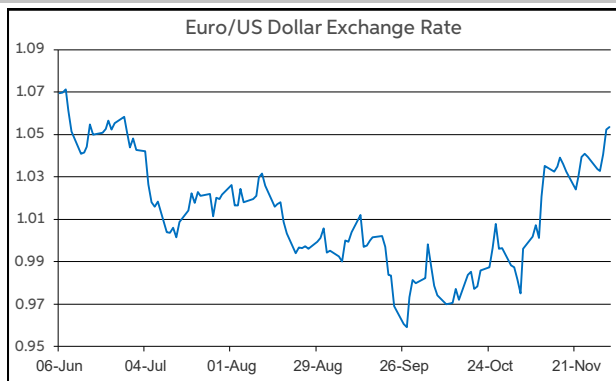
Data-wise, US core-PCE inflation edged lower to 5% in October, as anticipated. Market rate hike expectations softened in the US following the release, with the peak in US rates now seen as being below 5% in 2023. Elsewhere in the US, the manufacturing ISM moved into contraction territory in November, for the first time since May 2020.

On the currency front, the dollar was on the defensive as inflation eased, and as the market continued to digest Chair Powell's comments on Wednesday, green lighting a slowdown in the pace of rate hikes in December. Meanwhile, sterling was holding a firmer tone, although there was no obvious catalyst for the move. GBP/USD briefly tested north of \$1.23 yesterday, while EUR/USD traded above \$1.05 for the first time since June.

In level terms, EUR/USD opens this morning maintaining its position above \$1.05. Meanwhile, the firmer tone to sterling is evidenced by GBP/USD operating up in the \$1.22-1.23 corridor and EUR/GBP changing hands back at the 86p handle.

Today, the US labour market report for November will be the main highlight. Payrolls are forecast to rise by a robust 200k in the month. Meantime, average earnings are expected to edge lower to 4.6% YoY from 4.7%. In the Eurozone, remarks by ECB President Lagarde later today may also garner some interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0532	0.84	-7.35
EUR/GBP	0.86	-0.35	2.38
GBP/USD	1.2246	1.20	-9.48
GBP/EUR	1.1623	0.35	-2.33
USD/JPY	134.6	-1.31	16.96
EUR/JPY	141.79	-0.47	8.34

* 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	4.17	4.77	5.04	4.59	3.72
EUR	2.00	1.51	1.97	2.75	2.81	2.58
GBP	3.00	3.29	3.68	4.55	4.52	4.05

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

Friday 02 December 2022
07:37 am



Euro

EUR/GBP	0.86
EUR/USD	1.0532
EUR/JPY	141.79
EUR/SEK	10.84
EUR/DKK	7.4365
EUR/NOK	10.2458
EUR/CHF	0.986
EUR/AUD	1.5444
EUR/HKD	8.1923
EUR/CAD	1.4146

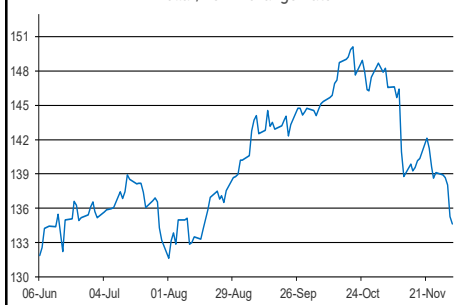
Sterling

GBP/EUR	1.1623
GBP/USD	1.2246
GBP/CAD	1.6448
GBP/NZD	1.9152
GBP/JPY	164.83
GBP/SEK	12.6084
GBP/DKK	8.6441
GBP/NOK	11.9046
GBP/CHF	1.1465
GBP/AUD	1.7956

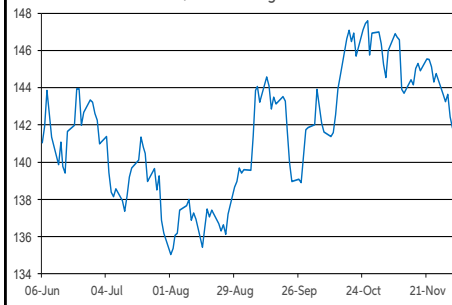
Dollar

USD/JPY	134.6
USD/CAD	1.3429
USD/CHF	0.9361
USD/CNY	7.045
USD/BRL	5.1848
USD/RUB	61.7
USD/INR	81.1775
AUD/USD	0.6819
NZD/USD	0.6394

Dollar/Yen Exchange Rate

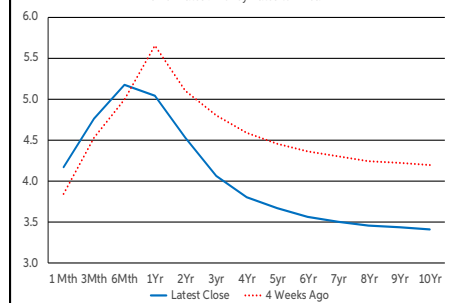


Euro/Yen Exchange Rate



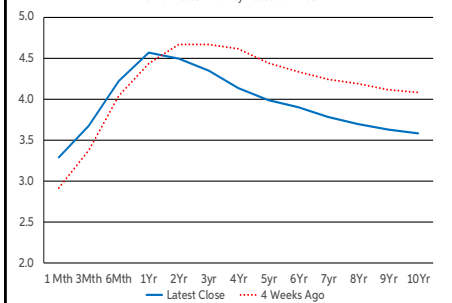
US Swap Curve

Offer Rates : Money Rates to 1 Year



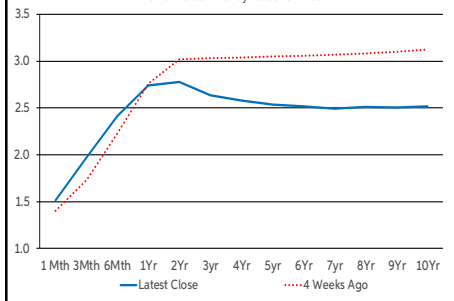
UK Swap Curve

Offer Rates : Money Rates to 1 Year

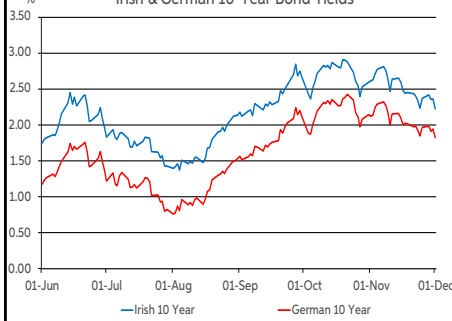


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.51	-10	-64	+200
Germany	1.82	-12	-43	+200
UK	3.10	-6	-41	+213
Ireland	2.25	-14	-49	+200
Belgium	2.34	-13	-50	+216
France	2.27	-14	-51	+207
Italy	3.71	-17	-71	+252
Spain	2.82	-13	-50	+223
Portugal	2.75	-15	-49	+227
Greece	3.89	-27	-76	+258
5 Year Swap %				
US	3.67	-10	-76	+234
Eurozone	2.54	-12	-50	+253
UK	3.99	-7	-40	+271
2 Year Swap %				
US	4.53	-9	-55	+358
Eurozone	2.77	-4	-23	+307
UK	4.49	-8	-17	+330
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-2	-6	+0
Belgium	51	-1	-7	+16
France	44	-2	-8	+7
Italy	188	-5	-29	+52
Spain	100	-1	-7	+22
Portugal	93	-3	-6	+27
Greece	207	-15	-33	+58

Commodities

	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	86.88	+1.70	-8.23	+11.70
West Texas Oil	81.06	+0.72	-8.03	+7.61
Gold \$	1802.9	+1.95	+10.66	-1.39

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