

Dollar firmer as risk appetite fades

Equity markets registered losses on both sides of the Atlantic yesterday, as risk appetite soured. The Euro Stoxx 50 fell by 0.5%. On Wall Street, the S&P 500 declined by 1.8%. Meanwhile, on bond markets, US Treasury yields rose by 2-10bps along the curve, rising the most at the front end, as US rate hike expectations hardened. Elsewhere, Brent crude oil prices fell to circa \$83 per barrel as tighter sanctions on Russian oil, came into place.

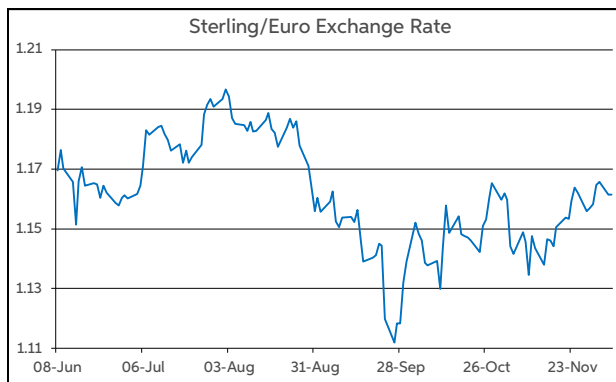
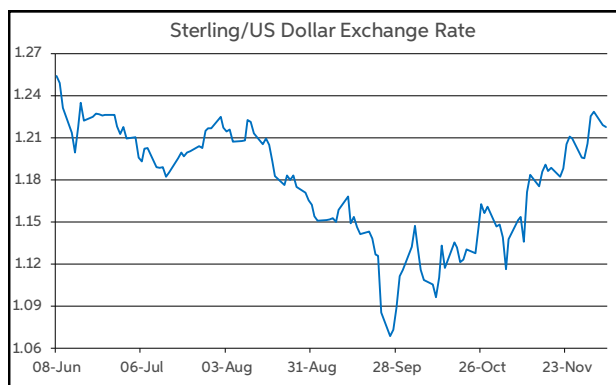
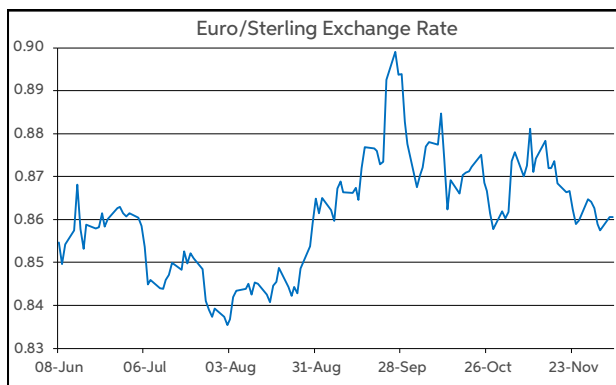
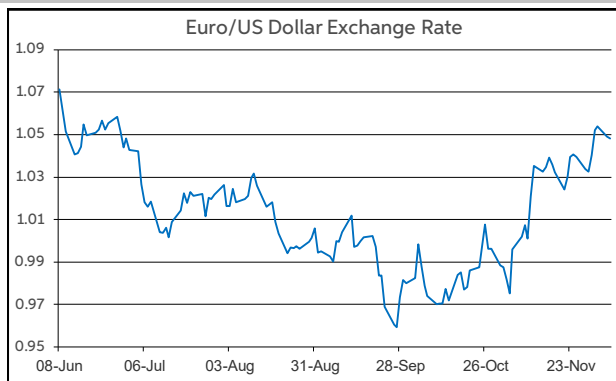
Data-wise, Eurozone retail sales printed in-line with the consensus, falling by 1.8% in October (vs. -1.7% f'cast). In the US, the non-manufacturing ISM jumped to 56.5 (vs. 53.3 f'cast), suggesting that activity in the services sector may be holding up better than anticipated. The dollar weakened in the immediate aftermath of the release, with EUR/USD rising to a high of \$1.059.

Overall though, the dollar was holding a firmer tone throughout the day. Initially, the greenback found itself on the back-foot amid newsflow that Chinese authorities had eased Covid testing requirements. However, as risk appetite faded, the safe haven dollar came to the fore. The US currency received an added boost as US rates firmed, following reports that the Fed may hike rates above 5% in 2023. The dollar gained circa 1% against the euro and sterling. Elsewhere, sterling was under some downward pressure.

The firmer tone to the dollar is evidenced by EUR/USD opening this morning back below the \$1.05 handle. GBP/USD is operating back under the \$1.22 threshold. Meanwhile, EUR/GBP is changing hands up above the 86p mark.

There is a quiet data schedule ahead today. However, a speech by ECB Vice-President de Guindos may garner some interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0481	-0.96	-7.80
EUR/GBP	0.8606	0.33	2.45
GBP/USD	1.2177	-1.26	-9.99
GBP/EUR	1.1615	-0.33	-2.39
USD/JPY	137.31	2.05	19.32
EUR/JPY	143.94	1.10	9.99

* 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	4.18	4.73	5.14	4.72	3.82
EUR	2.00	1.51	1.98	2.82	2.89	2.66
GBP	3.00	3.29	3.68	4.59	4.55	4.02

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

Tuesday 06 December 2022
07:00 am



Euro

EUR/GBP	0.8606
EUR/USD	1.0481
EUR/JPY	143.94
EUR/SEK	10.9233
EUR/DKK	7.4372
EUR/NOK	10.4247
EUR/CHF	0.9906
EUR/AUD	1.5605
EUR/HKD	8.1464
EUR/CAD	1.4252

Sterling

GBP/EUR	1.1615
GBP/USD	1.2177
GBP/CAD	1.6557
GBP/NZD	1.9278
GBP/JPY	167.21
GBP/SEK	12.697
GBP/DKK	8.6379
GBP/NOK	12.11
GBP/CHF	1.1509
GBP/AUD	1.8127

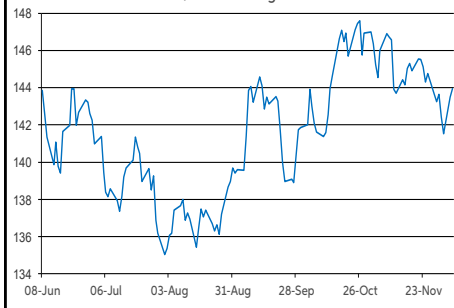
Dollar

USD/JPY	137.31
USD/CAD	1.3596
USD/CHF	0.945
USD/CNY	6.9866
USD/BRL	5.2809
USD/RUB	63.1
USD/INR	82.246
AUD/USD	0.6715
NZD/USD	0.6314

Dollar/Yen Exchange Rate

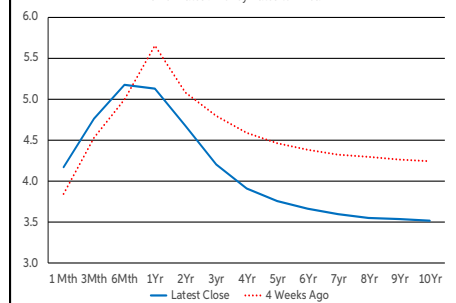


Euro/Yen Exchange Rate



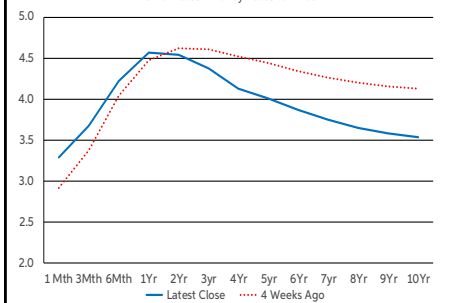
US Swap Curve

Offer Rates : Money Rates to 1 Year



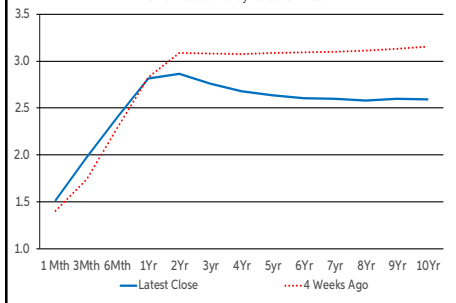
UK Swap Curve

Offer Rates : Money Rates to 1 Year

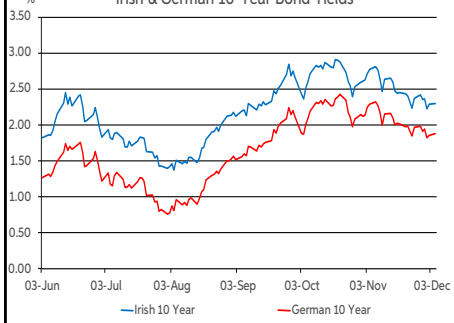


Eurozone Swap Curve

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	3.58	+9	-63	+207
Germany	1.88	+3	-44	+206
UK	3.10	-5	-53	+213
Ireland	2.33	+1	-52	+208
Belgium	2.42	+5	-50	+224
France	2.33	+3	-54	+213
Italy	3.75	+0	-73	+257
Spain	2.88	+2	-51	+229
Portugal	2.81	+2	-49	+233
Greece	3.87	+0	-87	+256
5 Year Swap %				
US	3.76	+11	-66	+243
Eurozone	2.64	+3	-44	+262
UK	4.01	-4	-43	+274
2 Year Swap %				
US	4.68	+12	-37	+373
Eurozone	2.87	+4	-21	+317
UK	4.54	+3	-7	+335
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-2	-7	+2
Belgium	54	+2	-5	+18
France	44	-0	-10	+7
Italy	187	-3	-29	+51
Spain	100	-0	-7	+22
Portugal	93	-1	-5	+27
Greece	199	-3	-42	+50

Commodities

	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	82.68	-3.38	-15.56	+6.30
West Texas Oil	76.83	-3.79	-16.31	+1.99
Gold \$	1768.4	-1.64	+5.60	-3.28

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