

Investor sentiment remains subdued

Investor sentiment remained subdued yesterday. The Euro Stoxx 50 fell by 0.5% on the day. On Wall Street, the S&P 500 shed 1.4% as concerns regarding the economic outlook intensified. Profit taking following a strong performance by equity markets so far in Q4, ahead of a busy schedule of central bank meetings next week may also have contributed to the sell-off.

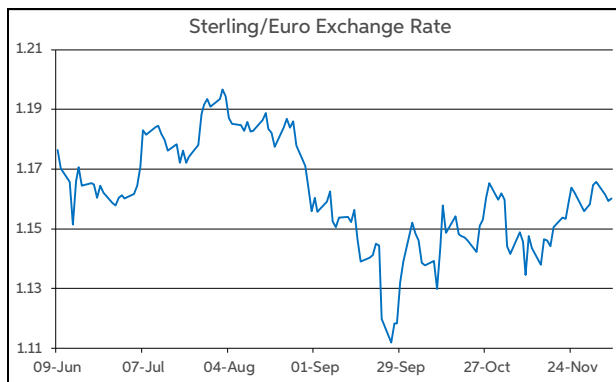
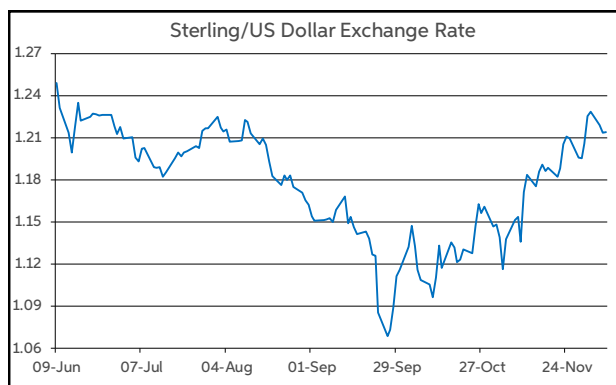
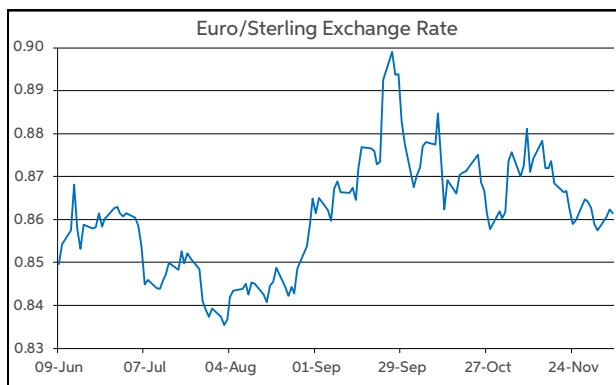
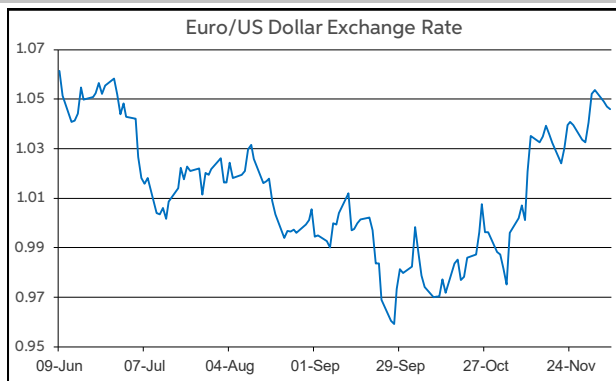
On bond markets, German Bund yields declined by 5-9bps along the curve, following comments from ECB Chief Economist Lane, suggesting that the Eurozone economy is “close to peak inflation”. US Treasury and UK Gilt yields fell by a more modest 2-5bps. Elsewhere, oil prices continued to trend lower, with Brent crude dropping back below \$80 per barrel.

Currency-wise, the main pairs operated in fairly tight ranges throughout the day. A sparse data schedule may have contributed to the lacklustre price action. Of the limited moves to register, the dollar initially handed back some of its gains from Monday, before regaining the ascendancy once again overnight.

As trading gets underway this morning, EUR/USD opens back at the midpoint of \$1.04-1.05, having traded above the \$1.05 handle for a period yesterday. Meanwhile, GBP/USD is changing hands back in the lower half of the \$1.21-1.22 range. EUR/GBP continues to operate in and around the 86p mark.

Turning to the day ahead, there is a quiet data schedule once again on both sides of the Atlantic. The only release of note is the second reading of Eurozone Q3 GDP, which is set to confirm the economy grew by 0.2% in the quarter. However, barring any major revisions, the data are unlikely to impact the euro.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0459	-0.31	-8.00
EUR/GBP	0.8616	0.14	2.57
GBP/USD	1.2137	-0.45	-10.29
GBP/EUR	1.16	-0.14	-2.51
USD/JPY	137.35	0.28	19.35
EUR/JPY	143.69	-0.03	9.80

* 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	4.22	4.72	5.09	4.66	3.76
EUR	2.00	1.52	1.98	2.77	2.80	2.53
GBP	3.00	3.33	3.71	4.58	4.53	3.96

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

Wednesday 07 December 2022
07:35 am



Euro

EUR/GBP	0.8616
EUR/USD	1.0459
EUR/JPY	143.69
EUR/SEK	10.8963
EUR/DKK	7.4379
EUR/NOK	10.4894
EUR/CHF	0.9846
EUR/AUD	1.5615
EUR/HKD	8.1497
EUR/CAD	1.4278

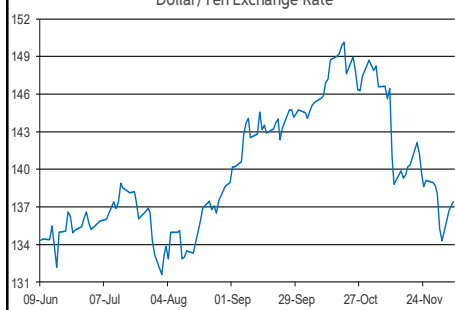
Sterling

GBP/EUR	1.16
GBP/USD	1.2137
GBP/CAD	1.6567
GBP/NZD	1.9168
GBP/JPY	166.7
GBP/SEK	12.6436
GBP/DKK	8.6289
GBP/NOK	12.1715
GBP/CHF	1.1425
GBP/AUD	1.8118

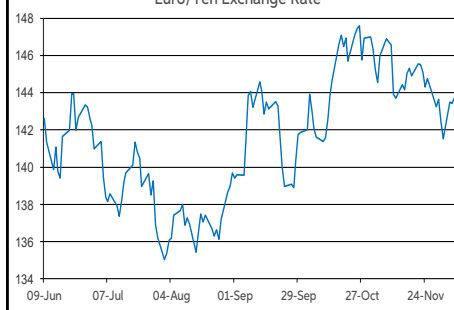
Dollar

USD/JPY	137.35
USD/CAD	1.3648
USD/CHF	0.9412
USD/CNY	6.9819
USD/BRL	5.2352
USD/RUB	63.1
USD/INR	82.379
AUD/USD	0.6697
NZD/USD	0.633

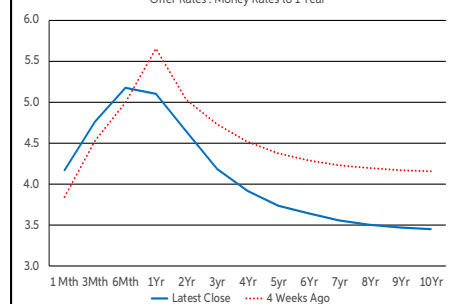
Dollar/Yen Exchange Rate



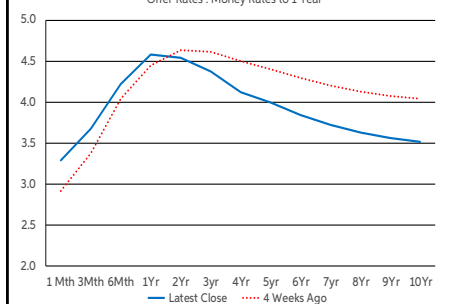
Euro/Yen Exchange Rate



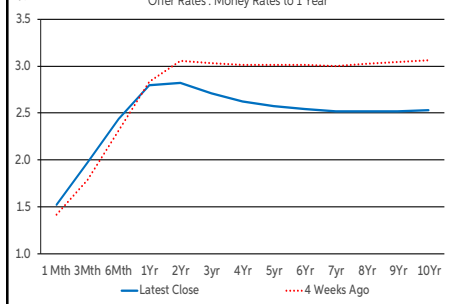
US Swap Curve
Offer Rates : Money Rates to 1 Year



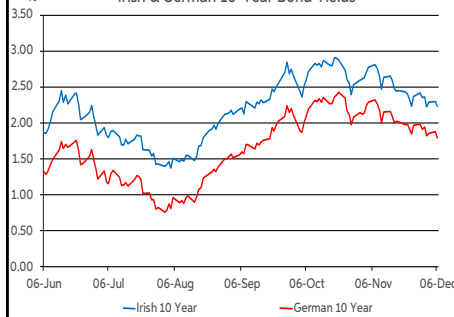
UK Swap Curve
Offer Rates : Money Rates to 1 Year



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	3.53	-5	-60	+202
Germany	1.80	-9	-48	+198
UK	3.08	-2	-46	+211
Ireland	2.27	-6	-53	+202
Belgium	2.37	-5	-48	+219
France	2.25	-8	-55	+206
Italy	3.65	-11	-73	+246
Spain	2.80	-8	-52	+221
Portugal	2.73	-8	-51	+225
Greece	3.79	-8	-93	+248
5 Year Swap %				
US	3.74	-4	-60	+241
Eurozone	2.57	-6	-43	+256
UK	4.00	-2	-40	+272
2 Year Swap %				
US	4.64	-4	-35	+370
Eurozone	2.82	-4	-22	+312
UK	4.55	+0	-8	+335
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+3	-5	+4
Belgium	57	+3	-1	+21
France	45	+1	-7	+8
Italy	185	-2	-26	+49
Spain	101	+1	-5	+23
Portugal	94	+1	-4	+27
Greece	200	+1	-45	+51

Commodities

	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	79.35	-4.03	-16.79	+2.02
West Texas Oil	74.21	-3.41	-16.43	-1.49
Gold \$	1770.9	+0.14	+3.41	-3.14

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