

## Jam-packed week ahead

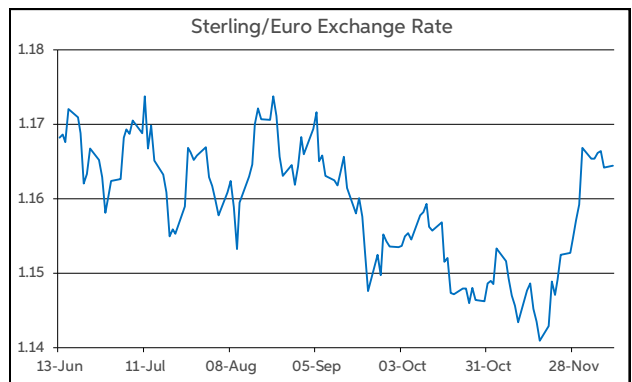
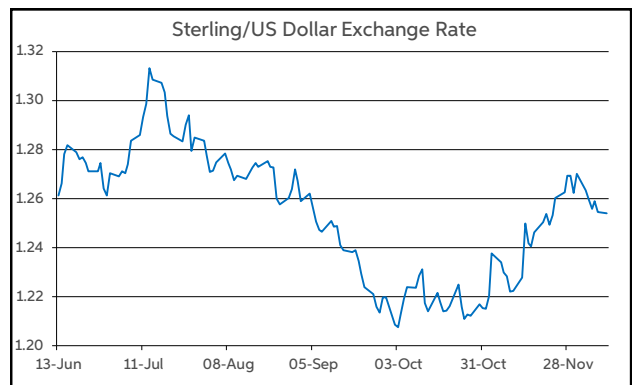
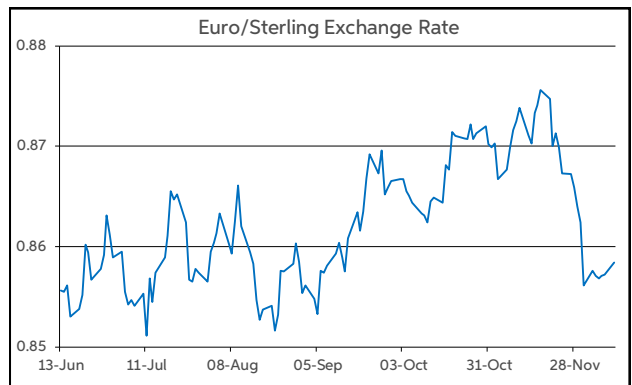
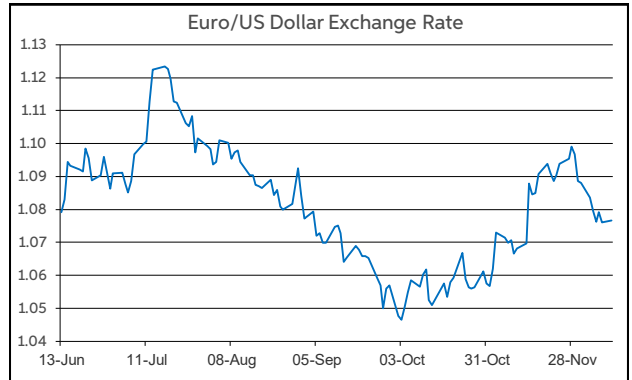
There was a marked contrast in risk appetite on either side of the Atlantic last week. A key reason for this stemmed from a firming in US rate expectations, compared to a further softening in Eurozone rates. Against this backdrop, the S&P 500 finished the week up by a meagre 0.2%, while the Euro Stoxx 50 gained 2.4%.

Having held relatively steady for most of the week, US rates firmed on Friday, as payrolls expanded by more than anticipated, and the unemployment rate fell unexpectedly to 3.7% in November. As a result, US futures contracts are currently pricing in circa 110bps of rate cuts in 2024, compared to 125bps previously. In the Eurozone, current pricing indicates at least 130bps of cuts next year, versus 125bps last Monday.

Currency-wise, the dollar was on the front foot. The greenback gained circa 1% against the euro and sterling. However, the yen was the big performer, rising by close to 2%, on speculation that the BoJ may exit negative rates later this month. In level terms, EUR/USD opens this morning below \$1.08, while EUR/JPY is down in the ¥156-157 corridor. Meantime, EUR/GBP remains just below the 86p threshold, very similar to last Monday's open. GBP/USD is the bottom half of \$1.25-1.26.

This week, a busy macro calendar includes the final monetary policy meetings of the year for the Fed, ECB and BoE. Interest rates are expected to be unchanged across the board. The main focus will be on the updated macro projections and the respective press conferences from the ECB and Fed. Elsewhere, a jam-packed data schedule includes US CPI inflation, retail sales and industrial production (all Nov), UK labour market and monthly GDP (Oct), as well as the flash PMIs for the main advanced economies (Dec).

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0765	-0.17	0.59
EUR/GBP	0.8584	0.22	-2.94
GBP/USD	1.254	-0.37	3.66
GBP/EUR	1.1645	-0.22	3.03
USD/JPY	145.43	1.04	10.92
EUR/JPY	156.58	0.88	11.60

\* 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	5.38	5.47	5.63	5.39	4.85	4.27
EUR	4.50	3.85	3.95	3.66	3.13	2.74
GBP	5.25	5.18	5.21	5.08	4.90	4.33

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

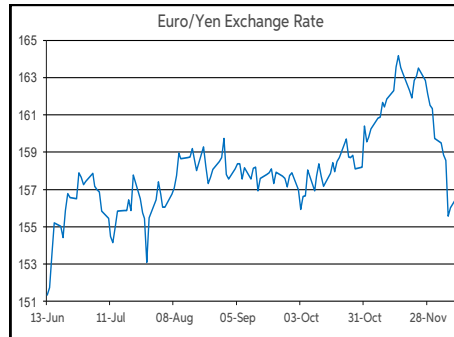
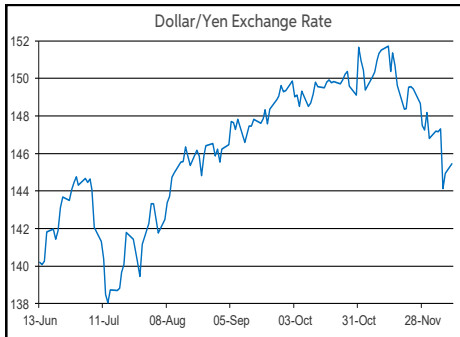
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

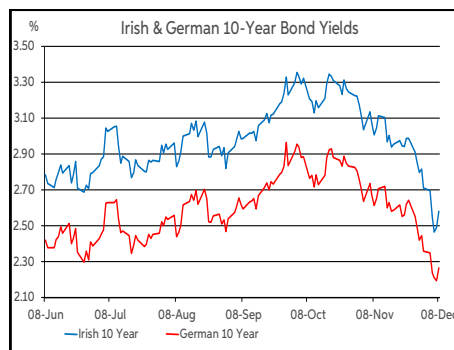
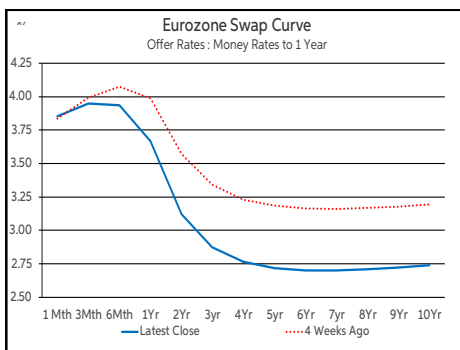
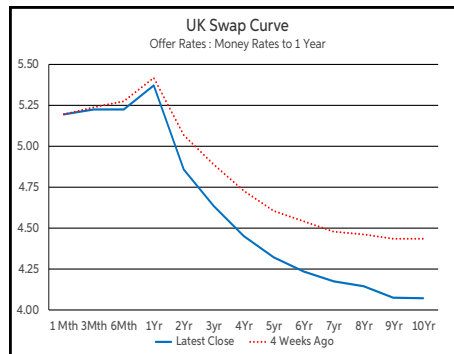
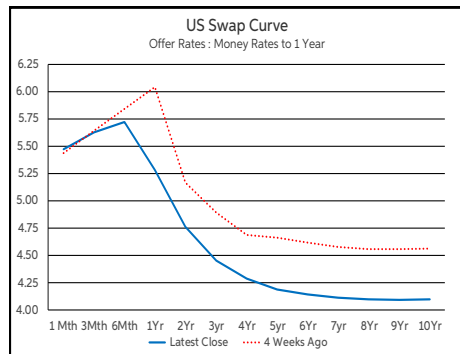
Monday 11 December 2023  
07:01 am



Euro		Sterling		Dollar	
EUR/GBP	0.8584	GBP/EUR	1.1645	USD/JPY	145.43
EUR/USD	1.0765	GBP/USD	1.254	USD/CAD	1.359
EUR/JPY	156.58	GBP/CAD	1.7042	USD/CHF	0.8794
EUR/SEK	11.2842	GBP/NZD	2.0504	USD/CNY	7.1794
EUR/DKK	7.456	GBP/JPY	182.37	USD/BRL	4.9262
EUR/NOK	11.7479	GBP/SEK	13.145	USD/RUB	91.295
EUR/CHF	0.9468	GBP/DKK	8.6822	USD/INR	83.386
EUR/AUD	1.6409	GBP/NOK	13.6873	AUD/USD	0.656
EUR/HKD	8.4067	GBP/CHF	1.1029	NZD/USD	0.6113
EUR/CAD	1.4632	GBP/AUD	1.9111		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.23	+8	-42	+35
Germany	2.27	+7	-44	-30
UK	4.04	+7	-29	+37
<b>5 Year Swap %</b>				
US	4.19	+11	-44	+19
Eurozone	2.72	+7	-46	-51
UK	4.32	+5	-23	+2
<b>2 Year Swap %</b>				
US	4.77	+13	-36	+9
Eurozone	3.12	+6	-44	-27
UK	4.86	+4	-21	+18
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	35	+2	-9	-24
Belgium	61	+2	-2	-3
France	56	+3	-3	+1
Italy	180	+5	-7	-34
Spain	103	+3	-3	-6
Portugal	79	+1	+5	-25
Greece	119	+1	-9	-84



Commodities				
	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	75.84	+2.42	-6.86	-11.72
West Texas Oil	69	+0.03	-9.61	-13.92
Gold \$	2003.4	-1.23	+3.44	+9.81

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