

Calm before the storm?

There was a quiet start to the week on financial markets yesterday. A sparse data schedule likely contributed to the muted price action yesterday, given there are a number of key central bank meetings looming on the horizon later in the week. Amid the calm trading conditions, both the Euro Stoxx 50 and the S&P 500 gained 0.4%. Meanwhile, on bond markets, yields were generally little changed across the board. Of the limited moves to note, UK Gilt yields rose by 3-5bps along the curve.

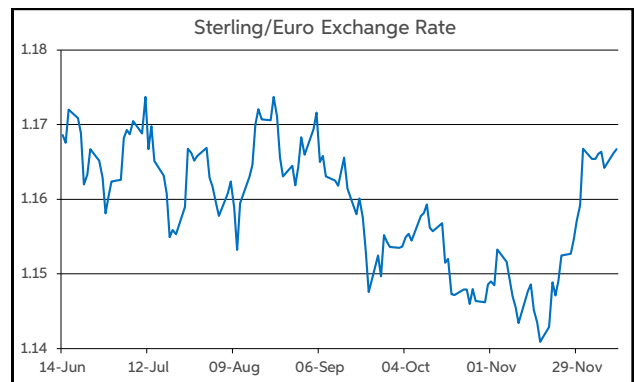
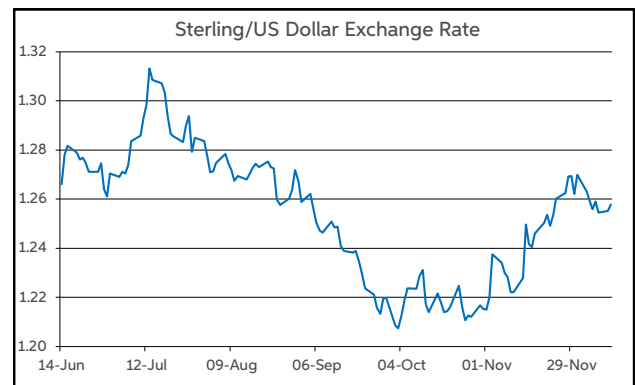
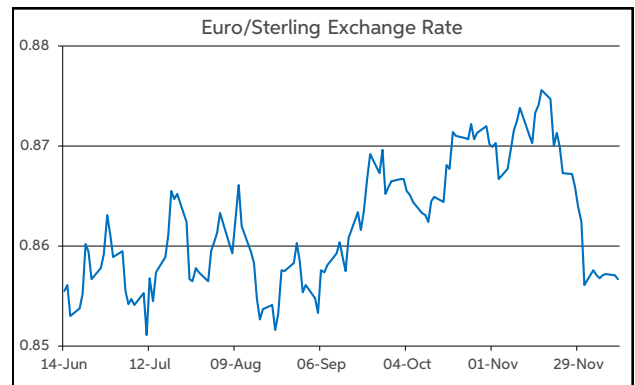
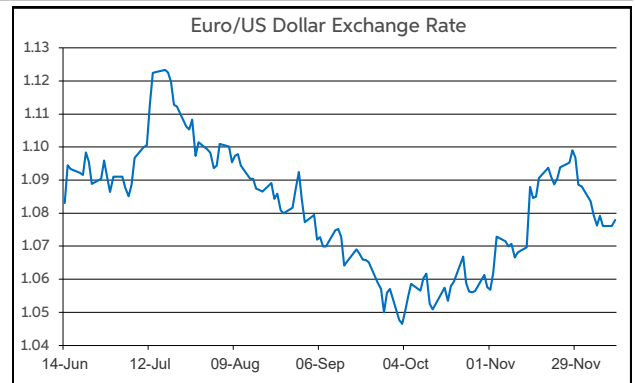
Currency-wise, the main pairs were relatively range bound. The yen was on the defensive yesterday, as reports emerged, pushing back on speculation that the BoJ may exit negative interest rates later this month. Elsewhere, the euro was under some modest downward pressure throughout the European session. However, overnight both the yen and the euro recouped most of their losses.

In level terms, EUR/USD opens this morning once again in the top half of \$1.07-108. Meantime, EUR/GBP remains in the 85-86p range. GBP/USD is above the halfway mark of \$1.25-1.26. At the same time, USD/JPY within the ¥145-146 corridor.

Already this morning, UK labour market data for October have been released. The unemployment rate remained at 4.2% as expected. Average earnings growth though, printed below the consensus, easing to 7.2% y/y in the three months to October (vs. 7.7% f'cast). The data have not impacted sterling in early trading.

Later today, US CPI inflation for November is due. The headline rate is projected to fall to 3.1% from 3.2%, while the core rate is forecast to stay at 4%. The data pose some event risk for the dollar, particularly with the FOMC decision due on Wednesday.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0778	0.10	0.71
EUR/GBP	0.8568	-0.17	-3.12
GBP/USD	1.2577	0.29	3.97
GBP/EUR	1.1665	0.18	3.22
USD/JPY	145.34	-0.14	10.85
EUR/JPY	156.7	-0.02	11.69

* 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	5.35	4.78	4.22
EUR	4.50	3.85	3.95	3.66	3.12	2.70
GBP	5.25	5.18	5.22	5.11	4.89	4.36

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

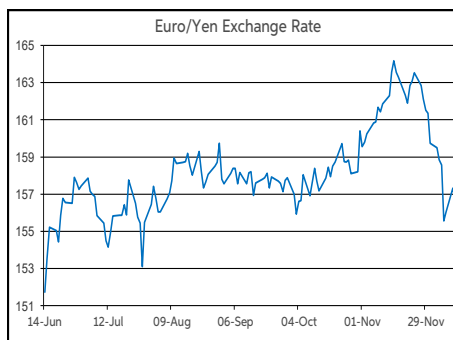
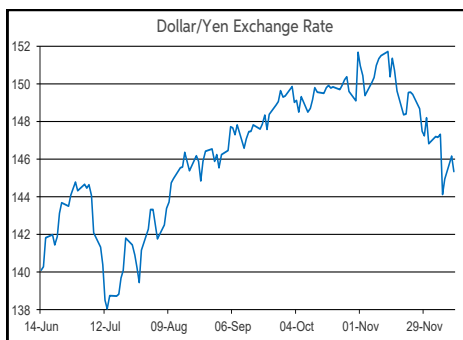
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

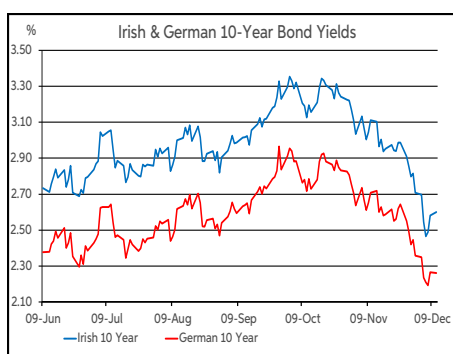
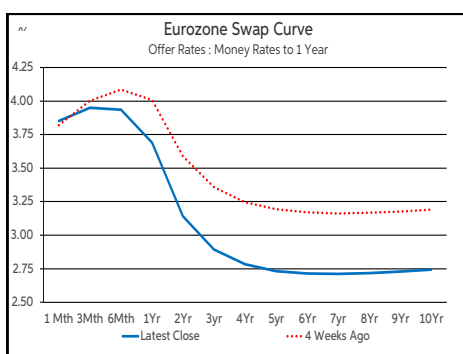
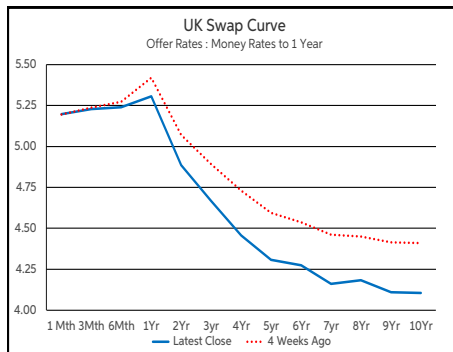
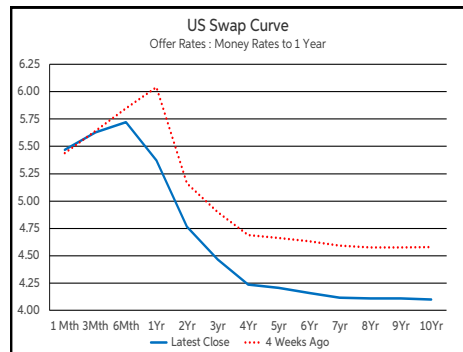
Tuesday 12 December 2023
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8569	GBP/EUR	1.1664	USD/JPY	145.36
EUR/USD	1.0778	GBP/USD	1.2576	USD/CAD	1.3555
EUR/JPY	156.69	GBP/CAD	1.7049	USD/CHF	0.8759
EUR/SEK	11.2687	GBP/NZD	2.0427	USD/CNY	7.1756
EUR/DKK	7.455	GBP/JPY	182.8	USD/BRL	4.9386
EUR/NOK	11.7694	GBP/SEK	13.1486	USD/RUB	90.56
EUR/CHF	0.944	GBP/DKK	8.6976	USD/INR	83.3725
EUR/AUD	1.6345	GBP/NOK	13.7333	AUD/USD	0.6594
EUR/HKD	8.4152	GBP/CHF	1.1015	NZD/USD	0.6156
EUR/CAD	1.4612	GBP/AUD	1.9071		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 22
10 Year Yield %				
US	4.24	+1	-40	+36
Germany	2.26	-0	-46	-30
UK	4.08	+4	-24	+41
5 Year Swap %				
US	4.21	+0	-42	+21
Eurozone	2.73	+1	-45	-50
UK	4.31	-2	-24	+0
2 Year Swap %				
US	4.77	-1	-36	+9
Eurozone	3.14	+2	-44	-25
UK	4.89	+3	-18	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	+1	-7	-22
Belgium	60	-0	+0	-3
France	56	+0	-1	+1
Italy	181	+1	-3	-34
Spain	104	+1	-1	-6
Portugal	80	+1	+9	-24
Greece	119	+1	-8	-84



Commodities				
	Close	Day	% Change	
			4 Weeks	End 22
Brent Oil	76.03	+0.25	-7.86	-11.50
West Texas Oil	69	+0.03	-9.61	-13.92
Gold \$	1981.3	-1.10	+1.82	+8.60

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