

## Monetary policy in focus this week

Investor sentiment was generally holding a positive tone last week. The S&P 500 closed up around 1% for the week. On bond markets, Eurozone periphery yields rose. This was despite the ECB meeting on Thursday, where President Lagarde tried to push back against market expectations for a rate hike in the second half of next year.

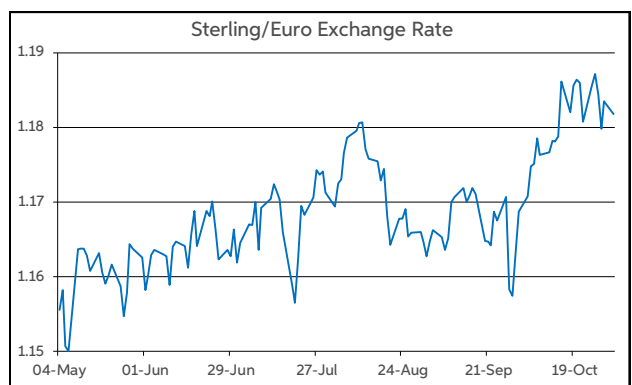
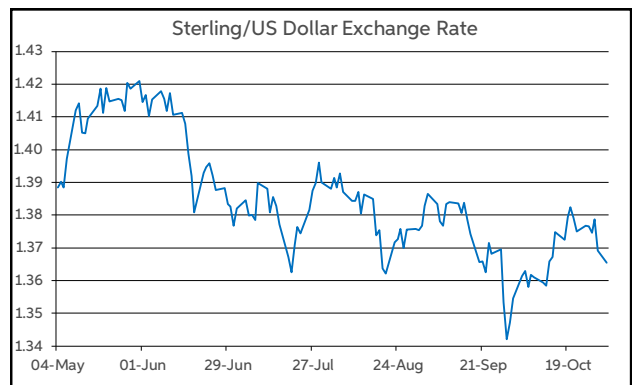
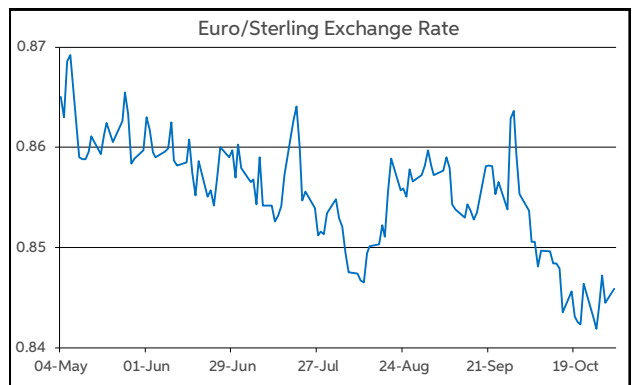
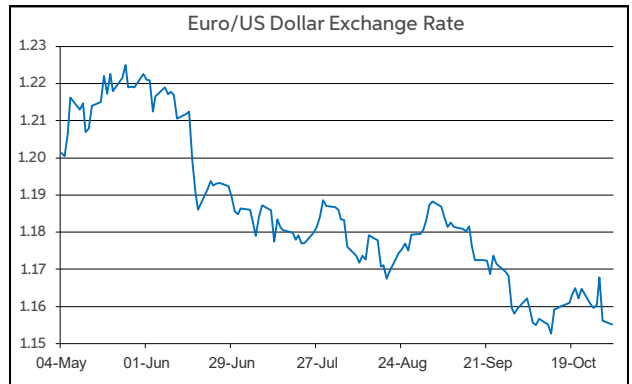
Data-wise, the main focus was on GDP numbers for Q3. In the Eurozone, GDP was slightly ahead of expectations rising by 2.2% in the three months to September, versus 2% forecast. In contrast, US growth for the quarter disappointed versus the consensus. Output rose by 2% in annualised terms, below the 2.7% projected. This put some mild downward pressure on the dollar during the week.

However, overall the main FX pairs were once again confined to narrow ranges for much of the week, although on Friday, the greenback regained some support, rising by circa 1% against the euro and sterling.

In level terms, the firmer tone to the dollar late in the European session on Friday sees the EUR/USD pair operating down at the midpoint of the \$1.15-1.16 band. Meanwhile, EUR/GBP is trading in and around the half way mark of 84-85p. Elsewhere, GBP/USD is changing hands near the heart of the \$1.36-1.37 corridor.

Ahead this week, there is event risk for the dollar and sterling with both the Fed and BoE meetings. The Fed is widely expected to announce the start of QE tapering. Meanwhile, in terms of the BoE, speculation has risen over recent weeks of rate hikes before year end. Indeed, futures contracts indicate the market is pricing in the possibility of some movement from the BoE this week. Data-wise, the all important non-farm payrolls release is due in the US.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1551	-0.97	-5.42
EUR/GBP	0.8459	0.00	-5.35
GBP/USD	1.3652	-0.99	-0.15
GBP/EUR	1.1817	0.00	5.65
USD/JPY	114.34	0.63	10.75
EUR/JPY	132.08	-0.33	4.69

\* v Previous Day's European Open  
See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.09	0.13	0.31	0.71	1.24
EUR	0.00	-0.56	-0.55	-0.46	-0.24	0.03
GBP	0.10	0.13	0.23	0.90	1.25	1.10

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

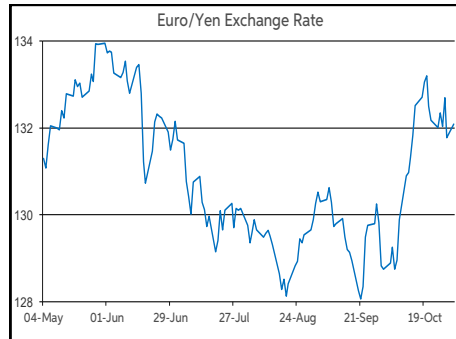
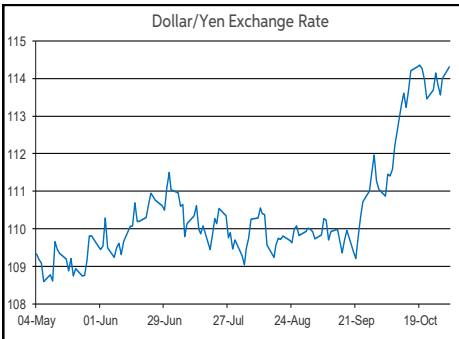
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

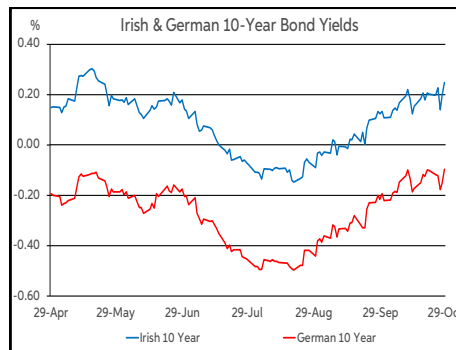
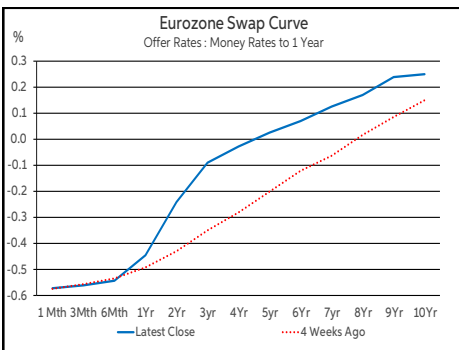
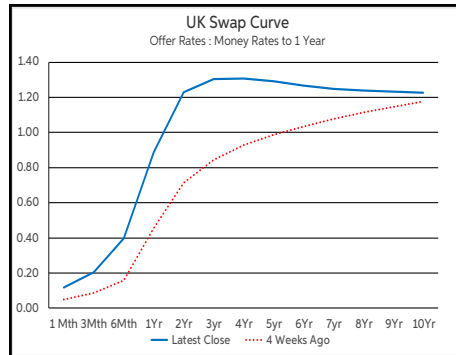
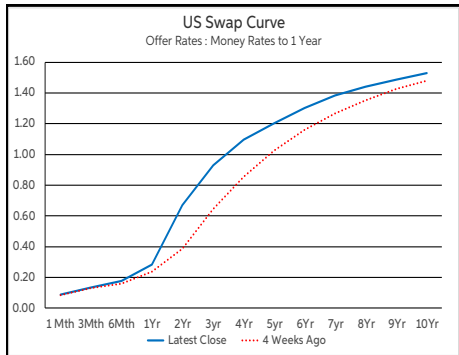
Monday 01 November 2021  
07:16 am



Euro		Sterling		Dollar	
EUR/GBP	0.8459	GBP/EUR	1.1817	USD/JPY	114.34
EUR/USD	1.1551	GBP/USD	1.3652	USD/CAD	1.2389
EUR/JPY	132.08	GBP/CAD	1.6915	USD/CHF	0.9167
EUR/SEK	9.9458	GBP/NZD	1.9031	USD/CNY	6.402
EUR/DKK	7.4391	GBP/JPY	156.1	USD/BRL	5.6372
EUR/NOK	9.769	GBP/SEK	11.7526	USD/RUB	71.101
EUR/CHF	1.059	GBP/DKK	8.7904	USD/INR	74.988
EUR/AUD	1.5402	GBP/NOK	11.5443	AUD/USD	0.75
EUR/HKD	8.9854	GBP/CHF	1.2515	NZD/USD	0.717
EUR/CAD	1.4309	GBP/AUD	1.8201		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.56	-2	+10	+64
Germany	-0.09	+6	+13	+48
UK	1.03	+2	+3	+84
Ireland	0.32	+5	+14	+62
Belgium	0.24	+6	+15	+63
France	0.28	+6	+15	+62
Italy	1.13	+13	+31	+61
Spain	0.62	+10	+19	+57
Portugal	0.53	+12	+20	+47
Greece	1.34	+28	+50	+71
<b>5 Year Swap %</b>				
US	1.20	+1	+21	+78
Eurozone	0.03	+4	+24	+49
UK	1.29	+6	+31	+110
<b>2 Year Swap %</b>				
US	0.67	+5	+31	+48
Eurozone	-0.24	+3	+20	+29
UK	1.23	+1	+53	+120
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	41	-0	+2	+14
Belgium	34	+1	+2	+15
France	37	+1	+2	+14
Italy	123	+8	+19	+13
Spain	72	+5	+6	+9
Portugal	63	+7	+8	-1
Greece	143	+22	+38	+23



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	84.38	+0.07	+6.43	+62.90
West Texas Oil	83.5	+0.87	+9.85	+72.70
Gold \$	1782.8	-0.88	+1.28	-5.99

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