

Packed diary this week

This week contains a packed diary of central bank meetings and key data. It kicked off yesterday with the flash readings of Eurozone Q3 GDP and inflation (Oct). The GDP data showed the economy grew by 0.2% q/q in Q3, in line with forecasts. Headline inflation rose to a higher than expected 10.7% (vs. f'cast for 10.2%).

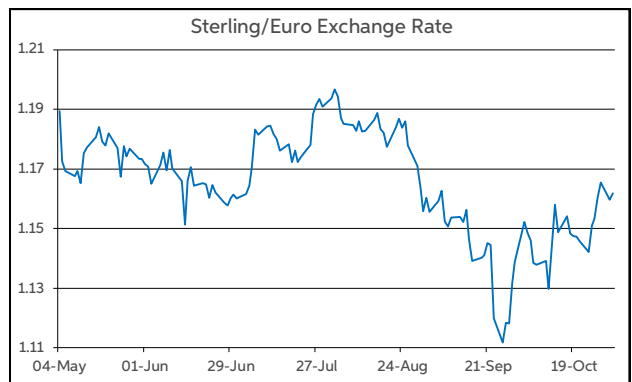
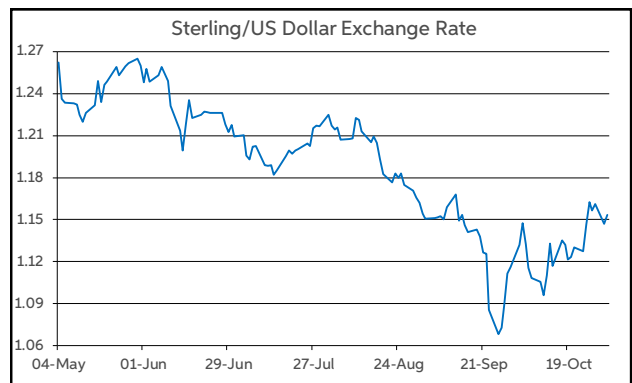
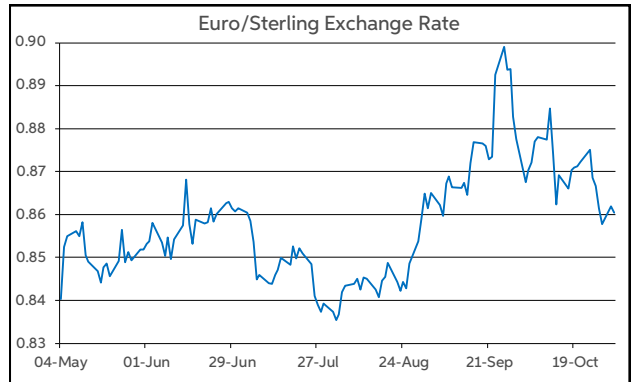
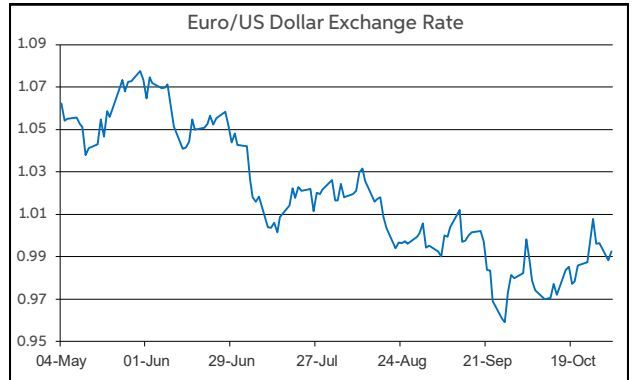
Currency-wise, the main FX pairs have been in relatively tight trading ranges for the past 24 hours. In level terms, EUR/USD opens this morning in the lower half of \$0.99-1.00 band, while EUR/GBP is trading near to the 86p threshold. Elsewhere, GBP/USD is within the \$1.15-1.16 corridor. On bond markets, yields were higher, while there was a mixed performance on equity markets.

Looking ahead, monetary policy will take centre stage over the coming days. Tomorrow evening there is some event risk for the dollar, with the Fed expected to hike by 75bps, for a fourth straight meeting. A lot of interest will be on Chair Powell's press conference for signals of a shift to smaller sized rate hikes going forward. Market pricing sees US rates peaking at 4.75%-5.00% in 2023. This is broadly in line with the Fed's dot plot.

Meanwhile, on Thursday, the BoE is seen hiking rates by 75bps to 3.00%. There has been a lot of volatility on UK market rate expectations amid the many fiscal policy U-turns. Futures contracts are currently pricing a peak Bank Rate near 4.75%. The updated Monetary Policy Report forecasts and Governor Bailey's comments will be assessed for signals on how high rates may go.

The week finishes off with the focus shifting back to the data calendar, with US payroll figures for October due on Friday. The headline number is pencilled in for a strong 200k gain.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9928	-0.18	-12.67
EUR/GBP	0.8607	0.33	2.46
GBP/USD	1.1535	-0.50	-14.74
GBP/EUR	1.1614	-0.33	-2.41
USD/JPY	147.57	-0.23	28.23
EUR/JPY	146.55	-0.40	11.98

* 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	3.125	3.80	4.46	5.02	4.81	4.22
EUR	1.25	1.21	1.64	2.64	2.86	2.91
GBP	2.25	2.87	3.36	4.56	4.78	4.53

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

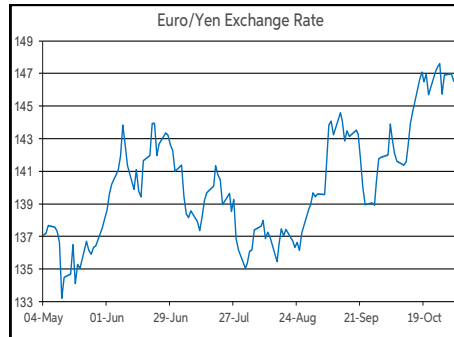
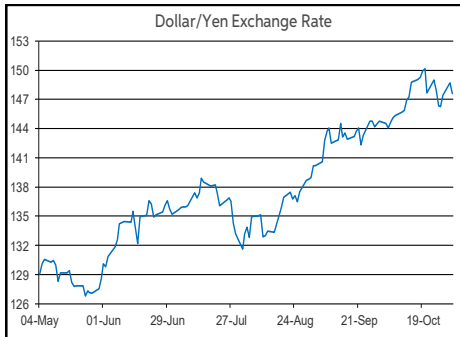
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

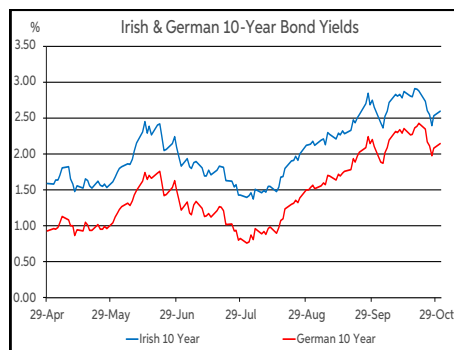
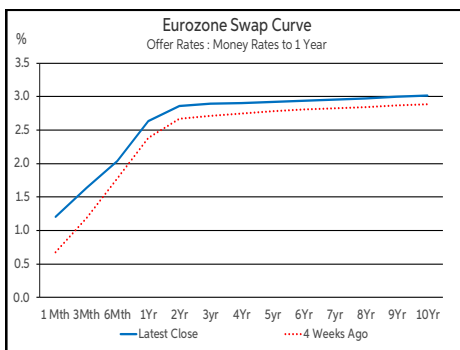
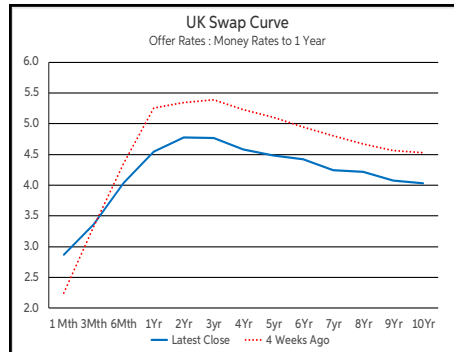
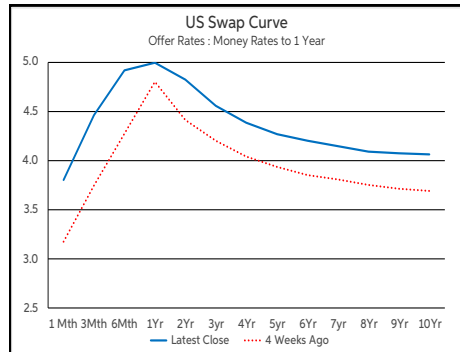
Tuesday 01 November 2022
07:11 am



Euro		Sterling		Dollar	
EUR/GBP	0.8607	GBP/EUR	1.1614	USD/JPY	147.57
EUR/USD	0.9928	GBP/USD	1.1535	USD/CAD	1.355
EUR/JPY	146.55	GBP/CAD	1.5632	USD/CHF	0.9972
EUR/SEK	10.8834	GBP/NZD	1.9641	USD/CNY	7.2723
EUR/DKK	7.445	GBP/JPY	170.22	USD/BRL	5.1796
EUR/NOK	10.2335	GBP/SEK	12.6452	USD/RUB	61.5
EUR/CHF	0.9902	GBP/DKK	8.6483	USD/INR	82.631
EUR/AUD	1.5416	GBP/NOK	11.89	AUD/USD	0.644
EUR/HKD	7.7928	GBP/CHF	1.1503	NZD/USD	0.5871
EUR/CAD	1.3454	GBP/AUD	1.7909		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	4.05	+4	+41	+254
Germany	2.15	+6	+26	+233
UK	3.52	+3	-42	+255
Ireland				
Ireland	2.62	+7	+13	+237
Belgium	2.75	+6	+20	+257
France	2.69	+8	+19	+249
Italy	4.31	+15	+10	+312
Spain	3.26	+10	+19	+266
Portugal	3.16	+9	+21	+268
Greece	4.59	+6	-25	+328
5 Year Swap %				
US	4.27	+4	+38	+294
Eurozone	2.93	+3	+15	+291
UK	4.48	+5	-62	+321
2 Year Swap %				
US	4.83	+6	+45	+388
Eurozone	2.87	+5	+20	+317
UK	4.77	+3	-56	+358
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+0	-12	+4
Belgium	60	+0	-6	+24
France	54	+2	-6	+16
Italy	216	+8	-16	+79
Spain	111	+4	-7	+33
Portugal	101	+2	-5	+35
Greece	244	-1	-51	+95



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.83	-0.98	+6.72	+21.92
West Texas Oil	86.54	-1.49	+2.96	+14.88
Gold \$	1633.1	-0.53	-3.89	-10.68

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