

US labour market report in focus today

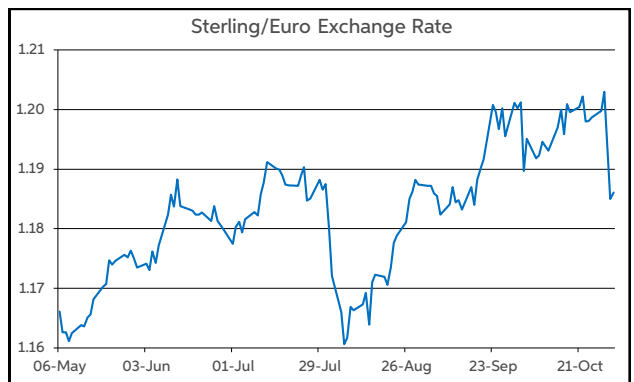
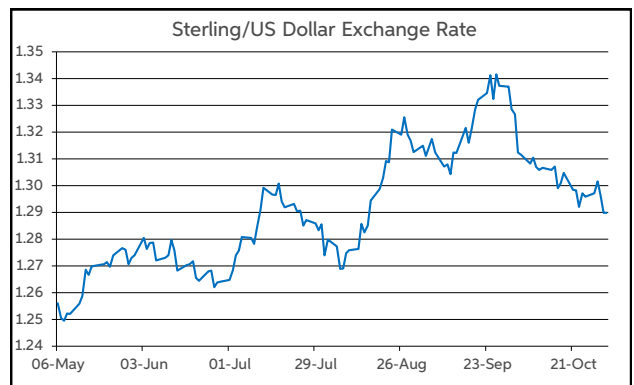
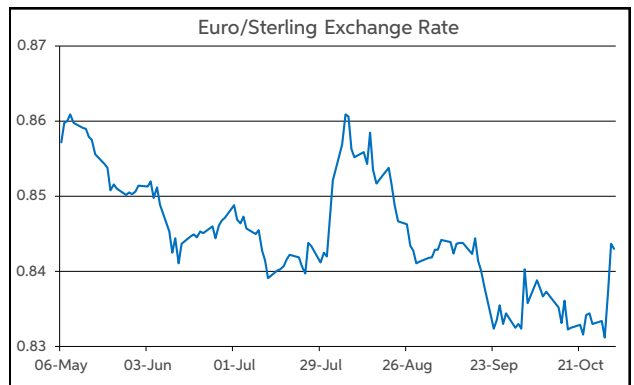
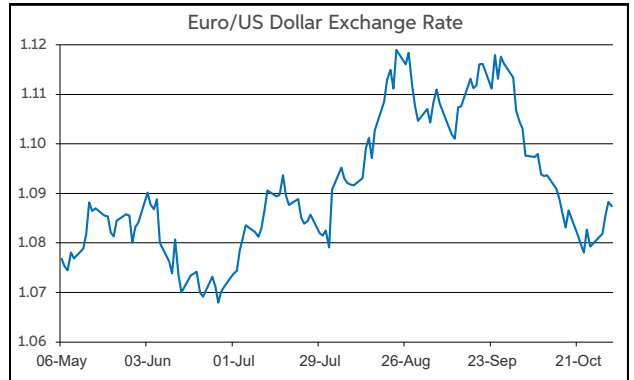
Equity markets moved lower on both sides of the Atlantic yesterday, amid some disappointing Q3 earnings reports. The Euro Stoxx 50 fell by 1.2%, while the S&P 500 shed 1.9%. Meantime, on bond markets, UK Gilt yields continued to move higher, rising by 3-12bps along the curve. In contrast, German Bund yields and US Treasury yields rose by a more modest 1-3bps.

Data-wise, Eurozone Flash HICP inflation printed slightly above the consensus. The headline rate increased to 2.0% in October (vs. 1.9% f'cast), while the core rate remained at 2.7% (2.6% f'cast). However, the data had a minimal impact on markets. Meanwhile, US core-PCE inflation also came in higher than anticipated, staying at 2.7% in September (vs. 2.6% f'cast). Elsewhere, US personal income and consumption grew by more than expected in September, rising by 0.3% and 0.5% in nominal terms, respectively. Overall, the data suggest the US economy maintains solid momentum.

On the currency front, sterling was on the defensive yesterday. The move coincided with the sell-off in Gilts as markets continue to digest the UK Autumn Budget. Overall sterling lost circa 0.7% against the euro and 0.5% versus the dollar. The weaker tone to sterling is reflected by EUR/GBP opening this morning up above the 84p handle. GBP/USD is back at the \$1.29 threshold. Elsewhere, EUR/USD is in the top half of \$1.08-1.09. USD/JPY is in the lower half of ¥152-153, as the BoJ left policy on hold overnight.

Turning to the day ahead, the US labour market report for October is due. Payrolls are forecast to rise by 113k, while the unemployment rate is projected to remain at 4.1%. Average earnings growth is set to stay at 4.1% in the month. The release poses some event risk for the dollar and US rate expectations.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0874	0.21	-1.47
EUR/GBP	0.843	0.66	-2.75
GBP/USD	1.2898	-0.45	1.33
GBP/EUR	1.186	-0.65	2.82
USD/JPY	152.27	-0.37	7.95
EUR/JPY	165.6	-0.16	6.41

* 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	4.88	4.64	4.54	4.17	4.24	4.08
EUR	3.40	3.13	3.06	2.56	2.41	2.38
GBP	5.00	4.77	4.73	4.45	4.51	4.30

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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Euro

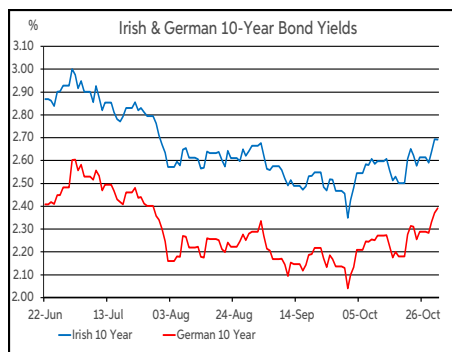
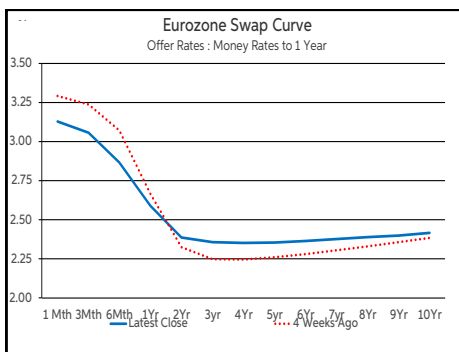
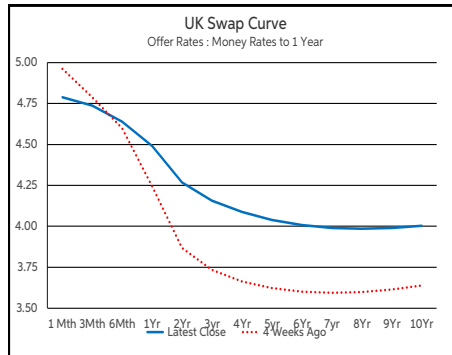
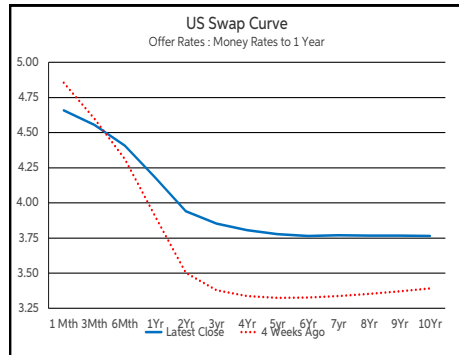
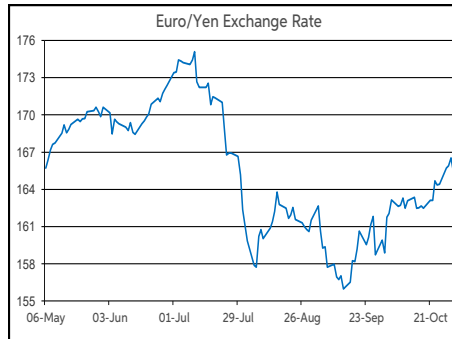
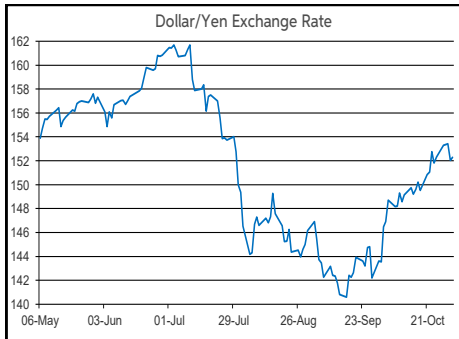
EUR/GBP	0.843
EUR/USD	1.0874
EUR/JPY	165.6
EUR/SEK	11.6042
EUR/DKK	7.4593
EUR/NOK	11.9548
EUR/CHF	0.9429
EUR/AUD	1.657
EUR/HKD	8.4568
EUR/CAD	1.5154

Sterling

GBP/EUR	1.186
GBP/USD	1.2898
GBP/CAD	1.7974
GBP/NZD	2.1605
GBP/JPY	196.4
GBP/SEK	13.763
GBP/DKK	8.8476
GBP/NOK	14.1792
GBP/CHF	1.1184
GBP/AUD	1.9655

Dollar

USD/JPY	152.27
USD/CAD	1.3936
USD/CHF	0.867
USD/CNY	7.1226
USD/BRL	5.7925
USD/RUB	97.05
USD/INR	84.054
AUD/USD	0.6562
NZD/USD	0.5969



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	4.28	+2	+43	+42
Germany	2.39	+2	+26	+36
UK	4.45	+10	+43	+91
5 Year Swap %				
Ireland	2.72	+0	+23	+36
Belgium	2.98	+2	+21	+29
France	3.14	+2	+20	+58
Italy	3.67	+4	+24	-3
Spain	3.11	+2	+18	+11
Portugal	2.82	+3	+11	+3
Greece	3.35	+6	+20	+27
2 Year Swap %				
US	4.04	-1	+49	+25
Eurozone	2.36	-3	+11	-7
UK	4.28	+5	+40	+62
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	-1	-3	-1
Belgium	59	+0	-4	-7
France	74	+0	-5	+21
Italy	127	+2	-2	-40
Spain	71	+0	-8	-25
Portugal	42	+2	-14	-33
Greece	95	+4	-6	-9

Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	73.16	+0.84	-5.75	-5.04
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2743.8	-1.52	+3.31	+33.03

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