

Euro holding a slightly firmer tone

There was a relatively quiet start to the week on financial markets yesterday. On equity markets, the positive tone to investor sentiment from last week carried over into this week, with the Euro Stoxx 50 gaining 0.7%, while the S&P 500 edged slightly higher, up 0.2%.

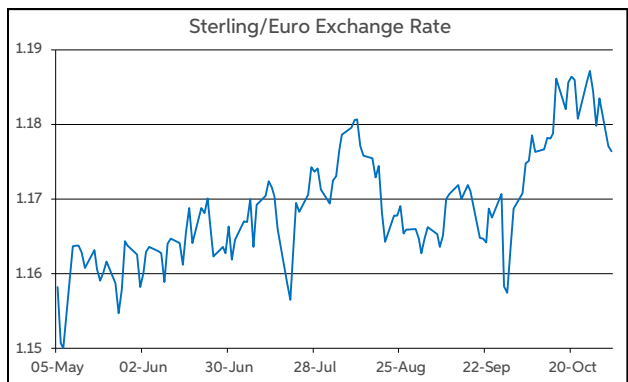
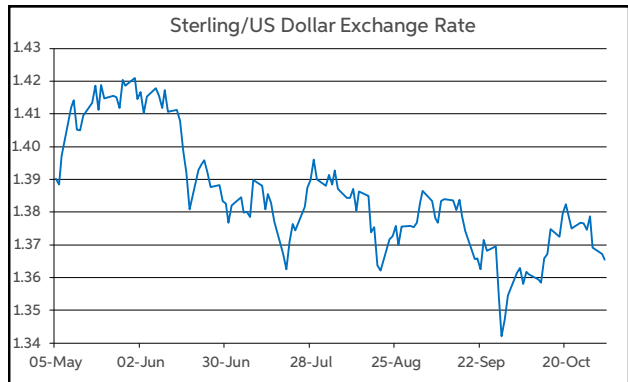
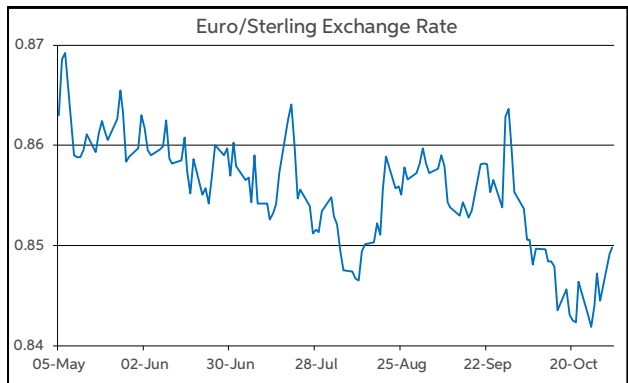
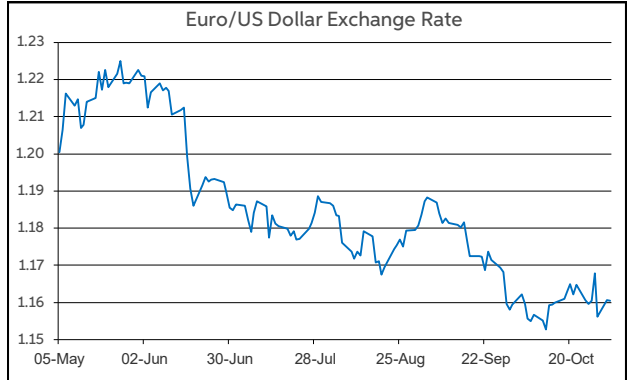
Meantime, on bond markets, the spread between German Bunds and Eurozone periphery bond yields continued to widen. The Italian 10Yr spread widened by a further 10bps, ending the day above 130bps for the first time since November of last year. The widening between core and periphery yields has been ongoing since the ECB meeting last week.

Currency-wise, the main FX pairs were confined to levels well within their recent trading ranges. A sparse data schedule likely contributed to the muted action. The only release of note, the manufacturing ISM in the US was broadly as expected, with the index remaining almost unchanged and above 60 in October.

Of the limited moves to register on the exchanges, the euro was holding a slightly firmer tone. The currency recorded a modest gain against both the dollar and sterling. This is reflected in EUR/USD opening this morning at the \$1.16 handle. Meanwhile, EUR/GBP is changing hands up at the 85p mark. Elsewhere, GBP/USD is operating in and around the midpoint of the \$1.36-1.37 corridor.

Ahead today, there is a very light macro calendar on both sides of the Atlantic. This suggests we may be in for a quiet day on currency markets, as investors keep their powder dry ahead of the key Fed and BoE meetings later this week.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1604	0.36	-4.99
EUR/GBP	0.8498	0.60	-4.91
GBP/USD	1.3657	-0.21	-0.12
GBP/EUR	1.1766	-0.60	5.17
USD/JPY	113.65	-0.51	10.08
EUR/JPY	131.92	-0.12	4.57

* 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	0.29	0.68	1.23
EUR	0.00	-0.56	-0.55	-0.48	-0.28	0.00
GBP	0.10	0.13	0.23	0.88	1.21	1.30

All rates quoted are indicative market rates

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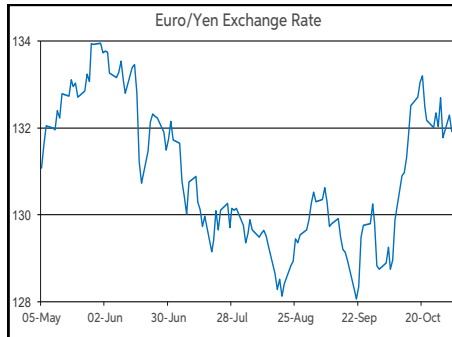
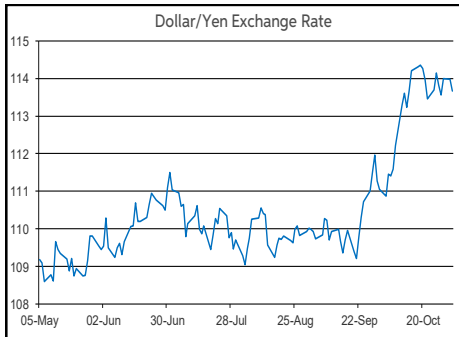
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

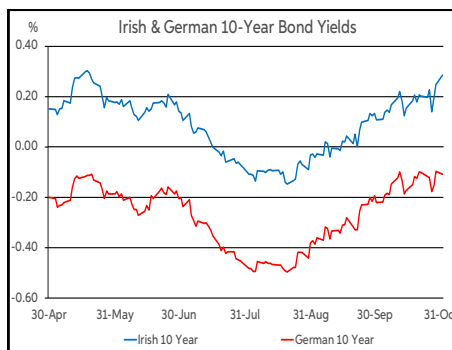
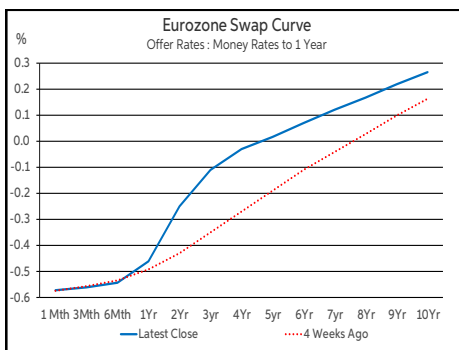
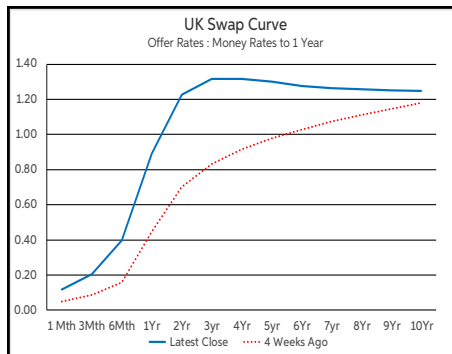
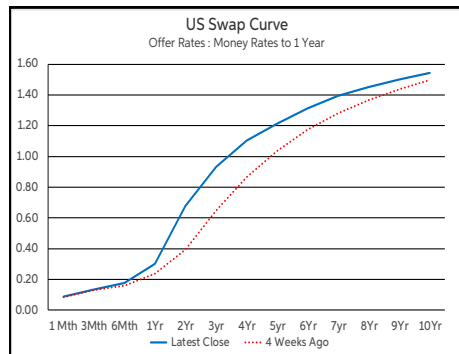
Tuesday 02 November 2021
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.8498	GBP/EUR	1.1766	USD/JPY	113.65
EUR/USD	1.1604	GBP/USD	1.3657	USD/CAD	1.2388
EUR/JPY	131.92	GBP/CAD	1.692	USD/CHF	0.9097
EUR/SEK	9.9001	GBP/NZD	1.9051	USD/CNY	6.3984
EUR/DKK	7.4393	GBP/JPY	155.21	USD/BRL	5.6797
EUR/NOK	9.7603	GBP/SEK	11.649	USD/RUB	71.501
EUR/CHF	1.0557	GBP/DKK	8.7524	USD/INR	74.745
EUR/AUD	1.5535	GBP/NOK	11.4855	AUD/USD	0.747
EUR/HKD	9.0317	GBP/CHF	1.2424	NZD/USD	0.7166
EUR/CAD	1.4378	GBP/AUD	1.8279		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.56	+0	+8	+64
Germany	-0.10	-1	+11	+47
UK	1.06	+3	+5	+87
5 Year Swap %				
US	1.21	+1	+22	+79
Eurozone	0.02	-2	+22	+48
UK	1.30	+1	+33	+111
2 Year Swap %				
US	0.68	+2	+32	+49
Eurozone	-0.25	-2	+19	+28
UK	1.23	-0	+54	+120
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	+4	+6	+18
Belgium	34	+0	+2	+15
France	38	+1	+3	+15
Italy	132	+10	+28	+23
Spain	74	+3	+9	+11
Portugal	67	+4	+11	+3
Greece	144	+1	+37	+24



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	84.71	+0.39	+4.25	+63.53
West Texas Oil	84.08	+0.69	+8.24	+73.90
Gold \$	1793.0	+0.57	+1.33	-5.45

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