

No surprises from Fed, BoE in focus today

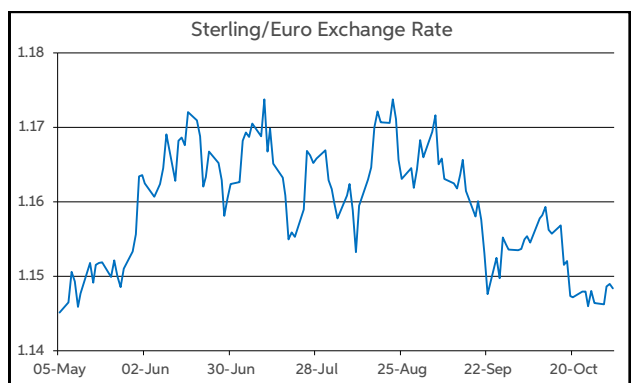
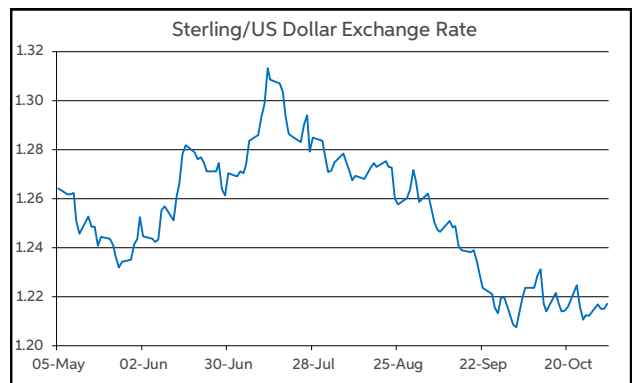
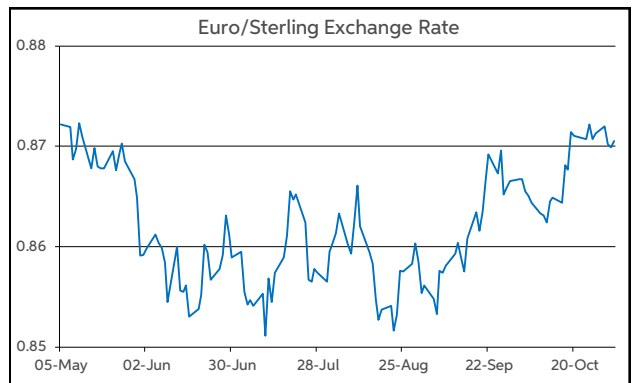
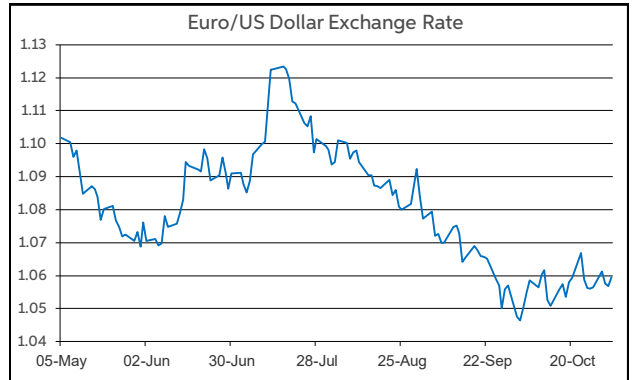
For much of yesterday, markets were in a wait-and-see mode with the conclusion of the Fed's two-day policy setting meeting occurring after the European close. The meeting outcome itself was very much in line with expectations. The Fed left its key target range unchanged in a 5.25-5.50% range for the second consecutive meeting. The meeting statement was also lacking in surprises. Meanwhile, Fed Chair Powell did not provide any new guidance in his post-meeting press conference. He retained the option to hike rates again, if required.

In terms of market reaction, US Treasury yields, which were already in decline following a weaker than forecast manufacturing ISM, continued to fall in the aftermath of the Fed outcome/press conference. The 10-year Treasury yield fell below the 4.8% level, to trade nearer to 4.7%.

From a currency perspective, the dollar is softer over the past 24 hours, although the extent of this is relatively mild compared to the fall in US yields. In level terms, EUR/USD opens this morning up very near to the \$1.06 threshold. Meanwhile, GBP/USD is changing hands in the upper half of \$1.21-1.22. Elsewhere, EUR/GBP is trading at 87p, having spent much of yesterday just below this mark.

Looking ahead to today, the focus shifts to the BoE meeting. The market is attaching a very low probability to the central bank raising the Bank rate from its current level of 5.25%. However, the meeting does entail some event risk from a sterling viewpoint. The market will be closely analysing the Bank's updated macro forecasts and Governor Bailey's press conference for guidance on the outlook for UK interest rates.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0595	0.26	-1.00
EUR/GBP	0.8705	-0.03	-1.57
GBP/USD	1.2171	0.30	0.61
GBP/EUR	1.1483	0.03	1.60
USD/JPY	150.4	-0.59	14.71
EUR/JPY	159.4	-0.33	13.61

* 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	5.44	5.65	5.58	5.14	4.67
EUR	4.50	3.88	3.97	3.94	3.50	3.17
GBP	5.25	5.20	5.25	5.30	5.16	4.76

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

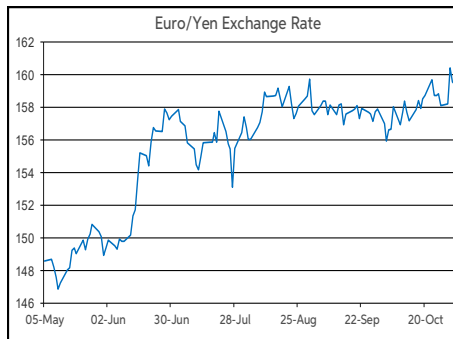
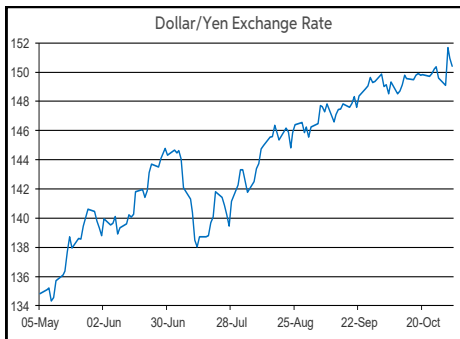
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

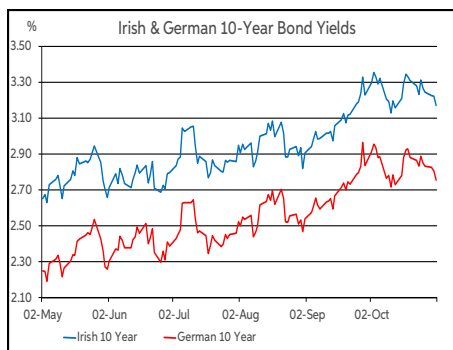
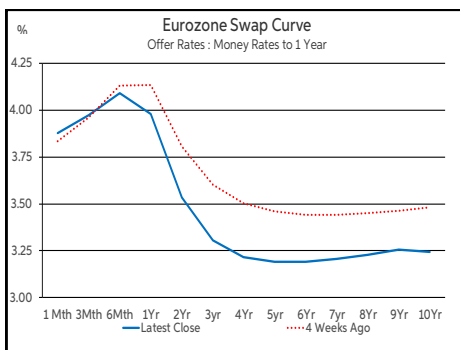
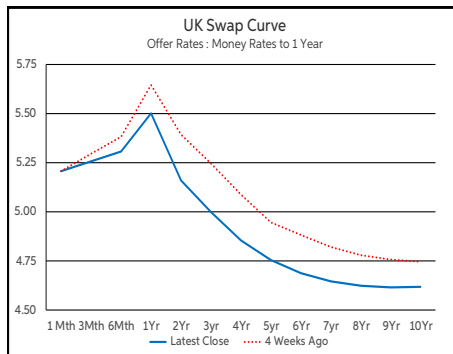
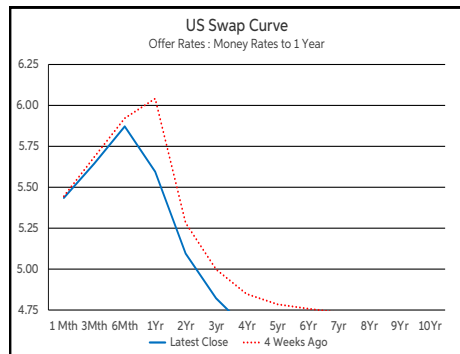
Thursday 02 November 2023
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8704	GBP/EUR	1.1482	USD/JPY	150.42
EUR/USD	1.0595	GBP/USD	1.217	USD/CAD	1.3836
EUR/JPY	159.41	GBP/CAD	1.6842	USD/CHF	0.9044
EUR/SEK	11.8062	GBP/NZD	2.0692	USD/CNY	7.3191
EUR/DKK	7.4638	GBP/JPY	183.06	USD/BRL	4.9539
EUR/NOK	11.7885	GBP/SEK	13.5588	USD/RUB	93.2675
EUR/CHF	0.9584	GBP/DKK	8.5711	USD/INR	83.2625
EUR/AUD	1.6488	GBP/NOK	13.5378		
EUR/HKD	8.2901	GBP/CHF	1.101	AUD/USD	0.6423
EUR/CAD	1.4662	GBP/AUD	1.8942	NZD/USD	0.5881



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.73	-19	-0	+86
Germany	2.76	-5	-18	+20
UK	4.50	-2	-9	+83
Ireland				
Ireland	3.20	-5	-15	+6
Belgium	3.42	-4	-19	+22
France	3.38	-5	-12	+27
Italy	4.67	-5	-22	-3
Spain	3.84	-4	-19	+19
Portugal	3.45	-6	-21	-15
Greece	4.16	+0	-25	-43
5 Year Swap %				
US	4.65	-18	-10	+65
Eurozone	3.19	-7	-26	-4
UK	4.75	-3	-14	+45
2 Year Swap %				
US	5.10	-14	-15	+42
Eurozone	3.54	-5	-26	+15
UK	5.16	-2	-23	+48
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-0	+3	-14
Belgium	66	+1	-0	+2
France	63	+0	+7	+8
Italy	192	-0	-3	-23
Spain	108	+1	-1	-1
Portugal	70	-0	-3	-34
Greece	141	+5	-7	-62



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	84.63	-3.18	-1.38	-1.49
West Texas Oil	81.05	-0.72	-3.88	+1.11
Gold \$	1982.2	-0.03	+8.85	+8.65

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