

Sterling lower post-BoE

Monetary policy remained in focus yesterday, as investors continued to digest the hawkish tone from Fed Chair Powell at the post-FOMC press conference. Meanwhile, the Bank of England raised interest rates by 75bps as anticipated. While the BoE maintains a tightening bias, Governor Bailey was clear that he does not expect rates to rise by as much as markets are pricing. Meanwhile, the latest Monetary Policy Report gave a bleak assessment of the economic outlook for the UK, outlining a two-year recession, with inflation remaining elevated also.

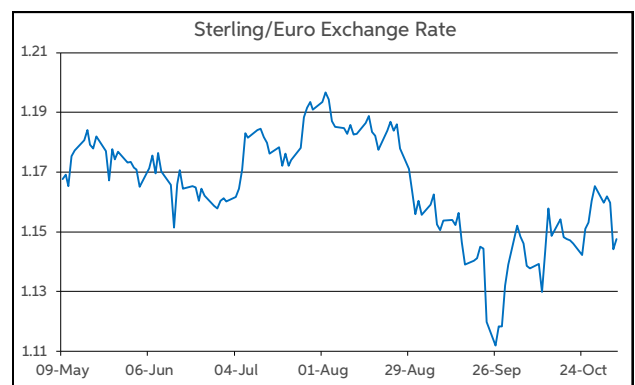
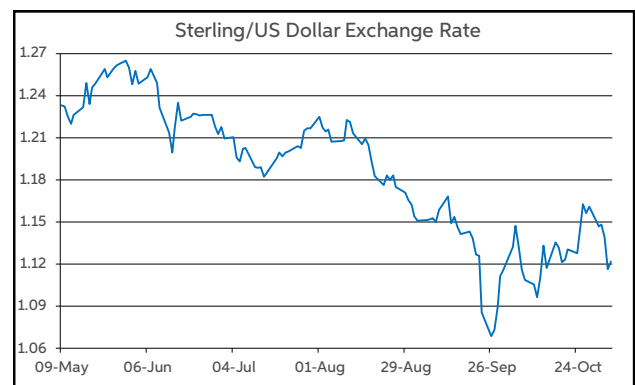
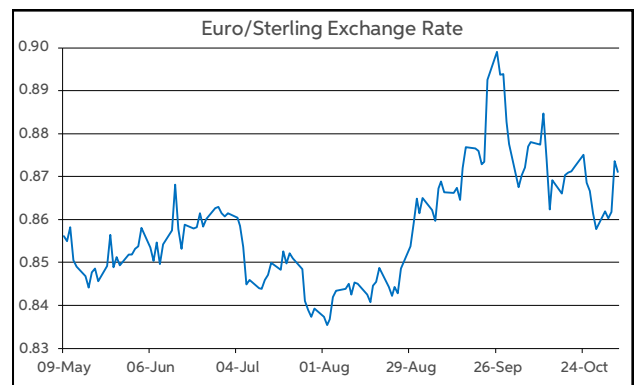
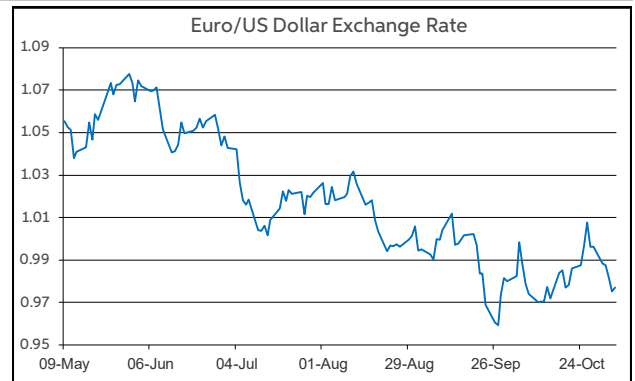
UK rate expectations fell by circa 10bps, but the peak is still seen as being above 4.5%. Meanwhile, sterling was more reactive to the BoE newsflow. It declined by 1-2%, as the more dovish BoE rates guidance and grim economic outlook weighed on the currency.

Elsewhere on markets, the dollar continued to hold a firmer tone, boosted by a hardening of US rate hike expectations following the Fed meeting the day before. Similarly, equity markets continued to move lower, with the S&P 500 and the Euro Stoxx 50 down by 1.1% and 0.8%, respectively.

In level terms, sterling weakness is reflected in EUR/GBP opening up above the 87p threshold. GBP/USD is changing hands down at \$1.12, having been in the top half of \$1.13-1.14 yesterday morning. EUR/USD is operating back below the \$0.98 threshold.

Today, the main data highlight will be the US labour market report for October. Payrolls are projected to rise by 200k, while the unemployment rate is forecast to edge higher to 3.6% (from 3.5%). The release poses some event risk for the dollar, with the Fed noting labour market conditions in the US remain "out of balance".

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.977	-0.55	-14.06
EUR/GBP	0.8713	1.18	3.73
GBP/USD	1.1215	-1.70	-17.10
GBP/EUR	1.1474	-1.17	-3.59
USD/JPY	147.89	0.35	28.51
EUR/JPY	144.55	-0.19	10.45

* 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	3.84	4.51	5.24	5.11	4.45
EUR	1.25	1.39	1.73	2.77	3.02	3.06
GBP	2.25	2.91	3.36	4.51	4.66	4.42

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

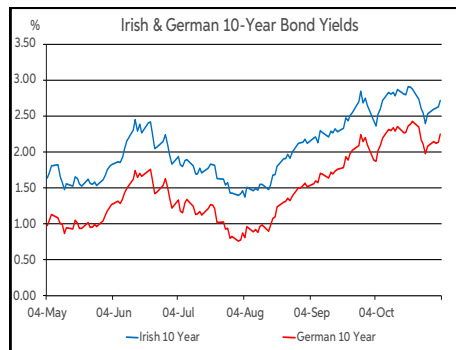
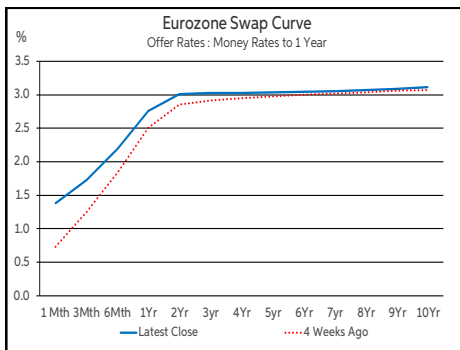
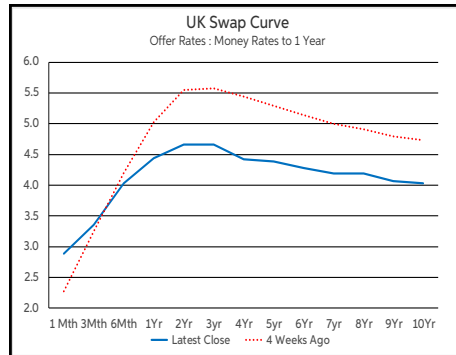
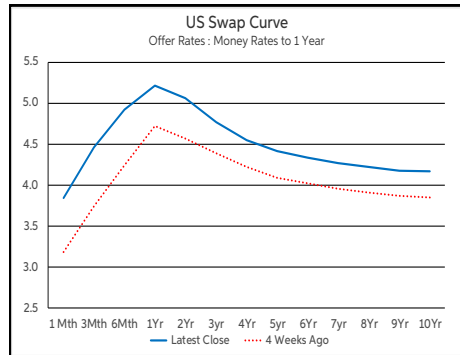
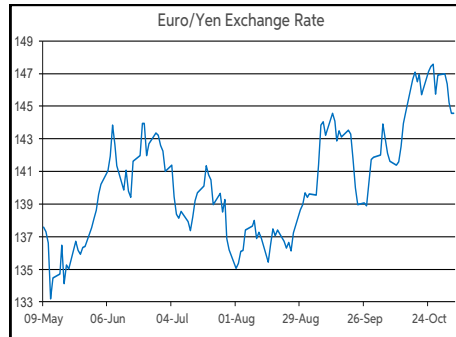
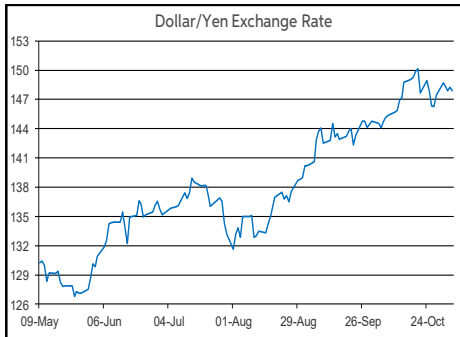
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Friday 04 November 2022
07:40 am



Euro		Sterling		Dollar	
EUR/GBP	0.8713	GBP/EUR	1.1473	USD/JPY	147.89
EUR/USD	0.9771	GBP/USD	1.1213	USD/CAD	1.3666
EUR/JPY	144.53	GBP/CAD	1.5325	USD/CHF	1.0104
EUR/SEK	10.8997	GBP/NZD	1.9306	USD/CNY	7.2581
EUR/DKK	7.4423	GBP/JPY	165.84	USD/BRL	5.116
EUR/NOK	10.271	GBP/SEK	12.505	USD/RUB	61.8
EUR/CHF	0.9875	GBP/DKK	8.5407	USD/INR	82.573
EUR/AUD	1.5425	GBP/NOK	11.786		
EUR/HKD	7.6708	GBP/CHF	1.1333	AUD/USD	0.6335
EUR/CAD	1.3356	GBP/AUD	1.77	NZD/USD	0.5803



	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	4.15	+5	+32	+264
Germany	2.25	+12	+17	+243
UK	3.51	+11	-67	+253
5 Year Swap %				
Ireland	2.75	+9	+10	+250
Belgium	2.84	+11	+10	+266
France	2.78	+11	+9	+258
Italy	4.42	+13	-10	+324
Spain	3.32	+6	+3	+273
Portugal	3.25	+9	+6	+276
Greece	4.65	+8	-8	+334
2 Year Swap %				
US	4.41	+4	+35	+308
Eurozone	3.04	+10	+7	+303
UK	4.39	+3	-85	+311
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	-3	-7	+7
Belgium	59	-1	-7	+23
France	53	-1	-7	+15
Italy	217	+2	-26	+81
Spain	107	-5	-13	+30
Portugal	100	-2	-10	+33
Greece	240	-3	-25	+91

	Commodities			
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.67	-1.55	+0.26	+21.72
West Texas Oil	88.14	-2.13	-0.85	+17.01
Gold \$	1629.2	-0.35	-4.78	-10.90

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