

## All bark no bite from the BoE

The Bank of England sprung a dovish surprise on markets yesterday, voting to leave monetary policy unchanged. Recently, comments from Governor Bailey had fuelled market expectations of a rate hike from the BoE. However, the MPC voted 7-2 to leave the Bank rate unaltered, with Bailey himself voting to leave policy unchanged. However, the BoE did lay the groundwork for rate hikes in the months ahead.

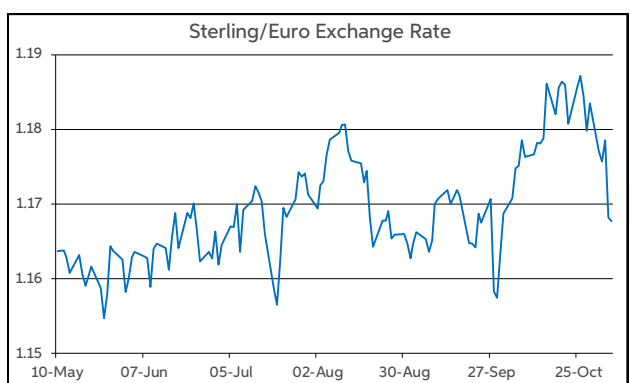
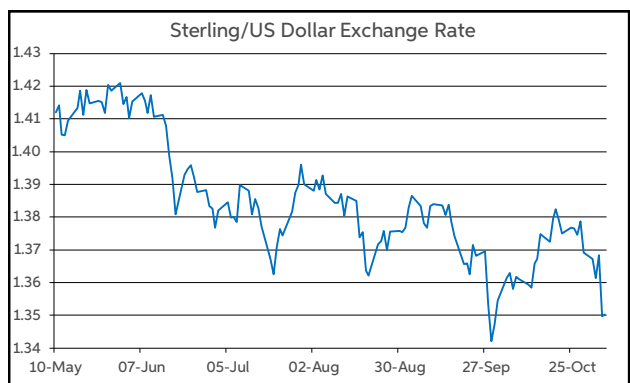
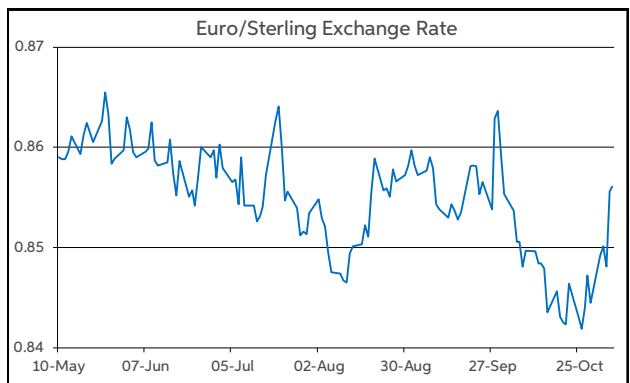
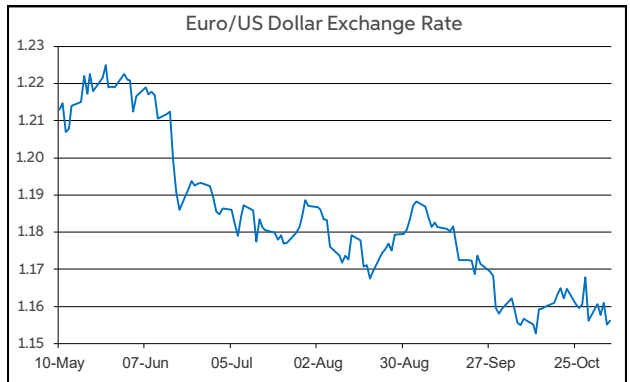
The decision not to increase the Bank rate as had been anticipated sparked a volatile reaction on financial markets. The UK Gilt yield curve steepened considerably, as near-term yields declined by more than longer dated maturities. The 2Yr Gilt yield dropped by circa 20bps, while the 30Yr yield fell by 5bps. Meanwhile, sterling lost around 1% against the dollar and euro.

As trading gets underway this morning, the weaker tone to sterling is reflected in EUR/GBP starting today above the midpoint of 85-86p. Meantime, cable (GBP/USD) is changing hands down at the \$1.35 handle. EUR/USD is operating near the halfway mark of the \$1.15-1.16 trading band.

Ahead today, the main data highlight of the week, the US non-farm payrolls report is due. The consensus is for a 450k rise in payrolls in October, following very meagre jobs growth over the past couple of months. Elsewhere, the unemployment rate is set to edge lower to 4.7% in October from 4.8% previously.

In the Eurozone, retail sales are forecast to rise by 0.3% in September. However, barring any major surprises, the data may not impact the action on currency markets, as investors continue to digest the fallout from the Bank of England meeting yesterday.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1562	-0.21	-5.33
EUR/GBP	0.8561	0.91	-4.21
GBP/USD	1.3504	-1.10	-1.24
GBP/EUR	1.1677	-0.90	4.39
USD/JPY	113.67	-0.42	10.10
EUR/JPY	131.41	-0.65	4.16

\* 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	0.125	0.09	0.14	0.28	0.67	1.23
EUR	0.00	-0.57	-0.57	-0.51	-0.36	-0.13
GBP	0.10	0.16	0.23	0.73	0.97	1.15

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

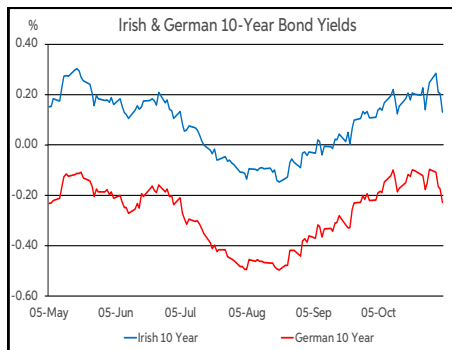
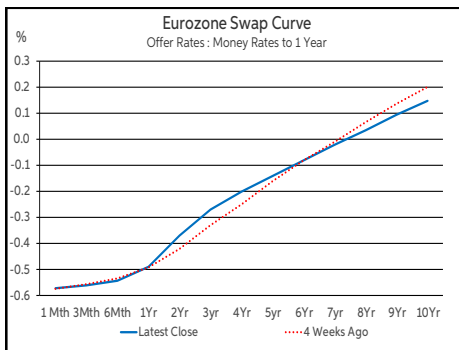
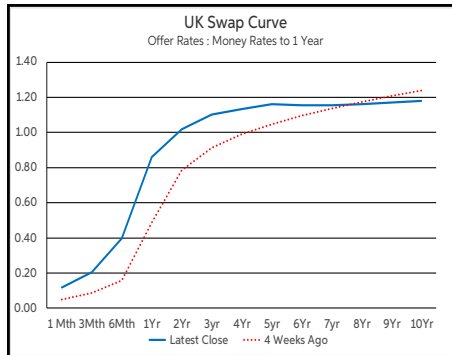
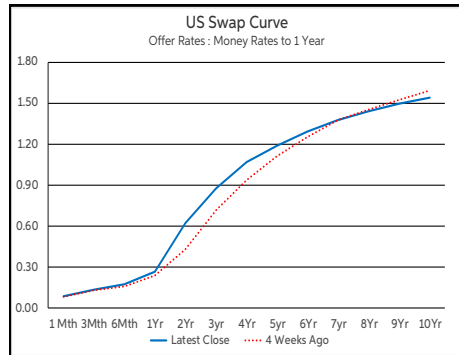
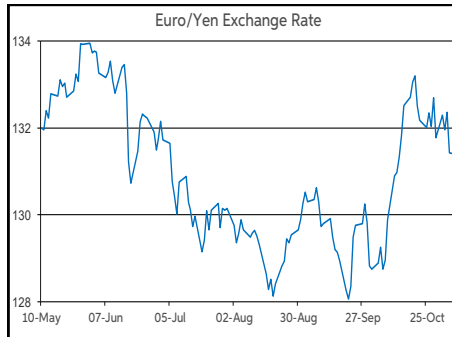
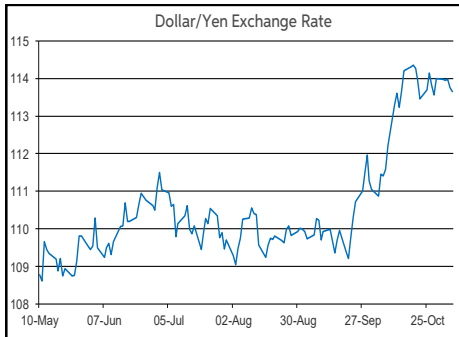
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Friday 05 November 2021  
07:34 am



Euro		Sterling		Dollar	
EUR/GBP	0.8561	GBP/EUR	1.1677	USD/JPY	113.67
EUR/USD	1.1562	GBP/USD	1.3504	USD/CAD	1.2457
EUR/JPY	131.41	GBP/CAD	1.6828	USD/CHF	0.9121
EUR/SEK	9.933	GBP/NZD	1.9052	USD/CNY	6.3996
EUR/DKK	7.4374	GBP/JPY	153.5	USD/BRL	5.602
EUR/NOK	9.9061	GBP/SEK	11.5998	USD/RUB	71.745
EUR/CHF	1.0548	GBP/DKK	8.685	USD/INR	74.3675
EUR/AUD	1.5645	GBP/NOK	11.5696		
EUR/HKD	8.9987	GBP/CHF	1.232	AUD/USD	0.7389
EUR/CAD	1.4409	GBP/AUD	1.8272	NZD/USD	0.7087



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.53	-7	-5	+61
Germany	-0.23	-6	-4	+35
UK	0.94	-13	-14	+75
<b>5 Year Swap %</b>				
US	1.19	-6	+11	+77
Eurozone	-0.14	-9	+3	+32
UK	1.16	-14	+12	+97
<b>2 Year Swap %</b>				
US	0.62	-3	+23	+43
Eurozone	-0.37	-6	+6	+16
UK	1.02	-18	+24	+99
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	-2	+3	+15
Belgium	30	-0	-1	+11
France	34	-1	-1	+11
Italy	116	-5	+13	+7
Spain	69	-0	+3	+6
Portugal	58	-2	+3	-6
Greece	135	-2	+29	+14

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	80.54	-1.77	-1.72	+55.48
West Texas Oil	78.88	-2.40	+0.54	+63.14
Gold \$	1791.7	+1.25	+2.07	-5.53

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