Morning Comment

AIB Treasury Economic Research Unit



Monday 06 November 2023 07:16 am

EUR/USD opens above \$1.07

Last week was a hectic one on markets, as a number of key central bank meetings, significant data releases, and continued volatility on bond markets, impacted investor sentiment. Overall though, risk appetite was quite firm, with the Euro Stoxx 50 gaining 4.0% and the S&P rising by 5.9% on the week.

In terms of monetary policy, the BoJ tweaked yield curve control, by removing a pledge to defend the 1% upper bound on 10-year JGB's unconditionally. Elsewhere, as expected, the Fed and BoE kept interest rates unchanged. However, both left the door open to hiking rates again if required. Data-wise, Eurozone GDP contracted by 0.1% in Q3, and inflation eased in October. In the US, labour market figures for October showed conditions in the jobs sector moderated, with payrolls printing below the consensus.

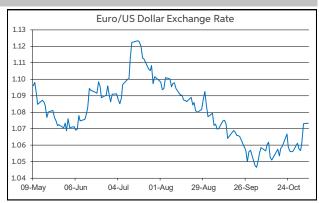
Against this backdrop, futures contracts softened across the board. Current pricing indicates that markets have considerably reduced bets that either the Fed or BoE will raise rates again. Meanwhile, a greater magnitude of rate cuts are priced-in for 2024, especially in the US. The softening in rates coincided with sharp falls in bond yields, particularly at the long-end of the curves. 10-30 year benchmark yields finished the week down by 15-30bps.

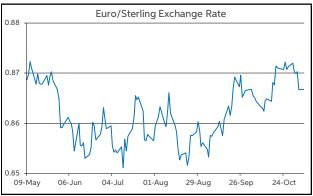
On the currency front, both the yen and dollar were on the defensive. Elsewhere, sterling was holding a firmer tone. EUR/USD opens this morning up above \$1.07. EUR/GBP is below 87p. Meantime, GBP/USD is in the top half of \$1.23-1.24 also. EUR/JPY is operating above ¥160, having been below ¥158 last Monday.

This week, there is a quieter macro calendar. However, UK Q3 GDP, and remarks from a plethora of central bankers will be of interest. **Daniel Noonan, Economist, AIB**

Today's Opening FX Rates				
		% Change		
	_	Day *	End 2022	
EUR/USD	1.0734	1.00	0.30	
EUR/GBP	0.8666	-0.45	-2.01	
GBP/USD	1.2382	1.43	2.36	
GBP/EUR	1.1531	0.45	2.05	
USD/JPY	149.59	-0.43	14.10	
EUR/JPY	160.59	0.54	14.46	
* v Previous Day's European Open				

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.64	5.50	5.02	4.56
EUR	4.50	3.88	3.96	3.96	3.51	3.14
GBP	5.25	5.18	5.23	5.22	5.07	4.57









All rates quoted are indicative market rates

See Next Page for More Rates

See Next Page For More Rates & Charts

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Opening Levels

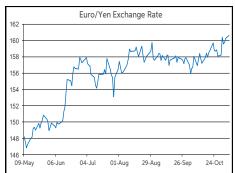


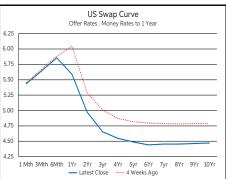
Euro)
EUR/GBP	0.8666
EUR/USD	1.0734
EUR/JPY	160.59
EUR/SEK	11.6772
EUR/DKK	7.4608
EUR/NOK	11.8494
EUR/CHF	0.9629
EUR/AUD	1.6493
EUR/HKD	8.3943
EUR/CAD	1.4658

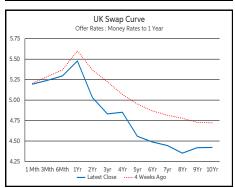
Sterling			
GBP/EUR	1.1531		
GBP/USD	1.2382		
GBP/CAD	1.6909		
GBP/NZD	2.0663		
GBP/JPY	185.22		
GBP/SEK	13.4622		
GBP/DKK	8.6063		
GBP/NOK	13.662		
GBP/CHF	1.1108		
GBP/AUD	1.9029		

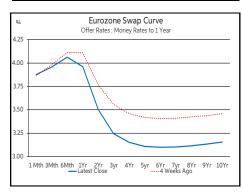
Dollar	
USD/JPY	149.59
USD/CAD	1.3655
USD/CHF	0.897
USD/CNY	7.283
USD/BRL	4.9007
USD/RUB	92.52
USD/INR	83.201
AUD/USD	0.6507
NZD/USD	0.5991

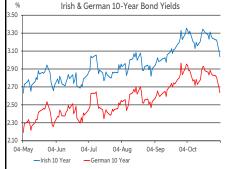












	Debt	Markets		
			Change bps	5
	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.58	-8	-22	+70
Germany	2.64	-7	-25	+7
UK	4.29	-10	-29	+62
Ireland	3.09	-6	-27	-6
Belgium	3.27	-7	-31	+7
France	3.23	-7	-25	+12
Italy	4.45	-11	-48	-26
Spain	3.68	-8	-34	+2
Portugal	3.31	-9	-33	-29
Greece	3.97	-11	-47	-63
5 Year Swap %				
US	4.49	-14	-29	+49
Eurozone	3.11	-5	-30	-12
UK	4.56	-9	-39	+26
2 Year Swap %				
US	4.97	-12	-28	+30
Eurozone	3.50	-3	-25	+11
UK	5.03	-8	-33	+35
10 Year Governm	ent Bond Spre	ads to Ben	chmark bps	
Ireland	45	+1	-2	-13
Belgium	63	-O	-6	-1
France	60	-O	-0	+5
Italy	181	-4	-23	-33
Spain	104	-1	-9	-5
Portugal	67	-2	-8	-37
Greece	133	-4	-22	-70

Commodities					
		% Change			
	Close	Day	4 Weeks	End 22	
Brent Oil	84.89	-2.26	+0.37	-1.19	
West Texas Oil	81.19	-2.23	-1.98	+1.28	
Gold \$	1992.3	+0.34	+8.73	+9.20	

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