

BoE and Fed cut by 25bps

In line with expectations, the BoE cut rates by 25bps yesterday. It means Bank rate is now at 4.75%. Meanwhile, there was a slightly more hawkish tone to the meeting statement/press conference. However, the overarching message from the BoE was that it should be able to continue to cut rates “gradually” moving forward.

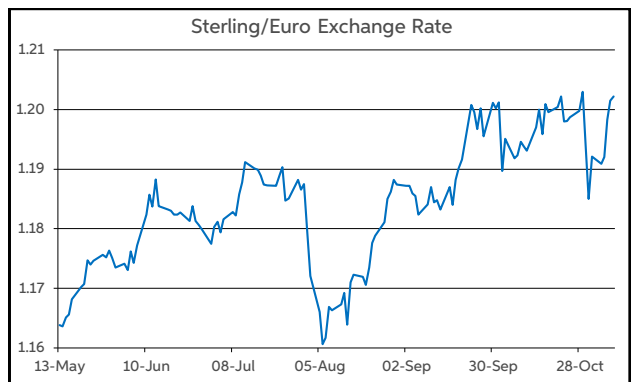
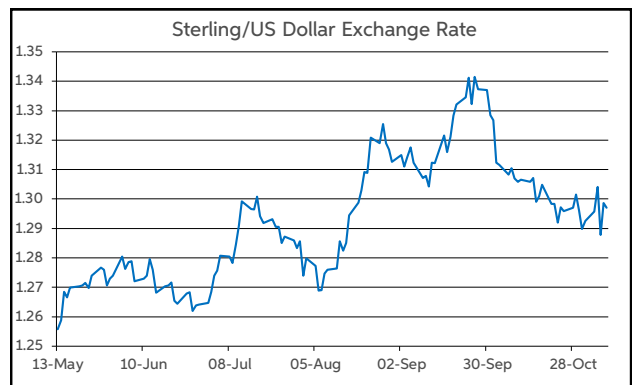
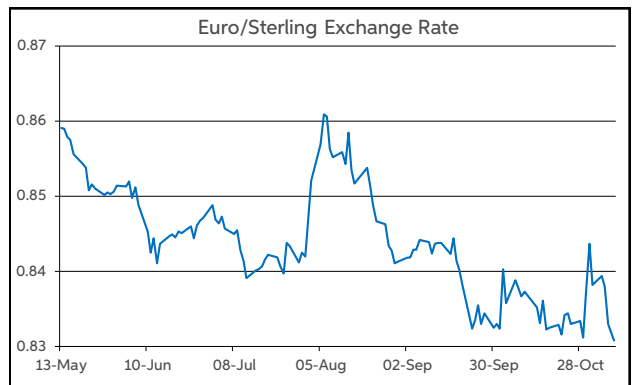
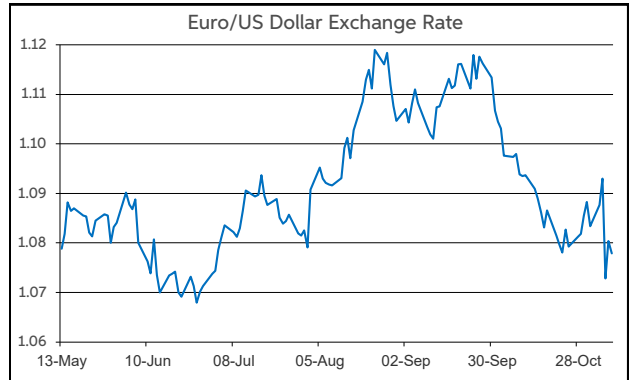
Like-wise, the Fed FOMC opted to cut rates by 25bps overnight, as anticipated. The Fed funds target range is now at 4.50-4.75%. At the press conference, Chair Powell struck a balanced tone. He offered no specific guidance on the future path of policy, and refused to rule “out or in” a further rate cut at the final meeting of the year in December.

Against this backdrop, UK futures contracts were marginally firmer yesterday. Markets are leaning towards a rate cut in February, although it is not fully priced-in. In total, circa 65bps worth of easing is expected between now and end-25 in the UK. In contrast, US futures softened slightly. Current pricing indicates there is a 90% chance the Fed will cut again in December. Further ahead, the target range is seen as being lowered to 3.50-3.75% by end-25.

Elsewhere, equities moved higher on both sides of the Atlantic. The Euro Stoxx 50 and S&P 500 rose by 1.1% and 0.7%, respectively. On the currency front, the dollar shed some of its recent gains. This sees EUR/USD open today in the top half of \$1.07-1.08. GBP/USD is in the upper region of \$1.29-1.30. EUR/GBP remains close to 83p.

Turning to the day ahead, there is a relatively quiet data schedule. The main release of note will be the preliminary reading of the Michigan measure of US consumer sentiment for November. The headline index is forecast to be little changed in the month.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0779	0.33	-2.33
EUR/GBP	0.8308	-0.04	-4.15
GBP/USD	1.2971	0.32	1.90
GBP/EUR	1.2032	0.04	4.33
USD/JPY	152.83	-0.76	8.34
EUR/JPY	164.75	-0.45	5.86

* 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	4.63	4.59	4.50	4.19	4.25	4.12
EUR	3.40	3.10	3.05	2.52	2.31	2.30
GBP	4.75	4.69	4.69	4.41	4.46	4.27

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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Euro

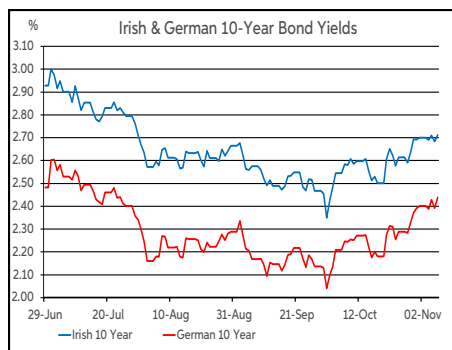
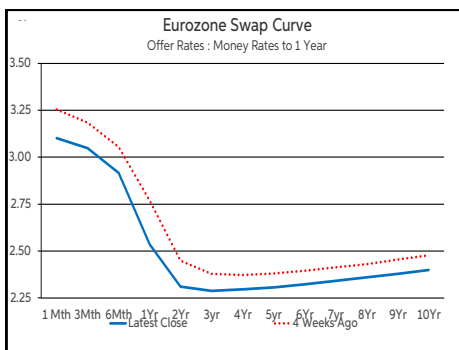
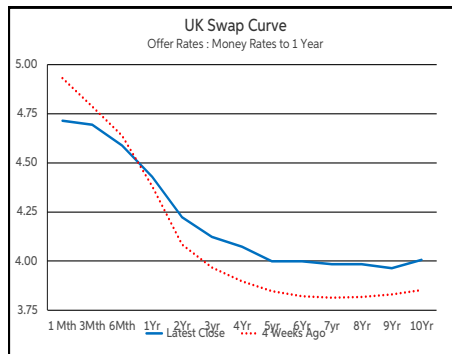
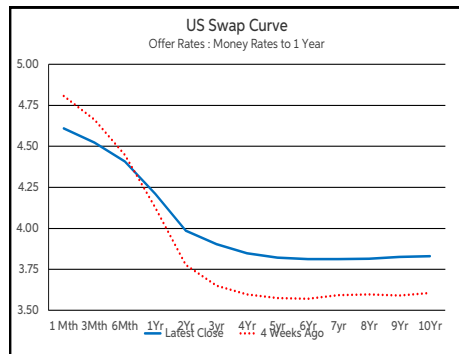
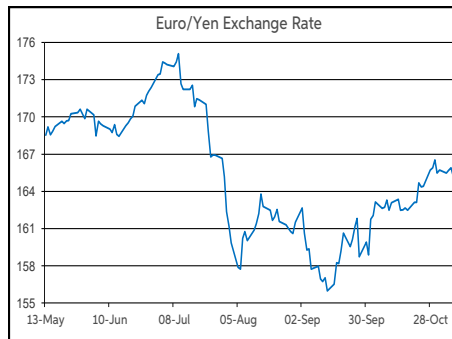
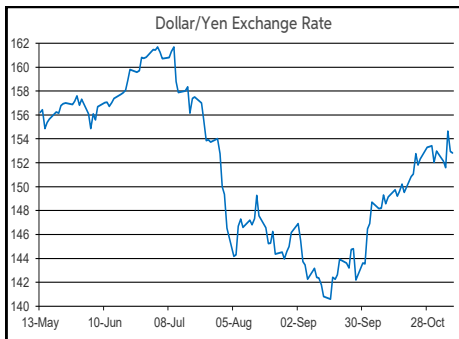
EUR/GBP	0.8308
EUR/USD	1.0779
EUR/JPY	164.75
EUR/SEK	11.5552
EUR/DKK	7.4574
EUR/NOK	11.75
EUR/CHF	0.941
EUR/AUD	1.6207
EUR/HKD	8.378
EUR/CAD	1.497

Sterling

GBP/EUR	1.2032
GBP/USD	1.2971
GBP/CAD	1.8013
GBP/NZD	2.1585
GBP/JPY	198.24
GBP/SEK	13.9048
GBP/DKK	8.9732
GBP/NOK	14.1383
GBP/CHF	1.1322
GBP/AUD	1.9501

Dollar

USD/JPY	152.83
USD/CAD	1.3887
USD/CHF	0.8729
USD/CNY	7.154
USD/BRL	5.6923
USD/RUB	97.95
USD/INR	84.3725
AUD/USD	0.665
NZD/USD	0.6008



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.34	-8	+25	+48
Germany	2.44	+5	+19	+41
UK	4.50	-6	+29	+96
5 Year Swap %				
US	4.09	-10	+27	+29
Eurozone	2.31	+1	-6	-12
UK	4.27	-8	+20	+62
2 Year Swap %				
US	4.24	-7	+22	-9
Eurozone	2.31	+0	-13	-48
UK	4.46	-5	+17	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	32	-3	-5	-2
Belgium	60	+0	-1	-6
France	77	-2	-0	+24
Italy	130	-5	+2	-37
Spain	74	-2	+0	-22
Portugal	50	-0	-1	-26
Greece	91	-4	-5	-14

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	75.63	+0.95	-4.75	-1.83
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2707.0	+1.80	+2.95	+31.24

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