

Softer tone to sterling

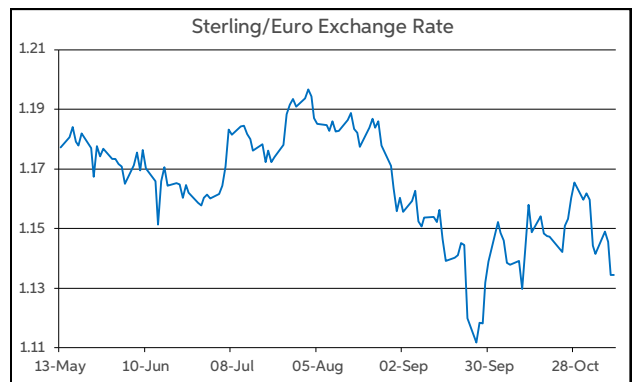
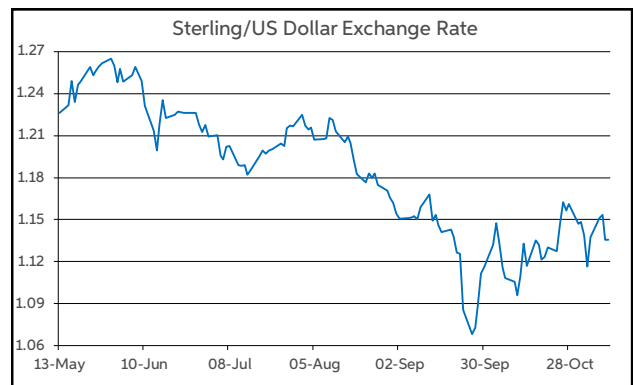
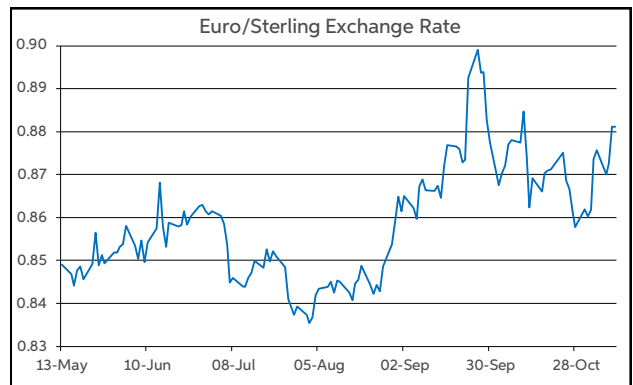
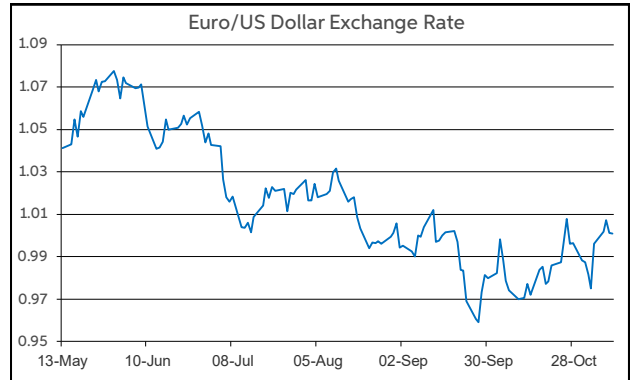
There was a cautious tone to investor sentiment yesterday. There was no macro news to impact risk appetite. Indeed, the calendar was sparse on both sides of the Atlantic. Instead, the news was dominated by the results emerging from the US mid-term elections.

Overall, the main equity indices moved lower but to differing degrees. In Europe, the Euro Stoxx 50 fell by 0.3%. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 was 2% lower on the day. The engagements on fixed income markets saw the main 10-year European benchmark yields decline by around 10bps. The 10-year US Treasury yield registered more modest moves, falling by 4bps.

On the currency front, sterling found itself on the defensive for much of yesterday, without any obvious catalyst. It was down around 1% on the exchanges. Meantime, the dollar was generally firmer against the other majors. In level terms, the weaker tone to sterling is reflected in EUR/GBP opening this morning up at the 88p mark. Cable (GBP/USD) has gone from being above \$1.15 to trade down below \$1.14. Elsewhere, the action in EUR/USD has been mostly confined to a tight range just above parity.

Looking ahead to today, we get the main data event of the week, with the release of US CPI inflation figures for October. The headline rate is forecast to slow marginally from 8.2% to 8.0%. Meanwhile, the consensus expectation for the core rate is also for a modest slowing, to 6.5% (from 6.6%). If the data were to surprise significantly versus forecasts, it could be a source of volatility for the dollar.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.002	-0.48	-11.86
EUR/GBP	0.8802	0.87	4.79
GBP/USD	1.1379	-1.34	-15.89
GBP/EUR	1.1353	-0.86	-4.57
USD/JPY	146.29	0.35	27.12
EUR/JPY	146.62	-0.10	12.03

* 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	3.875	3.88	4.63	5.18	4.97	4.31
EUR	2.00	1.42	1.79	2.79	2.95	2.88
GBP	3.00	2.96	3.47	4.47	4.60	4.31

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

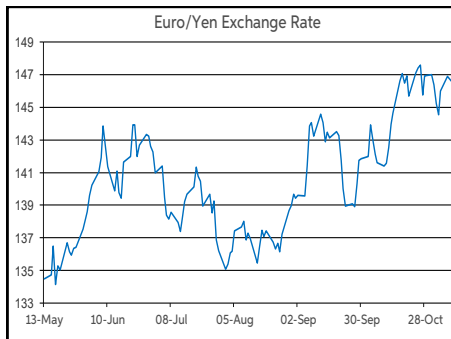
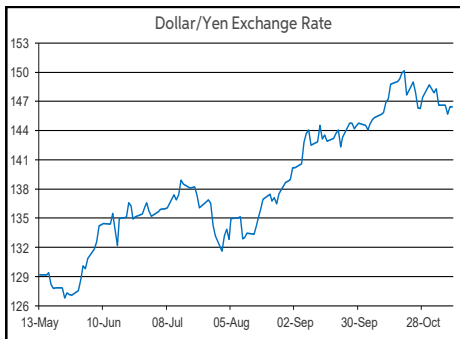
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

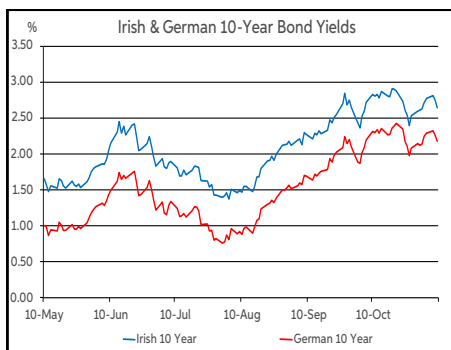
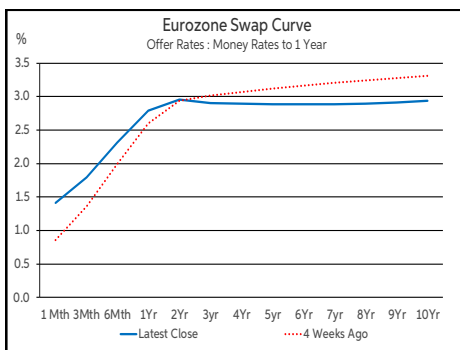
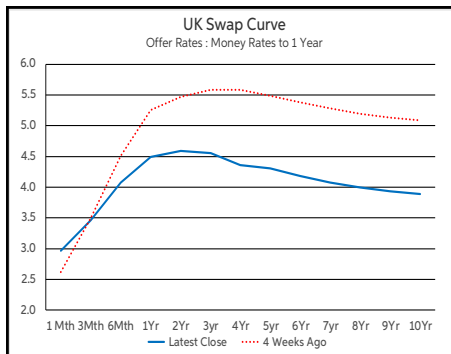
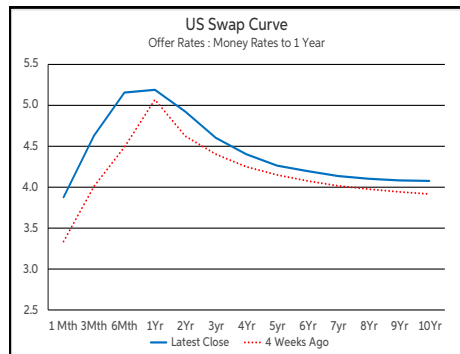
Thursday 10 November 2022
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8802	GBP/EUR	1.1353	USD/JPY	146.29
EUR/USD	1.002	GBP/USD	1.1379	USD/CAD	1.3544
EUR/JPY	146.62	GBP/CAD	1.5416	USD/CHF	0.9839
EUR/SEK	10.9171	GBP/NZD	1.9415	USD/CNY	7.2487
EUR/DKK	7.4377	GBP/JPY	166.46	USD/BRL	5.1864
EUR/NOK	10.4191	GBP/SEK	12.3972	USD/RUB	61.5
EUR/CHF	0.9859	GBP/DKK	8.4462	USD/INR	81.769
EUR/AUD	1.5642	GBP/NOK	11.8345		
EUR/HKD	7.8631	GBP/CHF	1.12	AUD/USD	0.6406
EUR/CAD	1.3574	GBP/AUD	1.7766	NZD/USD	0.586



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	4.10	-3	+20	+259
Germany	2.18	-9	-17	+236
UK	3.45	-10	-97	+248
Ireland				
Ireland	2.67	-12	-20	+242
Belgium	2.75	-10	-26	+258
France	2.69	-11	-27	+249
Italy	4.28	-10	-54	+309
Spain	3.22	-11	-32	+262
Portugal	3.15	-9	-29	+267
Greece	4.70	-2	-32	+339
5 Year Swap %				
US	4.26	-8	+15	+293
Eurozone	2.89	-12	-23	+288
UK	4.30	-10	-118	+303
2 Year Swap %				
US	4.92	-7	+33	+398
Eurozone	2.96	-8	+3	+326
UK	4.59	-4	-87	+340
10 Year Government Bond Spreads to Benchmark bps				
Ireland	50	-3	-3	+7
Belgium	58	-0	-9	+22
France	51	-1	-10	+14
Italy	210	-1	-37	+74
Spain	104	-1	-15	+27
Portugal	98	+0	-12	+31
Greece	253	+8	-15	+103



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	92.65	-2.84	+0.22	+19.12
West Texas Oil	88.8	-3.27	+1.10	+17.88
Gold \$	1706.3	-0.36	+2.02	-6.68

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