

Euro starts the week on the defensive

The re-election of former President Trump set the tone for proceedings on markets last week. Amid the potential for tax cuts and de-regulation (key cornerstones of Trump's economic policy) the S&P 500 rose sharply. It registered successive new all-time highs on the 6th, 7th and 8th of November, and briefly eclipsed 6,000 for the first time ever. Overall, it finished the week up 4.7%.

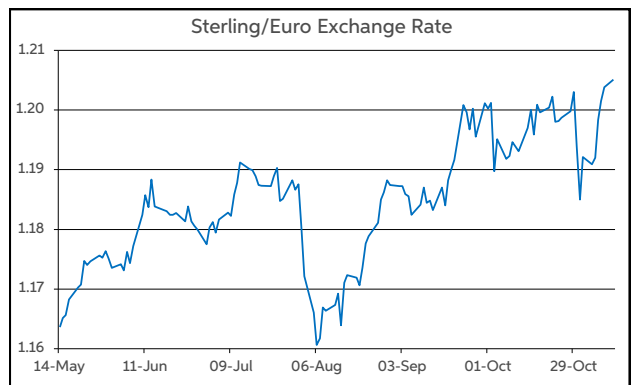
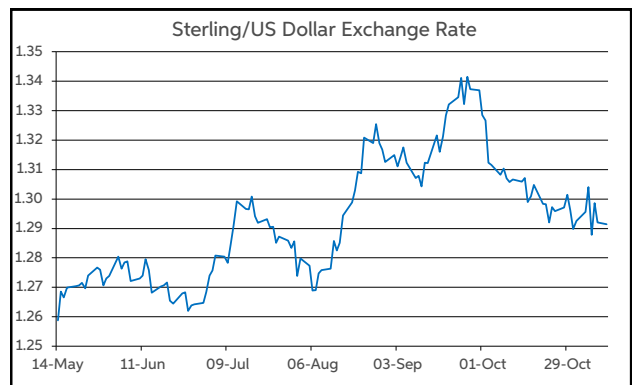
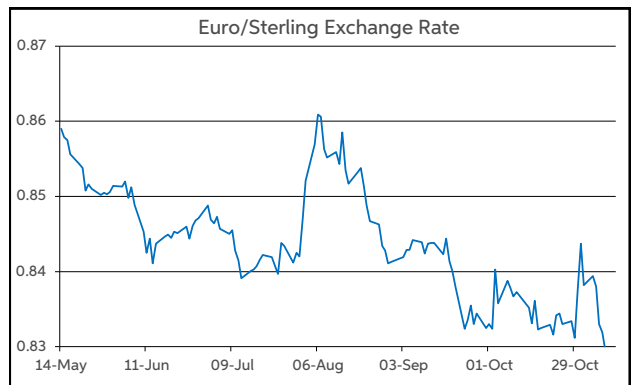
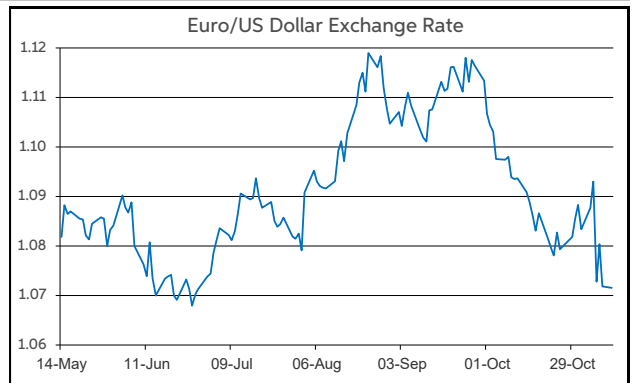
However, Trump's economic policies are also widely seen as being inflationary and they are likely to add to an already yawning US fiscal deficit. As a result, US Treasury yields climbed higher in the initial aftermath of the election results. As the week progressed though, yields moved off their highs. A 25bps rate cut from the Fed also contributed to the easing in yields. On the week, US Treasury yields finished just 1-10bps higher along the curve.

Meantime, amid concerns for a potentially more isolationist and protectionist US, including the introduction of higher trade tariffs, the Euro Stoxx 50 fell by 1.5% last week. Elsewhere on markets, the BoE cut rates by 25bps, but the messaging in the statement/press conference was somewhat hawkish.

Against this backdrop, the dollar was firmly in the ascendancy last week. Meanwhile, sterling was holding a slightly firmer tone at the end of the week, following the BoE meeting. At the same time, political turbulence in Germany has weighed on the euro. As trading gets underway today, EUR/USD is in the lower half of \$1.07-1.08, EUR/GBP is just below 83p and GBP/USD is near \$1.29.

This week, the main release of note will be US CPI inflation for October. In the UK, updates on the labour market and the first reading of Q3 GDP will be the highlight.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0715	-0.60	-2.91
EUR/GBP	0.8295	-0.20	-4.30
GBP/USD	1.2914	-0.43	1.45
GBP/EUR	1.2051	0.20	4.50
USD/JPY	153.52	0.47	8.83
EUR/JPY	164.51	-0.15	5.71

* 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	4.58	4.52	4.28	4.35	4.17
EUR	3.40	3.09	3.03	2.48	2.30	2.29
GBP	4.75	4.69	4.67	4.41	4.51	4.29

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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Opening Levels

Monday 11 November 2024
06:35 am



Euro

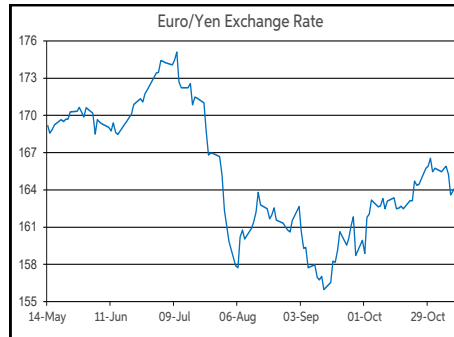
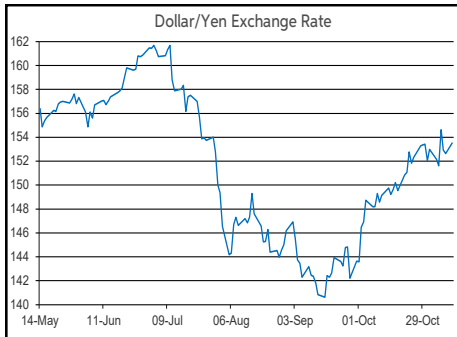
EUR/GBP	0.8295
EUR/USD	1.0715
EUR/JPY	164.51
EUR/SEK	11.6003
EUR/DKK	7.4566
EUR/NOK	11.7936
EUR/CHF	0.9397
EUR/AUD	1.6256
EUR/HKD	8.331
EUR/CAD	1.4908

Sterling

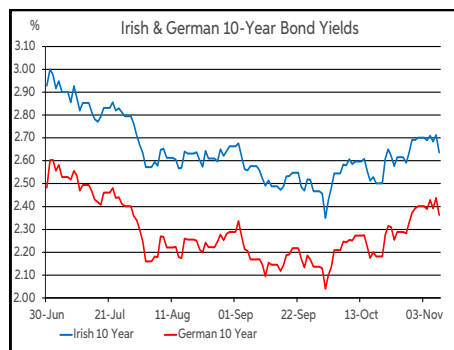
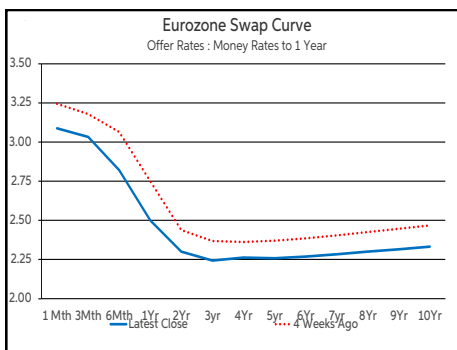
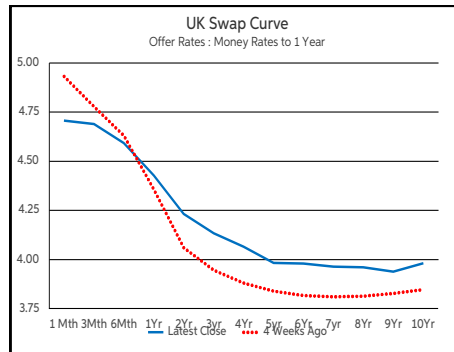
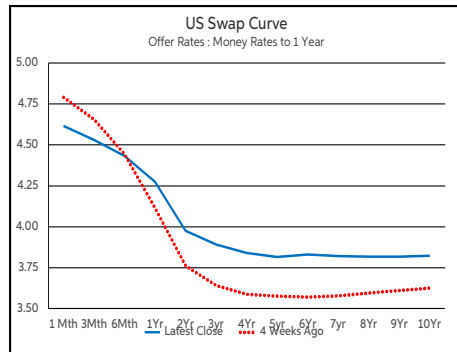
GBP/EUR	1.2051
GBP/USD	1.2914
GBP/CAD	1.7966
GBP/NZD	2.1621
GBP/JPY	198.26
GBP/SEK	13.9781
GBP/DKK	8.984
GBP/NOK	14.213
GBP/CHF	1.1322
GBP/AUD	1.9589

Dollar

USD/JPY	153.52
USD/CAD	1.3913
USD/CHF	0.8769
USD/CNY	7.1866
USD/BRL	5.7376
USD/RUB	97.6
USD/INR	84.373
AUD/USD	0.6591
NZD/USD	0.5972



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.31	-4	+23	+45
Germany	2.37	-7	+9	+34
UK	4.44	-7	+23	+90
5 Year Swap %				
US	4.14	+4	+31	+35
Eurozone	2.26	-5	-10	-17
UK	4.26	-1	+20	+61
2 Year Swap %				
US	4.31	+6	+29	-2
Eurozone	2.30	-1	-13	-49
UK	4.47	+1	+20	+21
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	-1	-5	-3
Belgium	60	-0	-1	-6
France	76	-1	-1	+23
Italy	130	-0	+1	-38
Spain	74	+0	-0	-22
Portugal	51	+1	+0	-25
Greece	93	+2	-5	-12



Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	73.87	-2.33	-6.54	-4.11
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2683.8	-0.86	+1.05	+30.12

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