

Dollar remains to the fore

European equities continued to fall sharply yesterday, with the Euro Stoxx 50 down by 2.3%. Meanwhile, the S&P 500 edged 0.3% lower. On bond markets, yields moved higher, with German Bund and UK Gilt yields rising by 3-7bps. At the same time, US Treasury yields climbed 4-10bps higher along the curve. The larger move in US yields coincided with a firming in US futures contracts. Markets now see rate cuts worth just 75bps in the US by the end of 2025.

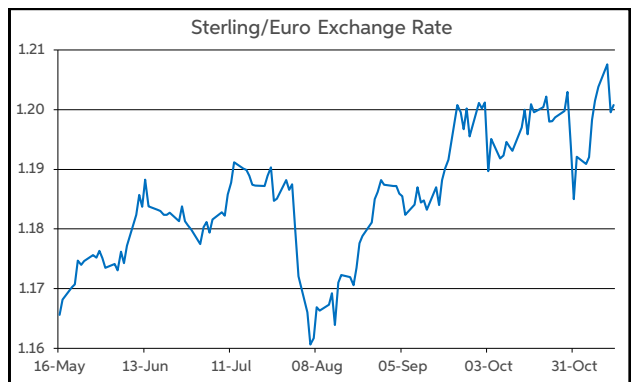
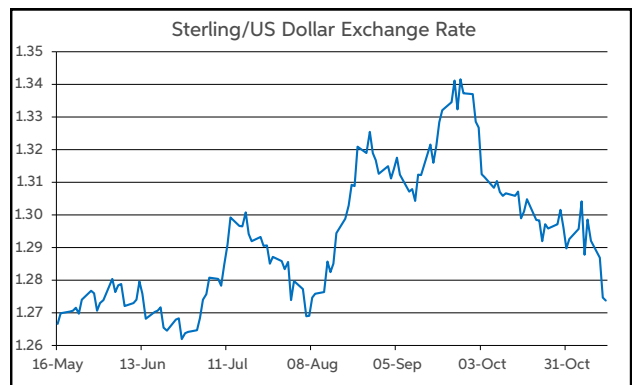
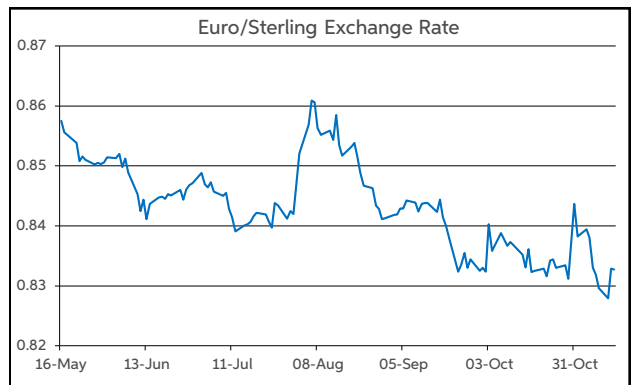
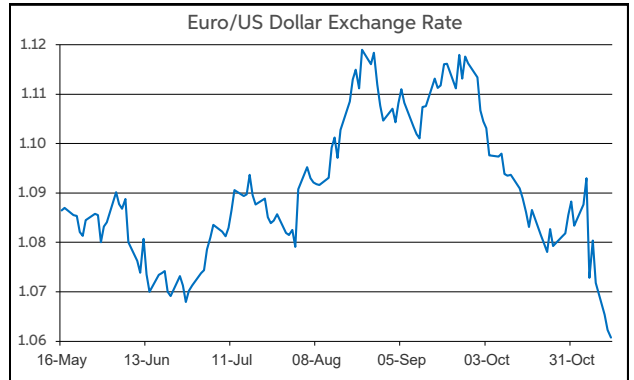
Data-wise, there was a sparse macro-calendar for investors to digest. Of the limited releases to note, the German ZEW deteriorated to 7.4 in November (vs. 13.0 f'cast). Elsewhere, US small business optimism was little changed in November. However, neither release had a major impact on markets yesterday.

On the currency front, the dollar remained firmly in the ascendancy. At the same time, sterling was under some downward pressure. This was reflected in GBP/USD moving below the \$1.28 threshold for the first time since August. Meanwhile, EUR/USD fell to a fresh YTD low of \$1.0595.

As trading gets underway this morning, EUR/USD is changing hands just north of the \$1.06 threshold. Meantime, GBP/USD is operating back below the midpoint of the \$1.27-1.28 range. EUR/GBP is trading in the lower half of 83-84p.

Turning to the day ahead, the main highlight will be the October reading of US CPI inflation. The consensus is for the headline rate to rise to 2.6% from 2.4%, owing to unfavourable base effects. The core rate is projected to remain at 3.3% in the month, having shown some signs of stickiness recently. Elsewhere, remarks from a number of Fed officials will also garner attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0607	-0.29	-3.89
EUR/GBP	0.8327	0.45	-3.93
GBP/USD	1.2737	-0.74	0.06
GBP/EUR	1.2007	-0.44	4.10
USD/JPY	154.95	0.87	9.85
EUR/JPY	164.36	0.58	5.61

* 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	4.60	4.52	4.31	4.43	4.25
EUR	3.40	3.08	3.04	2.45	2.27	2.28
GBP	4.75	4.69	4.69	4.48	4.55	4.36

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

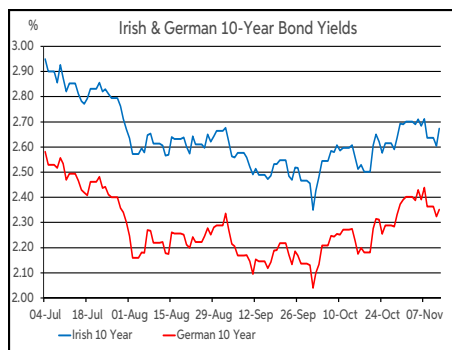
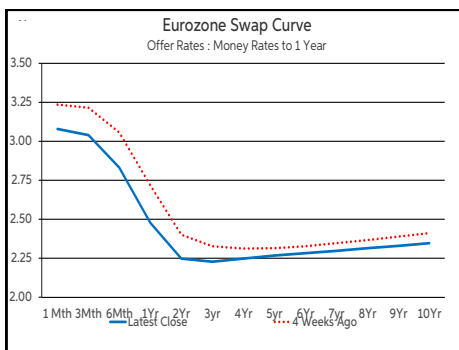
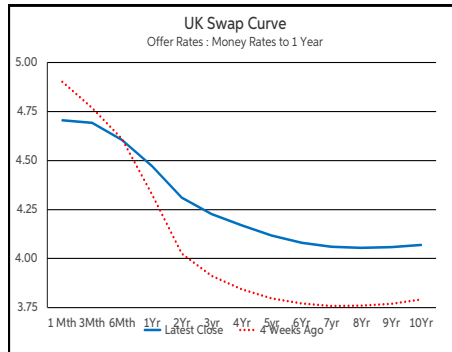
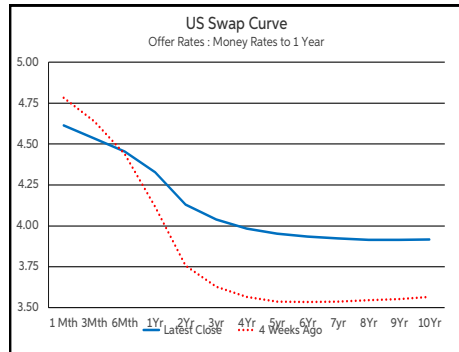
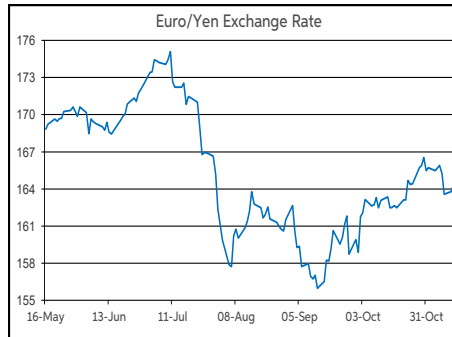
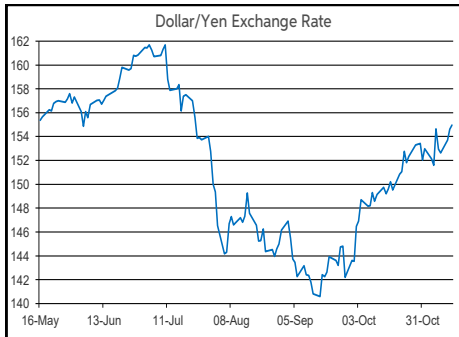
EUR/GBP	0.8327
EUR/USD	1.0607
EUR/JPY	164.36
EUR/SEK	11.5904
EUR/DKK	7.4594
EUR/NOK	11.7701
EUR/CHF	0.9366
EUR/AUD	1.6254
EUR/HKD	8.2514
EUR/CAD	1.4804

Sterling

GBP/EUR	1.2007
GBP/USD	1.2737
GBP/CAD	1.7777
GBP/NZD	2.149
GBP/JPY	197.36
GBP/SEK	13.9175
GBP/DKK	8.9574
GBP/NOK	14.1394
GBP/CHF	1.1246
GBP/AUD	1.9518

Dollar

USD/JPY	154.95
USD/CAD	1.3957
USD/CHF	0.883
USD/CNY	7.2265
USD/BRL	5.7481
USD/RUB	98
USD/INR	84.376
AUD/USD	0.6525
NZD/USD	0.5926



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.43	+13	+40	+57
Germany	2.35	+3	+13	+33
UK	4.50	+7	+34	+96
Ireland	2.68	+5	+10	+32
Belgium	2.96	+4	+13	+27
France	3.14	+6	+17	+58
Italy	3.64	+4	+17	-6
Spain	3.11	+5	+16	+12
Portugal	2.86	+3	+16	+7
Greece	3.22	+1	+8	+15
5 Year Swap %				
US	4.21	+8	+43	+42
Eurozone	2.27	+5	-4	-16
UK	4.35	+9	+32	+70
2 Year Swap %				
US	4.38	+7	+39	+5
Eurozone	2.25	+0	-15	-55
UK	4.55	+7	+30	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+2	-2	-1
Belgium	61	+1	+1	-6
France	78	+3	+5	+25
Italy	128	+2	+5	-39
Spain	75	+2	+4	-21
Portugal	51	+0	+3	-25
Greece	87	-2	-4	-18

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	71.89	+0.08	-3.18	-6.68
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2597.3	-0.88	-2.39	+25.92

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