

Sharp fall in dollar on US inflation data

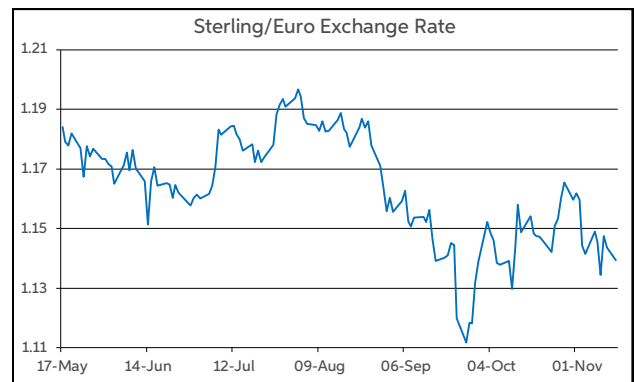
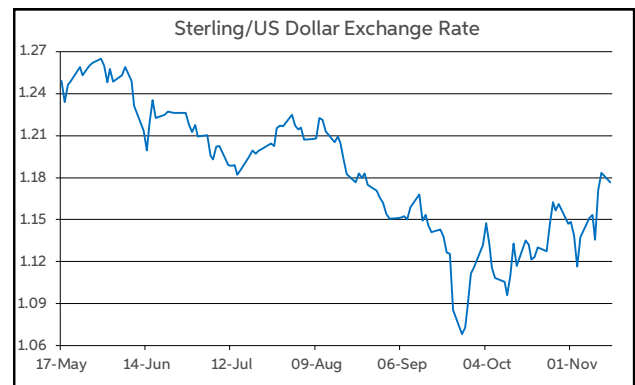
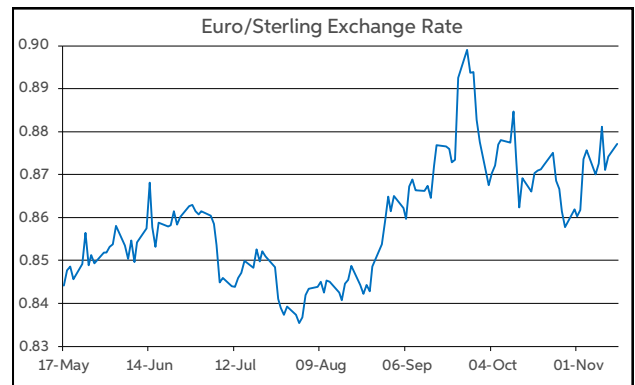
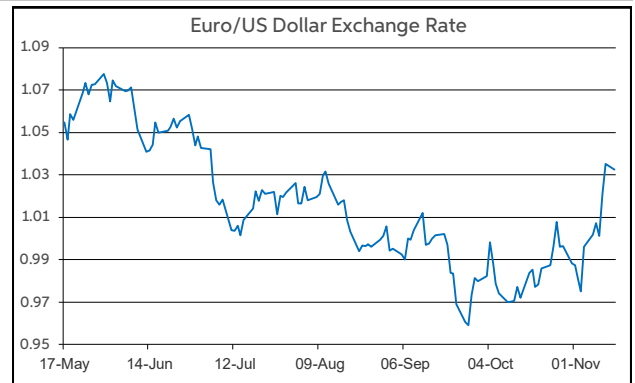
The clear standout feature on financial markets last week was the reaction to the US October inflation data, which showed the headline and core metrics slowing by more than expected. As a result, there was some modest softening in peak rate hike expectations, not just in the US, but also in the UK and to a lesser extent in the Eurozone. Bond yields also moved lower. However, the reaction was more pronounced on equity markets. The S&P 500 gained 5.5% on the day, helping it to a 5.9% rise on the week.

The other main notable reaction was on currency markets, where the dollar weakened. This served to highlight the sensitivity of currencies to data that will play a key role in determining the pace/extent central banks will continue to raise rates. The dollar fell by between 3-5% against the other majors.

This was reflected in EUR/USD moving up from near parity to trade above \$1.03. At the same time, GBP/USD went from trading in and around the \$1.14 mark to changing hands above \$1.17. The move in the USD/JPY was even greater, going from being up in ¥146 territory to trade below the ¥140 handle.

It is a busy week ahead for the UK. It includes labour market data for Sept/Oct, as well as CPI inflation for October, which is forecast to rise to a likely peak rate of 10.6%. Aside from the data, we get the much anticipated Autumn Statement from the UK government which is expected to outline fiscal tightening measures. There is also the appearance of BoE Governor Bailey at the Treasury Select Committee. Overall, there is the potential for some sterling volatility given the packed UK schedule. In the US, the main data highlight is retail sales for October. Meantime, it is another quiet week for Eurozone data.

John Fahey, Senior Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2021 |
| EUR/USD | 1.0325 | 1.06 | -9.17 |
| EUR/GBP | 0.8772 | 0.53 | 4.43 |
| GBP/USD | 1.1769 | 0.52 | -13.01 |
| GBP/EUR | 1.1394 | -0.52 | -4.24 |
| USD/JPY | 139.39 | -1.60 | 21.12 |
| EUR/JPY | 143.95 | -0.55 | 9.99 |

* 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 | 4.61 | 5.08 | 4.77 | 4.07 |
| EUR | 2.00 | 1.36 | 1.76 | 2.79 | 2.93 | 2.82 |
| GBP | 3.00 | 2.96 | 3.47 | 4.42 | 4.52 | 4.19 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

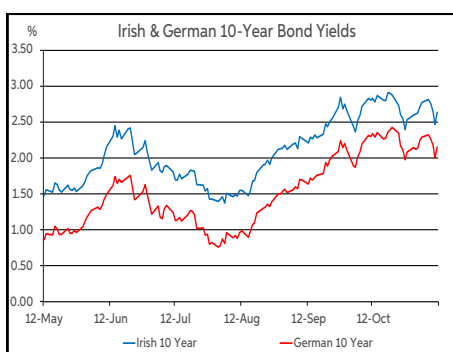
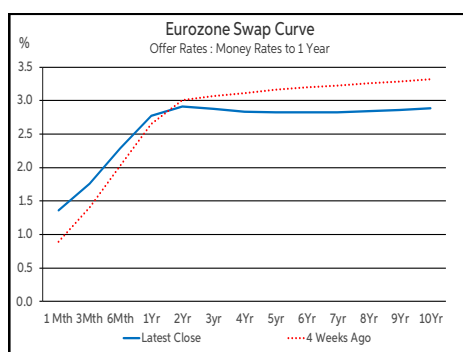
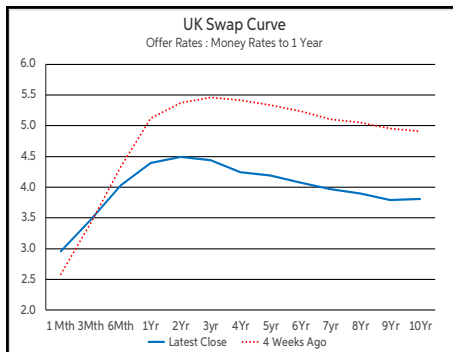
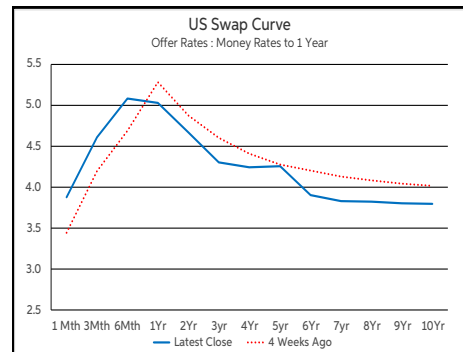
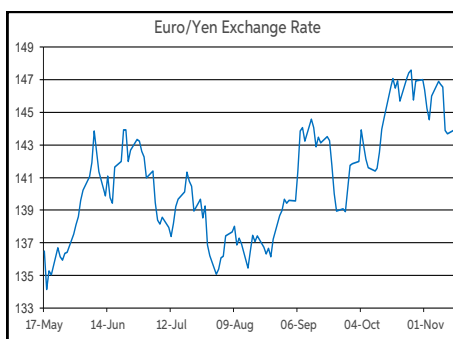
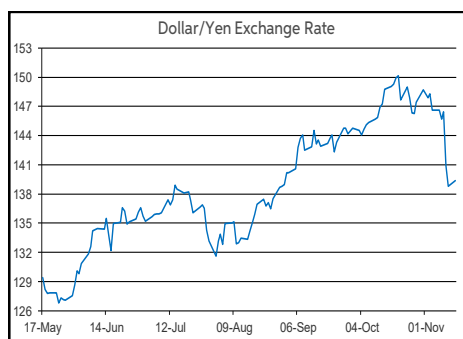
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|---------|---|------------|------------|---------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Ian Burke | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

Monday 14 November 2022
07:23 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.8772 | GBP/EUR | 1.1394 | USD/JPY | 139.39 |
| EUR/USD | 1.0325 | GBP/USD | 1.1769 | USD/CAD | 1.3259 |
| EUR/JPY | 143.95 | GBP/CAD | 1.5605 | USD/CHF | 0.9461 |
| EUR/SEK | 10.7438 | GBP/NZD | 1.93 | USD/CNY | 7.0337 |
| EUR/DKK | 7.4386 | GBP/JPY | 164.05 | USD/BRL | 5.325 |
| EUR/NOK | 10.2536 | GBP/SEK | 12.2418 | USD/RUB | 60.45 |
| EUR/CHF | 0.977 | GBP/DKK | 8.476 | USD/INR | 81.0825 |
| EUR/AUD | 1.5427 | GBP/NOK | 11.6921 | AUD/USD | 0.6691 |
| EUR/HKD | 8.0957 | GBP/CHF | 1.1137 | NZD/USD | 0.6097 |
| EUR/CAD | 1.3692 | GBP/AUD | 1.7586 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 21 |
| 10 Year Yield % | | | | |
| US | 3.81 | -29 | -21 | +230 |
| Germany | 2.16 | +16 | -20 | +234 |
| UK | 3.35 | +6 | -97 | +238 |
| Ireland | | | | |
| Ireland | 2.67 | +17 | -23 | +242 |
| Belgium | 2.74 | +17 | -27 | +257 |
| France | 2.67 | +17 | -27 | +248 |
| Italy | 4.20 | +19 | -60 | +301 |
| Spain | 3.21 | +17 | -31 | +261 |
| Portugal | 3.15 | +18 | -30 | +267 |
| Greece | 4.51 | -0 | -30 | +319 |
| 5 Year Swap % | | | | |
| US | 4.25 | +27 | +1 | +292 |
| Eurozone | 2.83 | +9 | -33 | +282 |
| UK | 4.19 | +4 | -114 | +291 |
| 2 Year Swap % | | | | |
| US | 4.67 | +2 | -16 | +373 |
| Eurozone | 2.92 | +7 | -8 | +322 |
| UK | 4.49 | +3 | -88 | +330 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 51 | +2 | -3 | +8 |
| Belgium | 59 | +1 | -7 | +23 |
| France | 51 | +1 | -7 | +14 |
| Italy | 204 | +4 | -39 | +68 |
| Spain | 105 | +2 | -11 | +27 |
| Portugal | 99 | +3 | -9 | +33 |
| Greece | 235 | -16 | -10 | +86 |

| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 21 |
| Brent Oil | 95.99 | +2.48 | +4.76 | +23.41 |
| West Texas Oil | 89.14 | +3.03 | +3.53 | +18.33 |
| Gold \$ | 1770.7 | +0.91 | +7.85 | -3.16 |

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