

Dollar weaker post-US CPI

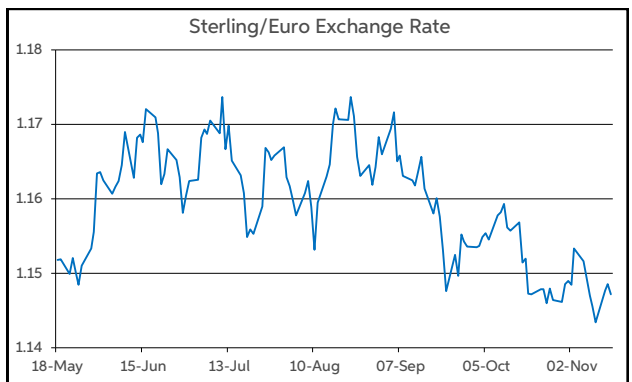
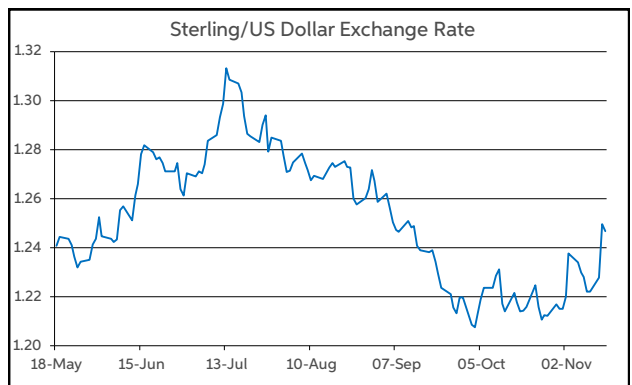
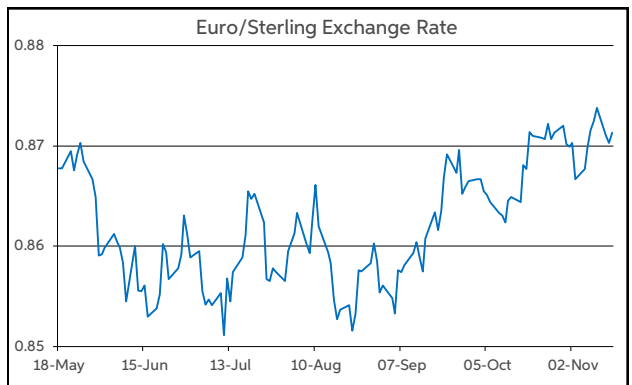
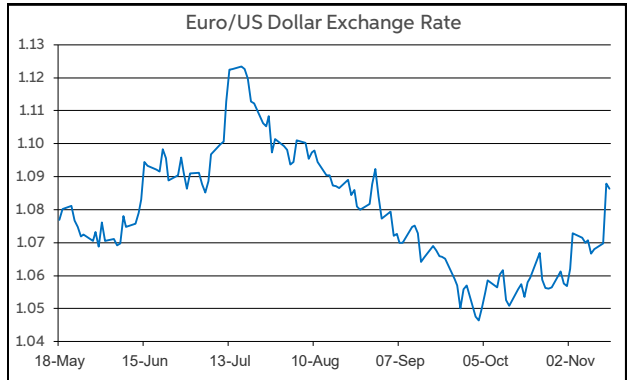
Yesterday's market action highlighted investors sensitivity to data releases, which form an important input into central banks policy deliberations. The key release yesterday was US CPI inflation for October. The headline rate eased to 3.2% from 3.7% (Sept), which was slightly below consensus forecasts for 3.3%. Similarly, the core rate slowed to 4% from 4.1% (vs. f'cast for 4.1%).

While the CPI numbers for October were only modestly weaker than expected, there was a notable market reaction. US Treasury yields fell, including the 10-year yield falling below 4.5%. This placed downward pressure on yields elsewhere, although not to the same extent. Meanwhile, futures contracts are no longer pricing in any chance of another Fed rate hike. At the same time, the market is now anticipating around 100bps of rate cuts in 2024, versus an expectation of 75bps prior to the CPI release. Meantime, Wall Street rallied, with the S&P 500 up 1.9% at the close last night.

On the currency front, the dollar weakened amid falling US Treasury yields and a softening of US Fed rate expectations. The greenback fell sharply, by around 1%, in the immediate aftermath of the CPI data and is circa 1.5% lower over the past 24 hours. In level terms, this is reflected in EUR/USD opening this morning in the upper half of \$1.08-1.09 and GBP/USD above the \$1.24 threshold. In contrast, the moves in EUR/GBP have been less eventful, with the pair straddling the 87p handle.

Inflation data remains a key theme to today's macro diary. Already this morning UK CPI inflation numbers for October have been published. The headline rate printed at 4.6% (f'cast for 4.8%). The other main data highlight today is the US retail sales report for October.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0865	1.59	1.52
EUR/GBP	0.8712	-0.06	-1.49
GBP/USD	1.2469	1.64	3.08
GBP/EUR	1.1472	0.06	1.52
USD/JPY	150.72	-0.65	14.96
EUR/JPY	163.79	0.95	16.74

* 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	5.38	5.44	5.65	5.48	4.97	4.48
EUR	4.50	3.82	4.00	3.97	3.51	3.09
GBP	5.25	5.18	5.22	5.14	4.96	4.46

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

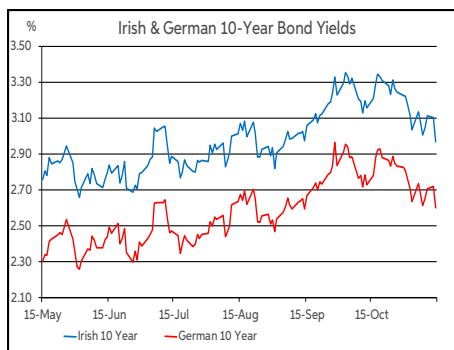
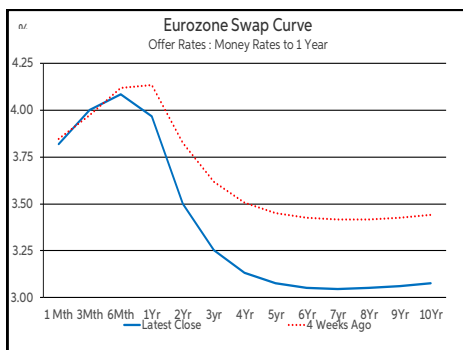
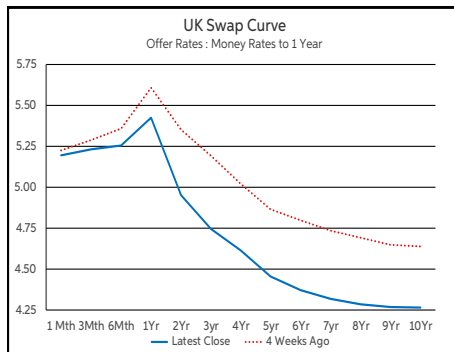
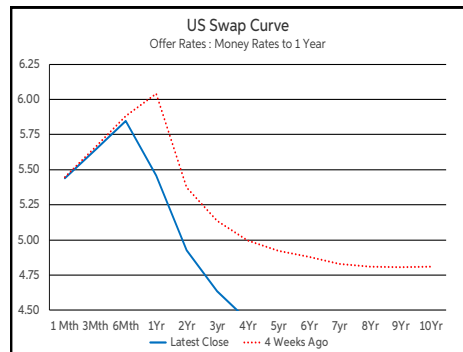
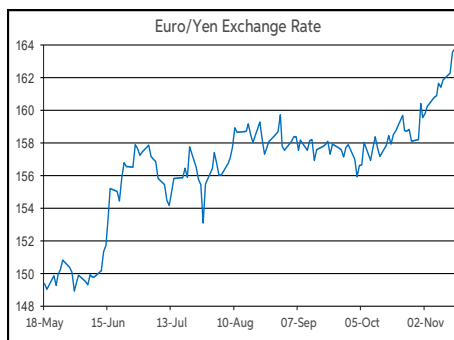
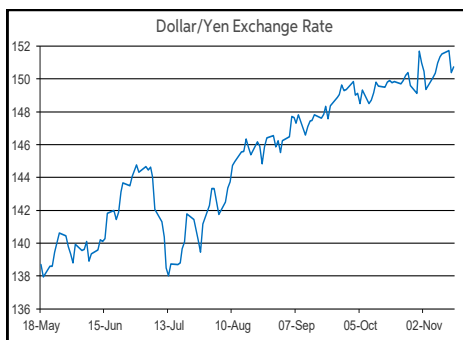
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Wednesday 15 November 2023
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8712	GBP/EUR	1.1472	USD/JPY	150.72
EUR/USD	1.0865	GBP/USD	1.2469	USD/CAD	1.3688
EUR/JPY	163.79	GBP/CAD	1.707	USD/CHF	0.8887
EUR/SEK	11.5158	GBP/NZD	2.0696	USD/CNY	7.2426
EUR/DKK	7.4592	GBP/JPY	187.93	USD/BRL	4.8654
EUR/NOK	11.8075	GBP/SEK	13.2104	USD/RUB	90.1375
EUR/CHF	0.9659	GBP/DKK	8.5587	USD/INR	83.104
EUR/AUD	1.6721	GBP/NOK	13.549		
EUR/HKD	8.4809	GBP/CHF	1.1083	AUD/USD	0.6498
EUR/CAD	1.4875	GBP/AUD	1.9188	NZD/USD	0.6023



	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.45	-18	-38	+57
Germany	2.60	-12	-28	+4
UK	4.16	-16	-36	+49
5 Year Swap %				
US	4.42	-21	-46	+42
Eurozone	3.08	-11	-36	-15
UK	4.45	-9	-36	+15
2 Year Swap %				
US	4.93	-20	-40	+25
Eurozone	3.50	-8	-32	+11
UK	4.95	-11	-39	+27
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-4	-5	-20
Belgium	59	-2	-8	-5
France	55	-2	-7	+0
Italy	181	-3	-20	-33
Spain	103	-2	-9	-6
Portugal	70	-1	-2	-34
Greece	131	+3	-18	-72

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	82.47	-0.06	-8.26	-4.00
West Texas Oil	78.9	+0.05	-8.95	-1.57
Gold \$	1962.7	+0.86	+2.06	+7.58

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