

GBP/USD back below \$1.24

Investor sentiment was holding a slightly positive tone yesterday, despite a modest firming in US rates and some mixed data releases. The Euro Stoxx 50 gained 0.6%. Meantime, the S&P 500 edged 0.2% higher. On bond markets, 10-year US Treasury and UK Gilt yields climbed circa 8bps higher. 10-year German Bund yields rose by 3bps. Elsewhere, Oil prices fell by over 1%.

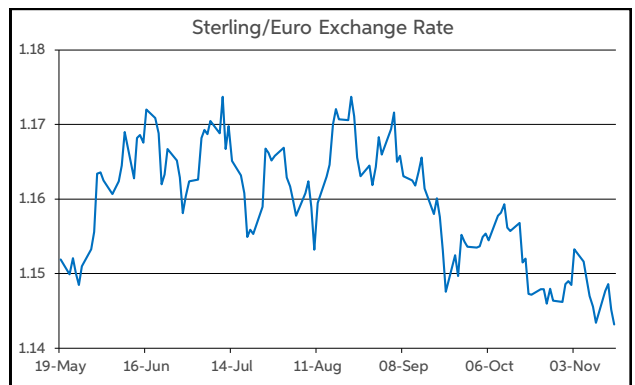
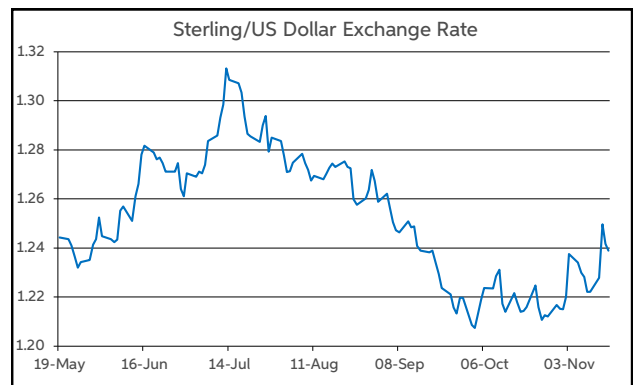
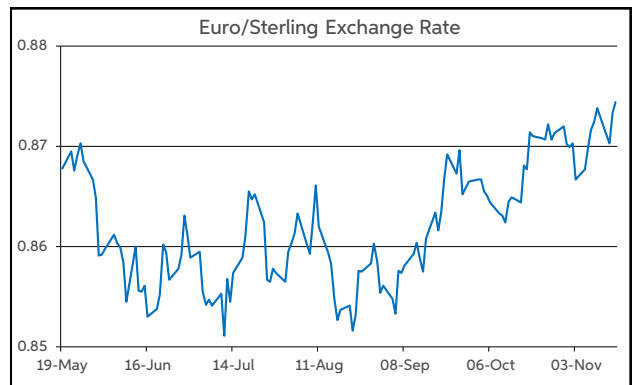
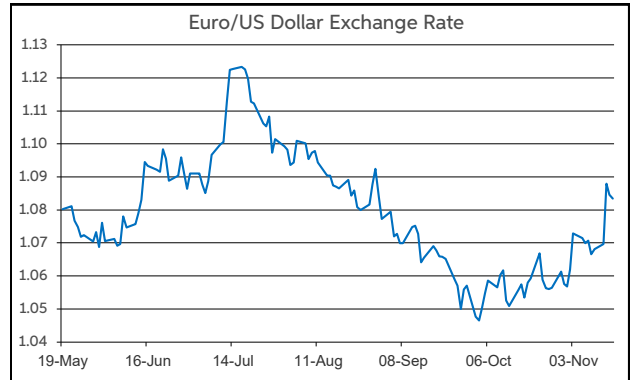
Data-wise, US retail sales fell by 0.1% in October (vs. -0.3% f'cast), while producer price inflation declined by more than anticipated, to 1.3% in October (vs. 1.9% f'cast). Overall, the data are consistent with a slowdown in growth and softening inflationary pressures. Despite this, US future contracts firmed yesterday. Markets are now pricing in circa 90bps of rate cuts next year, compared to 100bps in the aftermath of Tuesday's CPI data. In the Eurozone, industrial production contracted by 1.1% in September (vs. -1.0% f'cast).

On the currency front, sterling was on the back-foot yesterday, as UK CPI inflation eased to 4.6% in October (vs. 4.8% f'cast). Elsewhere, the dollar was in the ascendancy, amid the rise in US Treasury yields and the modest hardening of US rate expectations.

In level terms, the softer tone to sterling, and the firmer dollar is reflected in GBP/USD opening this morning back below the \$1.24 threshold. EUR/USD is operating down in the lower half of \$1.08-1.09. Meanwhile, EUR/GBP is near the midpoint of 87-88p.

Today, a busy US data calendar includes industrial production for October, and the latest weekly initial jobless claims figures. Homebuilder sentiment and the Philly Fed index for November are also due. Elsewhere, remarks from a number of central bank speakers, notably ECB President Lagarde will garner attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0835	-0.33	1.24
EUR/GBP	0.8744	0.45	-1.13
GBP/USD	1.2388	-0.81	2.41
GBP/EUR	1.1431	-0.45	1.14
USD/JPY	151.38	0.48	15.46
EUR/JPY	164.05	0.15	16.93

* 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	5.49	5.01	4.50
EUR	4.50	3.82	4.00	3.97	3.52	3.10
GBP	5.25	5.18	5.21	5.14	4.98	4.51

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

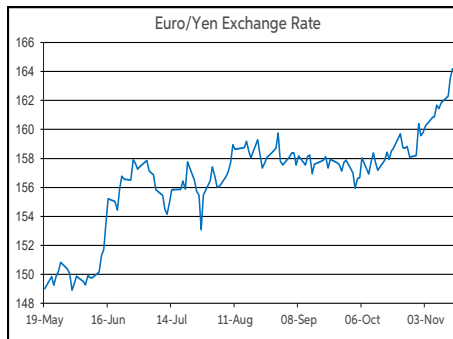
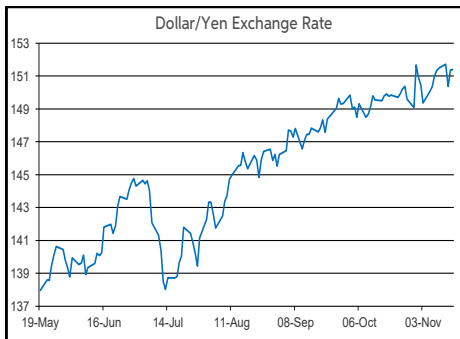
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

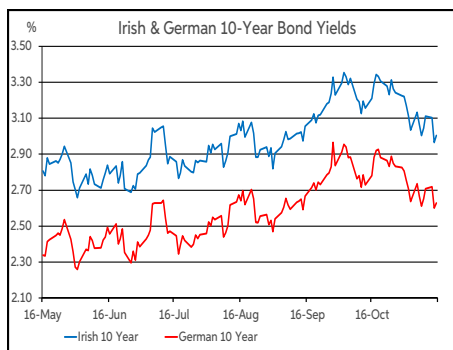
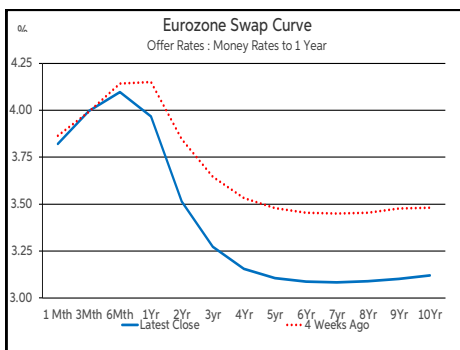
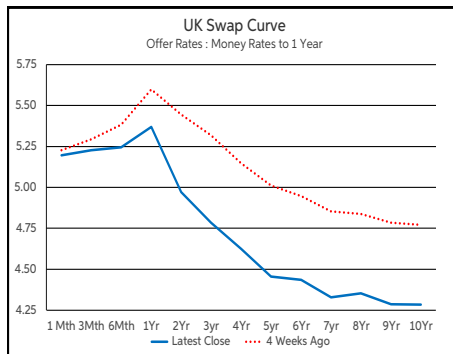
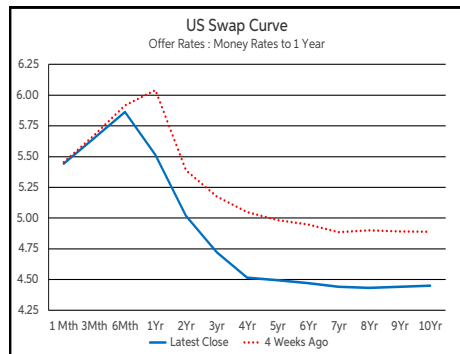
Thursday 16 November 2023
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8744	GBP/EUR	1.1431	USD/JPY	151.38
EUR/USD	1.0835	GBP/USD	1.2388	USD/CAD	1.3698
EUR/JPY	164.05	GBP/CAD	1.6969	USD/CHF	0.8881
EUR/SEK	11.452	GBP/NZD	2.07	USD/CNY	7.2563
EUR/DKK	7.4587	GBP/JPY	187.53	USD/BRL	4.862
EUR/NOK	11.753	GBP/SEK	13.0873	USD/RUB	89.2525
EUR/CHF	0.9626	GBP/DKK	8.5254	USD/INR	83.225
EUR/AUD	1.6727	GBP/NOK	13.429	AUD/USD	0.6475
EUR/HKD	8.4593	GBP/CHF	1.1003	NZD/USD	0.5982
EUR/CAD	1.4845	GBP/AUD	1.9126		



Debt Markets				
	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.54	+8	-37	+66
Germany	2.63	+3	-29	+7
UK	4.23	+8	-43	+56
5 Year Swap %				
US	4.50	+8	-45	+50
Eurozone	3.11	+3	-36	-12
UK	4.46	+0	-51	+15
2 Year Swap %				
US	5.02	+10	-33	+34
Eurozone	3.51	+2	-32	+13
UK	4.97	+2	-47	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+1	-6	-19
Belgium	62	+3	-6	-2
France	58	+3	-5	+3
Italy	182	+1	-24	-32
Spain	104	+1	-9	-5
Portugal	69	-1	-4	-35
Greece	125	-6	-22	-78



Commodities				
	Close	Day	4 Weeks	End 22
Brent Oil	81.18	-1.56	-11.28	-5.51
West Texas Oil	77.15	-2.22	-12.68	-3.75
Gold \$	1959.1	-0.18	+0.59	+7.38

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