

## Dollar down circa 2% last week

Investor sentiment was holding a positive tone throughout last week, as data showed inflationary pressures are easing in the US and UK. This sparked a softening in futures contracts and a decline in bond yields, providing a supportive backdrop for equity markets. Overall, the Euro Stoxx 50 gained 3.4% while the S&P 500 rose by 2.2% on the week.

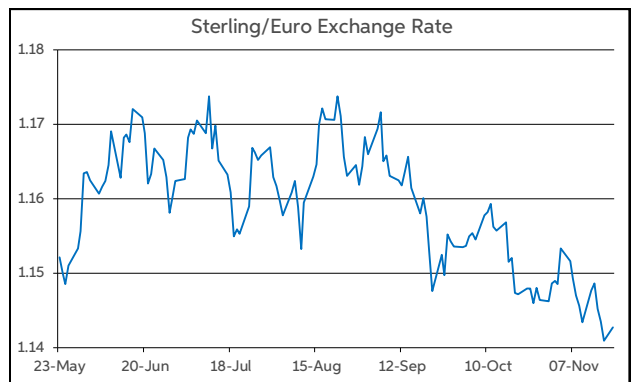
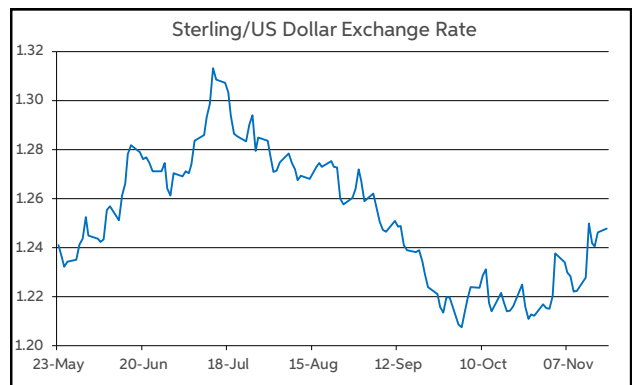
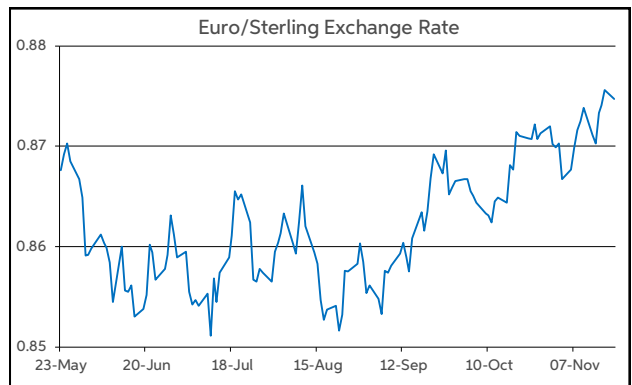
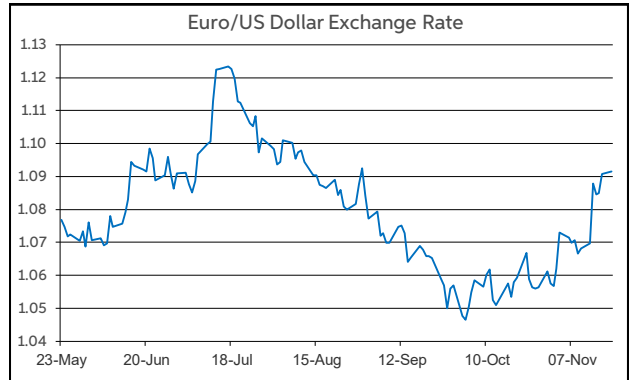
Headline CPI inflation fell to 3.2% in the US, and to 4.6% in the UK, respectively. Both releases were only marginally below the consensus, but sparked significant moves on markets, particularly in the US. Futures contracts pricing indicate that the market sees virtually no chance that the Fed or the BoE will raise rates again. Furthermore, around 90bps worth of rate cuts are now priced-in for next year in the US, and circa 70bps of cuts in the UK.

Amid the softening in rates, sovereign bond yields fell by 15-25bps in the US and UK. Falling yields elsewhere pulled Eurozone yields lower also, with German yields declining by 10-20bps. Meantime, on the currency front, the dollar was under some downward pressure. Overall, the greenback shed around 2% against the euro, sterling and yen last week.

As trading gets underway this morning, the softer tone to the dollar sees EUR/USD open above \$1.09, having been below \$1.07 last Monday. GBP/USD is changing hands in the top half of \$1.24-1.25. EUR/GBP is operating in and around the midpoint of 87-88p.

This week's data calendar includes the flash PMI readings in the US, Eurozone and UK for November. On the monetary policy front, the latest ECB and Fed meeting minutes, as well as remarks from a number of central bankers will garner attention.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0916	0.60	2.00
EUR/GBP	0.8748	0.08	-1.09
GBP/USD	1.2475	0.51	3.12
GBP/EUR	1.1424	-0.08	1.10
USD/JPY	149.16	-0.98	13.77
EUR/JPY	162.84	-0.39	16.07

\* 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	5.45	5.63	5.48	5.02	4.47
EUR	4.50	3.82	3.98	3.94	3.50	3.09
GBP	5.25	5.18	5.21	5.12	4.96	4.39

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

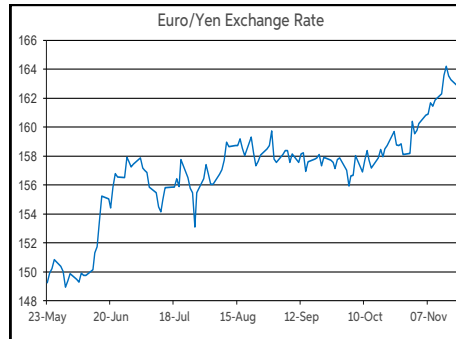
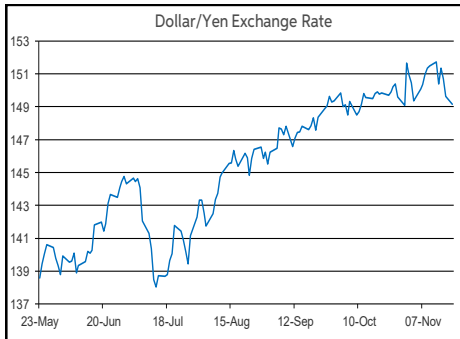
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

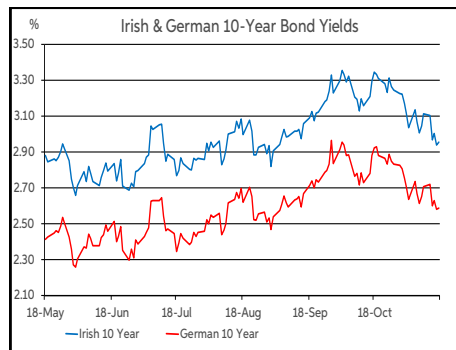
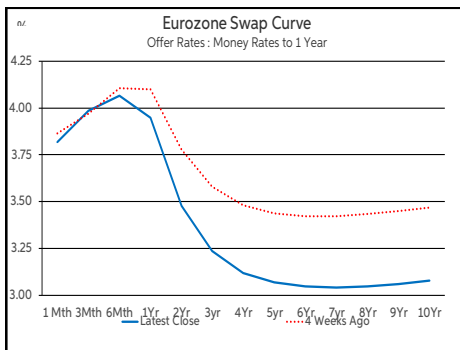
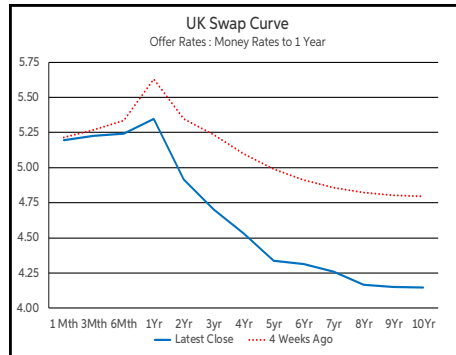
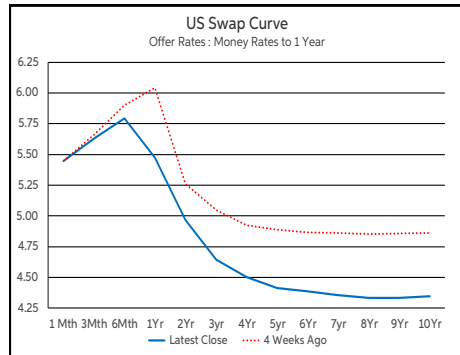
Monday 20 November 2023  
07:03 am



Euro		Sterling		Dollar	
EUR/GBP	0.8748	GBP/EUR	1.1424	USD/JPY	149.16
EUR/USD	1.0916	GBP/USD	1.2475	USD/CAD	1.3704
EUR/JPY	162.84	GBP/CAD	1.71	USD/CHF	0.8842
EUR/SEK	11.4781	GBP/NZD	2.0713	USD/CNY	7.1797
EUR/DKK	7.457	GBP/JPY	186.06	USD/BRL	4.9059
EUR/NOK	11.7833	GBP/SEK	13.12	USD/RUB	89.45
EUR/CHF	0.9653	GBP/DKK	8.5213	USD/INR	83.327
EUR/AUD	1.667	GBP/NOK	13.4676	AUD/USD	0.6546
EUR/HKD	8.5056	GBP/CHF	1.1034	NZD/USD	0.6022
EUR/CAD	1.4962	GBP/AUD	1.9057		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.44	-0	-47	+56
Germany	2.59	+0	-29	+3
UK	4.10	-5	-55	+43
Ireland	2.99	+2	-35	-16
Belgium	3.20	+1	-36	-0
France	3.16	+1	-35	+5
Italy	4.37	+2	-56	-34
Spain	3.60	+2	-40	-6
Portugal	3.25	+0	-37	-35
Greece	3.84	-1	-52	-75
<b>5 Year Swap %</b>				
US	4.41	+1	-44	+42
Eurozone	3.07	+2	-36	-16
UK	4.34	-9	-65	+4
<b>2 Year Swap %</b>				
US	4.97	+6	-25	+29
Eurozone	3.48	+2	-29	+9
UK	4.92	-1	-43	+23
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	40	+1	-5	-18
Belgium	61	+0	-6	-3
France	57	+1	-6	+2
Italy	178	+1	-26	-37
Spain	101	+1	-11	-8
Portugal	66	-0	-8	-38
Greece	125	-2	-23	-78



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	80.61	+4.12	-12.53	-6.17
West Texas Oil	76.47	+4.04	-14.19	-4.60
Gold \$	1980.0	-0.04	-0.05	+8.53

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