

Euro under the market spotlight

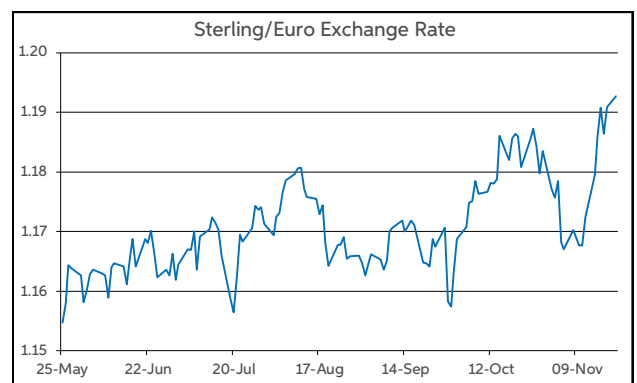
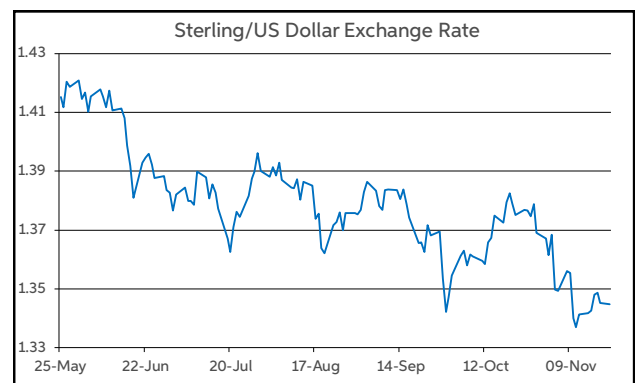
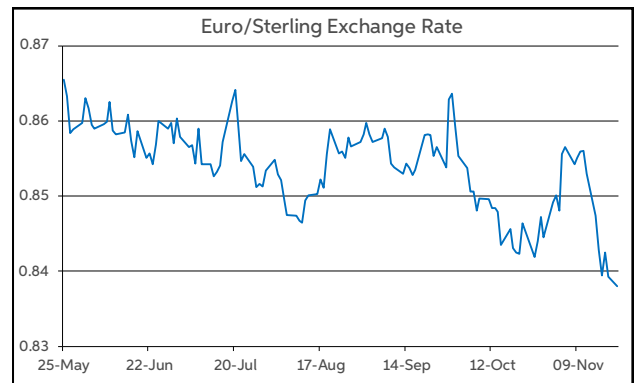
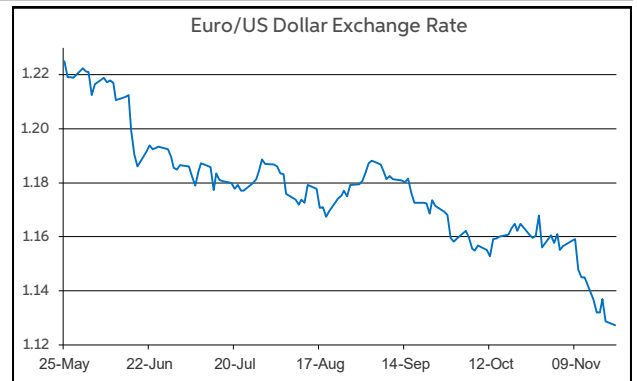
There was some noteworthy moves amongst the FX majors last week. Specifically, the euro came under sustained downward pressure. This was evident in the ground it lost against the dollar and sterling. The backdrop to these moves was the evolving and diverging interest rate outlook. From a euro viewpoint, the ECB has been at pains to highlight its dovish credentials, stating that rate hikes are very unlikely in the Eurozone next year. In contrast, both sterling and the dollar have been benefitting from their respective central banks turning more hawkish amid a continued surge in inflation.

In level terms, all of the above was reflected in EUR/USD moving from the midpoint of \$1.14-1.15 to a trough of \$1.126 last week, its lowest level since July'20. It starts this morning below the \$1.13 threshold. Meanwhile, the EUR/GBP pair was unable to maintain its position in 85p territory last week, falling below the 84p mark, for the first time since Q1'20, to a low of 83.8p. It opens today near to this low. Elsewhere, the action in GBP/USD was less eventful, confined for much of the week within the \$1.34-1.35 trading band.

Looking ahead to this week, the minutes from the ECB's and Fed's most recent meetings will likely further highlight their diverging position on interest rates. Data-wise, attention will be on the October reading of US Core-PCE inflation. The other main data highlight will be the flash reading of the November PMI's from the US, Eurozone and UK.

From a currency perspective, given its recent weakening trend, attention will likely be centred on the euro's performance. In this regard, there is considerable support for EUR/USD in the \$1.10-1.13 range, while 83p is a key support level for EUR/GBP.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1272	-0.70	-7.70
EUR/GBP	0.8382	-0.42	-6.21
GBP/USD	1.3447	-0.28	-1.65
GBP/EUR	1.1925	0.42	6.62
USD/JPY	114.22	-0.11	10.64
EUR/JPY	128.78	-0.80	2.08

* 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	0.125	0.09	0.16	0.37	0.81	1.36
EUR	0.00	-0.56	-0.56	-0.51	-0.35	-0.12
GBP	0.10	0.06	0.12	0.72	1.08	1.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

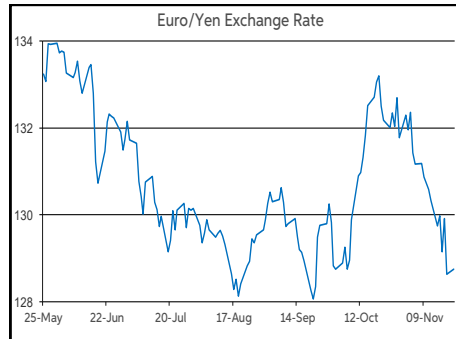
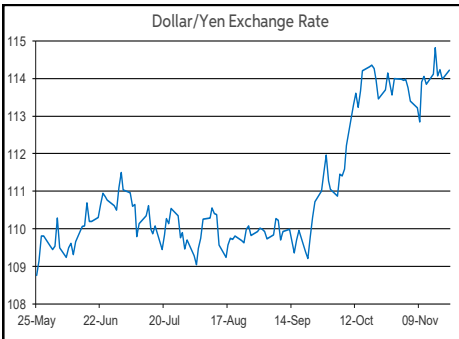
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

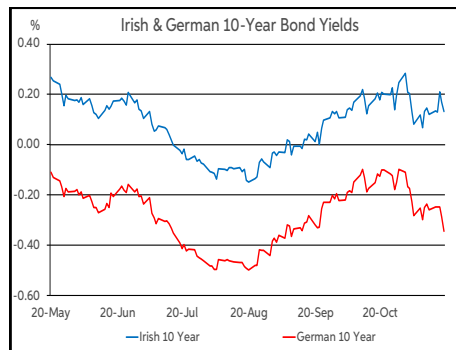
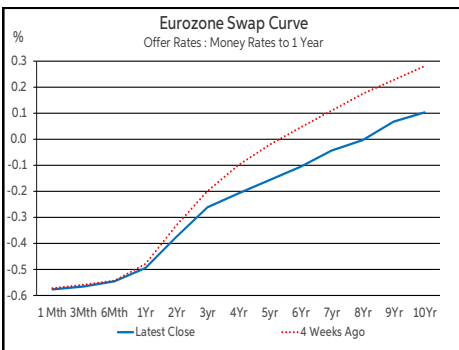
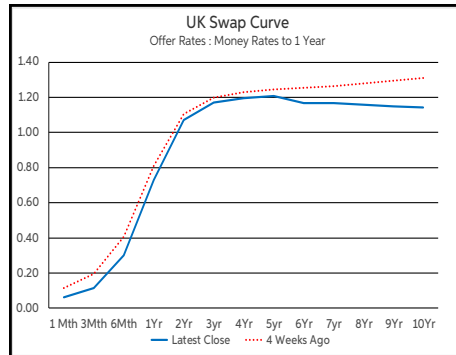
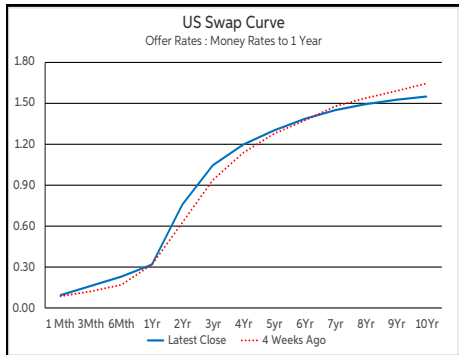
Monday 22 November 2021
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Euro		Sterling		Dollar	
EUR/GBP	0.8382	GBP/EUR	1.1925	USD/JPY	114.22
EUR/USD	1.1272	GBP/USD	1.3447	USD/CAD	1.2635
EUR/JPY	128.78	GBP/CAD	1.6994	USD/CHF	0.9296
EUR/SEK	10.0947	GBP/NZD	1.9187	USD/CNY	6.3805
EUR/DKK	7.436	GBP/JPY	153.59	USD/BRL	5.6135
EUR/NOK	10.039	GBP/SEK	12.0419	USD/RUB	73.395
EUR/CHF	1.0479	GBP/DKK	8.869	USD/INR	74.421
EUR/AUD	1.5542	GBP/NOK	11.972	AUD/USD	0.7252
EUR/HKD	8.7814	GBP/CHF	1.2502	NZD/USD	0.7006
EUR/CAD	1.4245	GBP/AUD	1.8541		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 20
10 Year Yield %				
US	1.55	-4	-9	+63
Germany	-0.34	-6	-24	+23
UK	0.88	-4	-27	+68
5 Year Swap %				
US	1.30	+2	+6	+88
Eurozone	-0.16	-6	-13	+30
UK	1.21	-2	-3	+102
2 Year Swap %				
US	0.76	+4	+17	+57
Eurozone	-0.38	-2	-3	+15
UK	1.07	-1	-2	+105
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+2	+12	+22
Belgium	34	+1	+4	+15
France	34	-0	+1	+11
Italy	120	+0	+15	+11
Spain	73	+1	+10	+10
Portugal	65	+2	+13	+2
Greece	151	+3	+38	+31



Commodities				
	Close	Day	% Change	
			4 Weeks	End 20
Brent Oil	78.89	-2.89	-7.76	+52.30
West Texas Oil	76.11	-3.56	-9.96	+57.41
Gold \$	1844.6	-0.75	+2.91	-2.74

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