

## Sterling in the ascendancy last week

Trading conditions were relatively calm last week, partly due to a market holiday in the US for Thanksgiving on Thursday. On equity markets, the Euro Stoxx 50 gained 0.9% on the week, while the S&P 500 registered a 1% improvement.

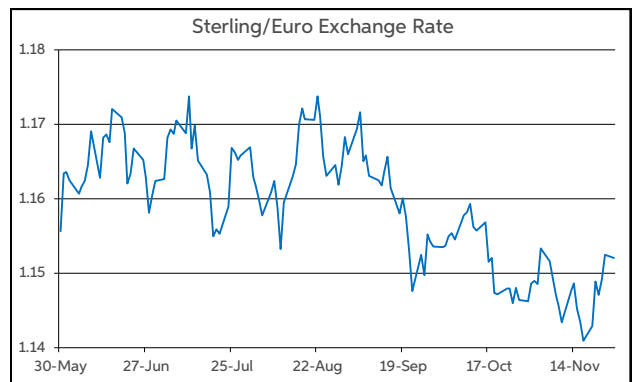
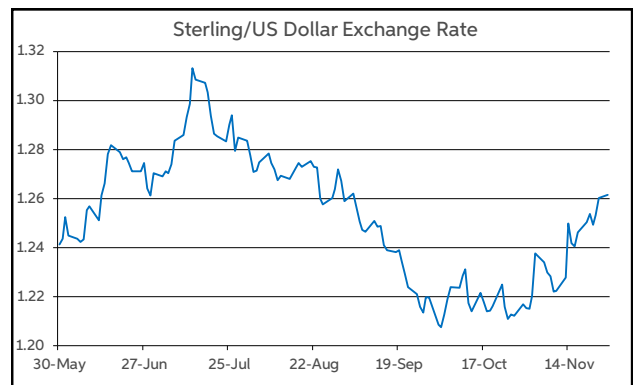
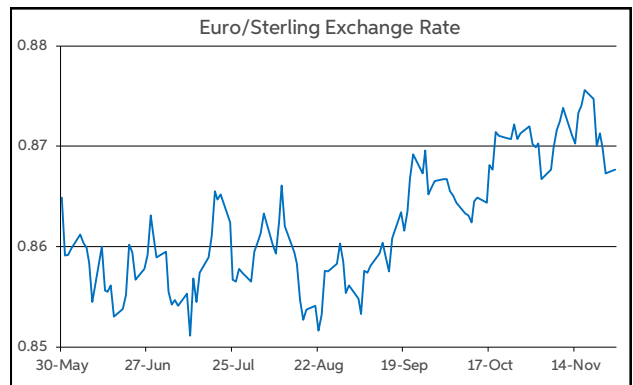
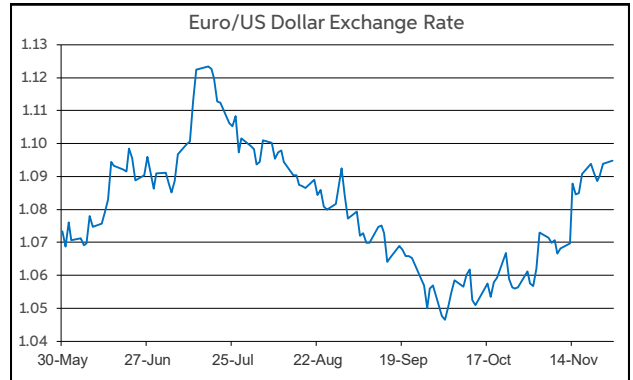
In terms of fixed income, sovereign yields moved higher in the US and Eurozone, and notably so in the UK. German Bund and US Treasury yields rose by 6-10bps. The moves were concentrated at the front end of the curves, amid a slight firming in rate expectations for both regions. In the UK, Gilt yields climbed by circa 20bps along the curve. This coincided with UK futures contracts hardening by more than elsewhere, following some hawkish remarks from BoE officials, the release of the Autumn Statement and better than anticipated UK flash PMI data for November.

Overall, futures contracts pricing indicates markets see around 80-85bps worth of rate cuts in the US and Eurozone next year, compared to at least 90bps at the start of last week. Meanwhile, current pricing suggests UK rates will be cut by roughly 55bps next year, down from around 70bps, which was priced-in last Monday.

Against this backdrop, sterling has been in the ascendancy. Sterling has gained circa 1% versus the euro and dollar. This sees EUR/GBP open this morning below the 87p threshold. GBP/USD is operating above \$1.26. Elsewhere, EUR/USD is at the midpoint of \$1.09-1.10.

This week, inflation data in the US and Eurozone will be the main focus of busy macro calendars on either side of the Atlantic. Both updates are expected to show a further easing in inflationary pressures. A plethora of other data and remarks from a number of central bank officials throughout the week will also be of interest.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.095	0.37	2.32
EUR/GBP	0.8675	-0.24	-1.91
GBP/USD	1.2619	0.59	4.32
GBP/EUR	1.152	0.24	1.95
USD/JPY	149.01	-0.15	13.65
EUR/JPY	163.2	0.21	16.32

\* 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	5.46	5.65	5.54	5.05	4.51
EUR	4.50	3.81	3.94	3.97	3.58	3.15
GBP	5.25	5.19	5.23	5.24	5.14	4.59

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

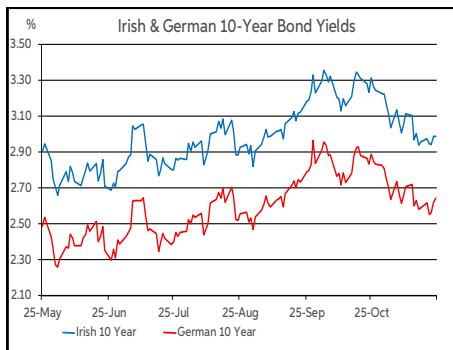
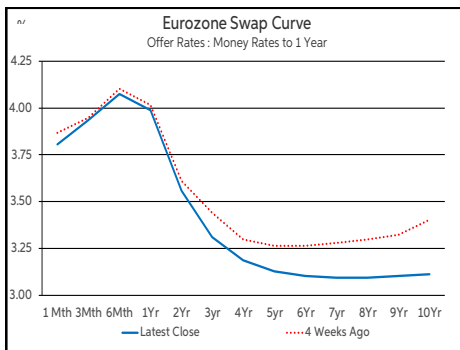
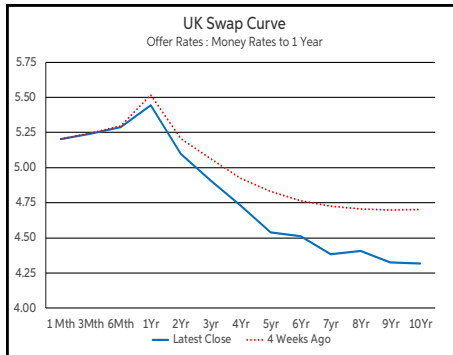
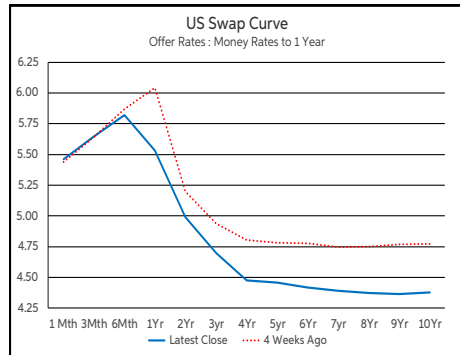
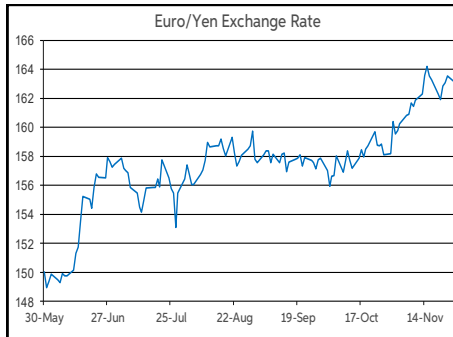
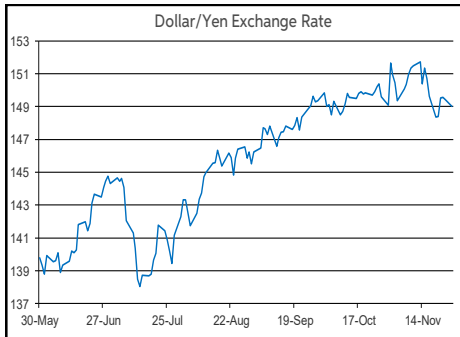
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Monday 27 November 2023  
07:00 am



Euro		Sterling		Dollar	
EUR/GBP	0.8675	GBP/EUR	1.152	USD/JPY	149.01
EUR/USD	1.095	GBP/USD	1.2619	USD/CAD	1.3638
EUR/JPY	163.2	GBP/CAD	1.7213	USD/CHF	0.8815
EUR/SEK	11.4517	GBP/NZD	2.077	USD/CNY	7.1541
EUR/DKK	7.4556	GBP/JPY	188.04	USD/BRL	4.902
EUR/NOK	11.715	GBP/SEK	13.1979	USD/RUB	88.8525
EUR/CHF	0.9654	GBP/DKK	8.5892	USD/INR	83.398
EUR/AUD	1.6629	GBP/NOK	13.5025		
EUR/HKD	8.5308	GBP/CHF	1.1128	AUD/USD	0.6584
EUR/CAD	1.4936	GBP/AUD	1.9163	NZD/USD	0.6074



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.47	+6	-37	+59
Germany	2.65	+2	-19	+8
UK	4.28	+3	-27	+61
<b>5 Year Swap %</b>				
US	4.46	+5	-29	+46
Eurozone	3.13	+1	-13	-10
UK	4.54	+2	-29	+24
<b>2 Year Swap %</b>				
US	4.99	+0	-17	+31
Eurozone	3.56	+2	-5	+17
UK	5.10	+2	-10	+42
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-1	-6	-20
Belgium	61	-0	-5	-3
France	56	-0	-6	+1
Italy	176	-1	-22	-38
Spain	99	-0	-10	-10
Portugal	67	+0	-4	-37
Greece	120	-3	-12	-83

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	80.58	-1.03	-10.94	-6.20
West Texas Oil	74.83	-2.57	-13.03	-6.65
Gold \$	2002.0	+0.51	-0.19	+9.73

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