

Risk aversion back to the fore

There was a cautious tone to market sentiment for much of last week. This 'risk-off' mood became significantly more prominent on Friday amid negative Covid-19 developments in relation to fears over a new variant. The Euro Stoxx 50 fell by 4.7% on Friday and was down 6% on the week. Meanwhile, amid a holiday shortened Thanksgiving week, the S&P500 fell by 2.3% on Friday and was around 2% lower from where it had started on Monday.

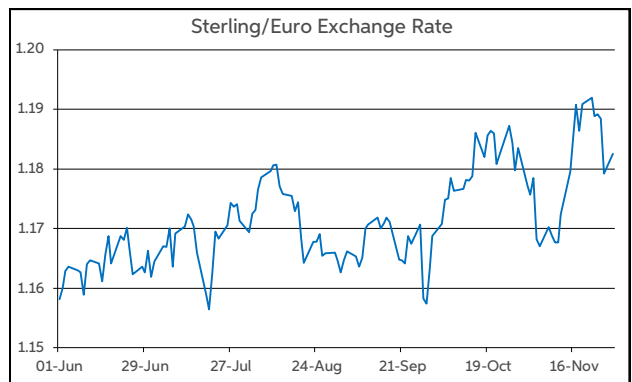
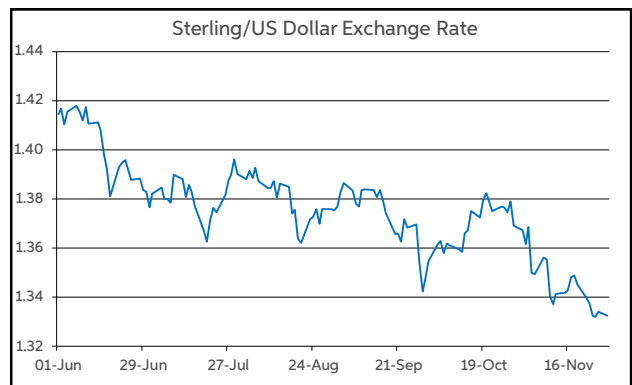
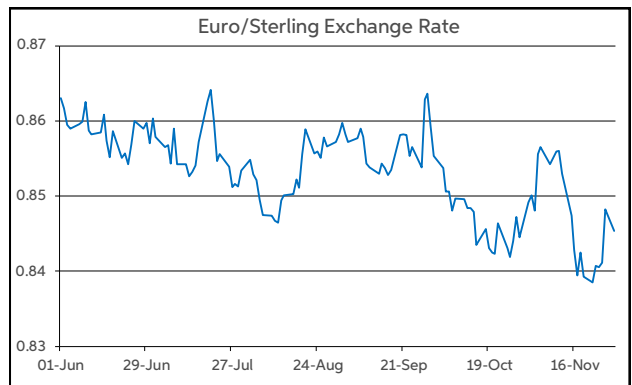
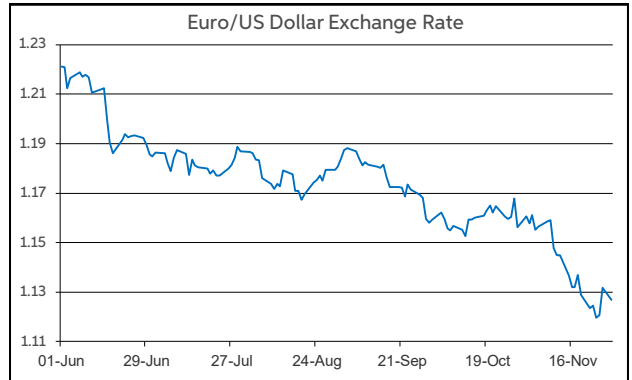
The risk averse mood and flight to safety saw bonds in demand, with yields generally lower across the board, in a week of very volatile trading. The 10-year US Treasury yield finished on Friday back near 1.5%, having risen close to 1.7% at one stage.

Currency-wise, the yen made some gains amid the more nervous tone to market sentiment. At the same time, the euro regained some ground against the dollar and sterling. This occurred as the market reassessed the timeline/extent of rate hikes from both the Fed and BoE in light of the concerning Covid-19 newsflow.

In level terms, EUR/USD moved back up towards \$1.13 territory, having earlier in the week, albeit briefly, tested below the \$1.12 handle. Meantime, EUR/GBP edged back up towards 85p on Friday having spent much of the week pinned down at the 84p mark. Sterling was generally softer against the dollar over the course of the week, with the pair changing hands in the lower half of \$1.33-1.34.

This week's data highlights are US payrolls and flash reading of Eurozone inflation (both November). However, market attention may be more focused on Covid-19 developments and with that comes the potential for volatile trading conditions.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.127	0.43	-7.72
EUR/GBP	0.8452	0.21	-5.43
GBP/USD	1.3329	0.18	-2.52
GBP/EUR	1.1825	-0.21	5.74
USD/JPY	113.44	-1.06	9.88
EUR/JPY	127.84	-0.65	1.33

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.09	0.18	0.35	0.76	1.34
EUR	0.00	-0.57	-0.57	-0.50	-0.37	-0.13
GBP	0.10	0.06	0.10	0.74	1.03	1.17

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

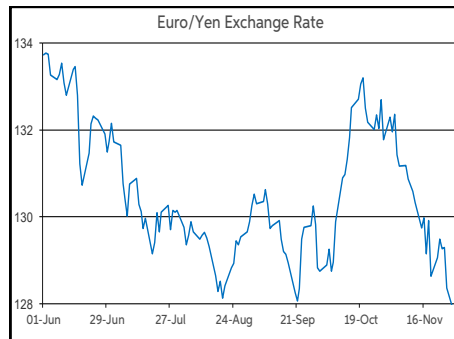
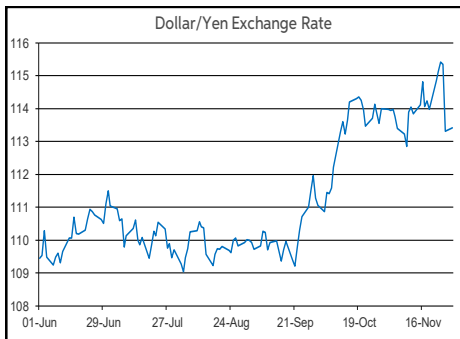
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

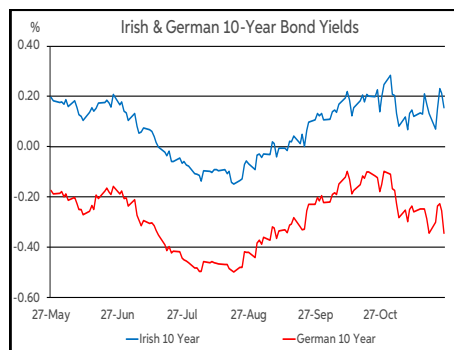
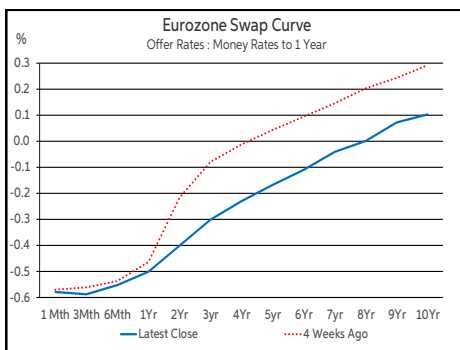
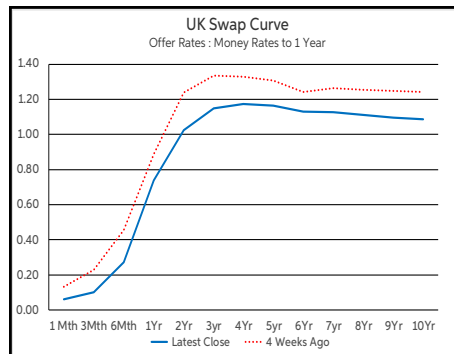
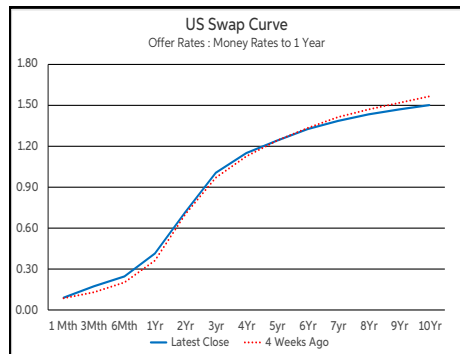
Monday 29 November 2021
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8452	GBP/EUR	1.1825	USD/JPY	113.44
EUR/USD	1.127	GBP/USD	1.3329	USD/CAD	1.2734
EUR/JPY	127.84	GBP/CAD	1.6976	USD/CHF	0.9267
EUR/SEK	10.2753	GBP/NZD	1.9508	USD/CNY	6.3836
EUR/DKK	7.4363	GBP/JPY	151.18	USD/BRL	5.6093
EUR/NOK	10.1785	GBP/SEK	12.1529	USD/RUB	74.8851
EUR/CHF	1.0444	GBP/DKK	8.7943	USD/INR	75.0575
EUR/AUD	1.5766	GBP/NOK	12.0342	AUD/USD	0.7146
EUR/HKD	8.7888	GBP/CHF	1.2351	NZD/USD	0.683
EUR/CAD	1.4354	GBP/AUD	1.8648		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.48	-16	-8	+57
Germany	-0.34	-9	-24	+24
UK	0.83	-14	-21	+63
5 Year Swap %				
US	1.24	-18	+4	+82
Eurozone	-0.17	-9	-21	+29
UK	1.16	-11	-13	+97
2 Year Swap %				
US	0.72	-14	+6	+53
Eurozone	-0.40	-5	-17	+13
UK	1.02	-9	-21	+100
10 Year Government Bond Spreads to Benchmark bps				
Ireland	50	+2	+9	+23
Belgium	37	+2	+3	+17
France	37	+1	+0	+14
Italy	131	+0	+8	+22
Spain	77	+1	+6	+14
Portugal	69	+1	+7	+6
Greece	164	+4	+21	+44



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	72.72	-11.55	-13.82	+40.39
West Texas Oil	78.32	+0.00	-6.20	+61.99
Gold \$	1791.8	+0.19	+0.50	-5.52

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