

Jam-packed week ahead

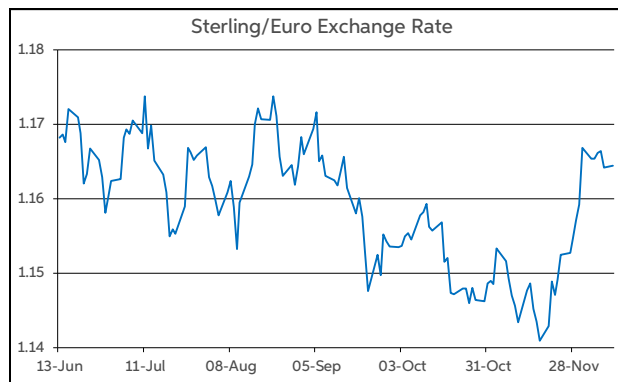
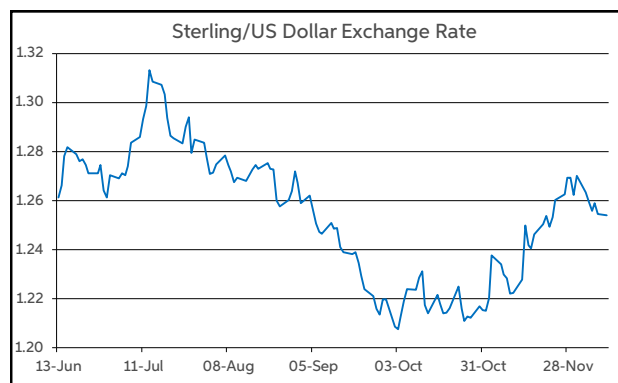
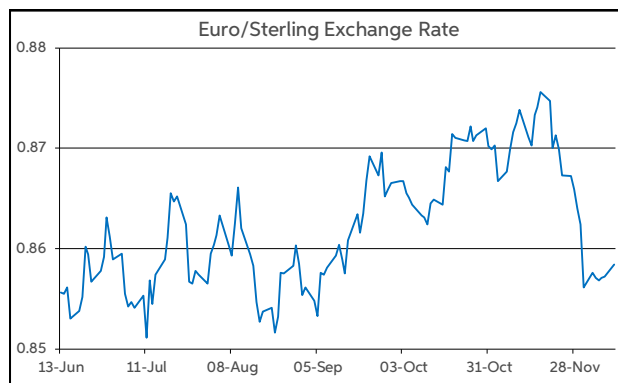
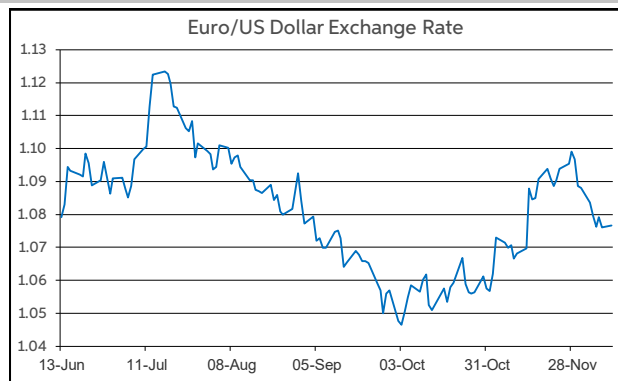
There was a marked contrast in risk appetite on either side of the Atlantic last week. A key reason for this stemmed from a firming in US rate expectations, compared to a further softening in Eurozone rates. Against this backdrop, the S&P 500 finished the week up by a meagre 0.2%, while the Euro Stoxx 50 gained 2.4%.

Having held relatively steady for most of the week, US rates firmed on Friday, as payrolls expanded by more than anticipated, and the unemployment rate fell unexpectedly to 3.7% in November. As a result, US futures contracts are currently pricing in circa 110bps of rate cuts in 2024, compared to 125bps previously. In the Eurozone, current pricing indicates at least 130bps of cuts next year, versus 125bps last Monday.

Currency-wise, the dollar was on the front foot. The greenback gained circa 1% against the euro and sterling. However, the yen was the big performer, rising by close to 2%, on speculation that the BoJ may exit negative rates later this month. In level terms, EUR/USD opens this morning below \$1.08, while EUR/JPY is down in the ¥156-157 corridor. Meantime, EUR/GBP remains just below the 86p threshold, very similar to last Monday's open. GBP/USD is the bottom half of \$1.25-1.26.

This week, a busy macro calendar includes the final monetary policy meetings of the year for the Fed, ECB and BoE. Interest rates are expected to be unchanged across the board. The main focus will be on the updated macro projections and the respective press conferences from the ECB and Fed. Elsewhere, a jam-packed data schedule includes US CPI inflation, retail sales and industrial production (all Nov), UK labour market and monthly GDP (Oct), as well as the flash PMIs for the main advanced economies (Dec).

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0765	-0.17	0.59
EUR/GBP	0.8584	0.22	-2.94
GBP/USD	1.254	-0.37	3.66
GBP/EUR	1.1645	-0.22	3.03
USD/JPY	145.43	1.04	10.92
EUR/JPY	156.58	0.88	11.60

* 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	5.47	5.63	5.39	4.85	4.27
EUR	4.50	3.85	3.95	3.66	3.13	2.74
GBP	5.25	5.18	5.21	5.08	4.90	4.33

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 11 December 2023
07:01 am



Euro

EUR/GBP	0.8584
EUR/USD	1.0765
EUR/JPY	156.58
EUR/SEK	11.2842
EUR/DKK	7.456
EUR/NOK	11.7479
EUR/CHF	0.9468
EUR/AUD	1.6409
EUR/HKD	8.4067
EUR/CAD	1.4632

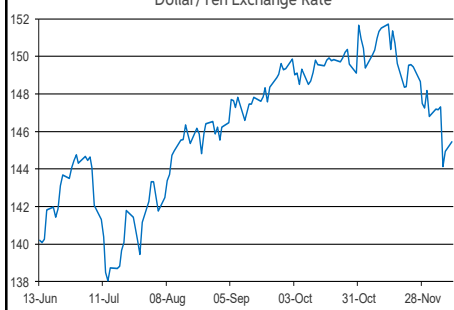
Sterling

GBP/EUR	1.1645
GBP/USD	1.254
GBP/CAD	1.7042
GBP/NZD	2.0504
GBP/JPY	182.37
GBP/SEK	13.145
GBP/DKK	8.6822
GBP/NOK	13.6873
GBP/CHF	1.1029
GBP/AUD	1.9111

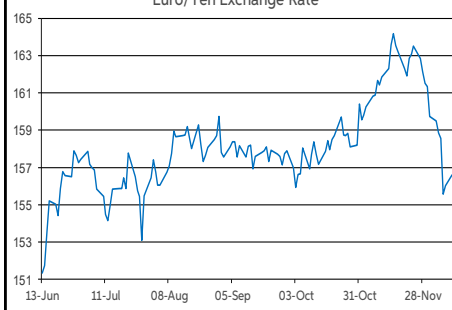
Dollar

USD/JPY	145.43
USD/CAD	1.359
USD/CHF	0.8794
USD/CNY	7.1794
USD/BRL	4.9262
USD/RUB	91.295
USD/INR	83.386
AUD/USD	0.656
NZD/USD	0.6113

Dollar/Yen Exchange Rate

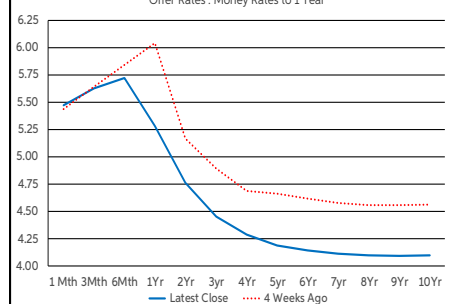


Euro/Yen Exchange Rate



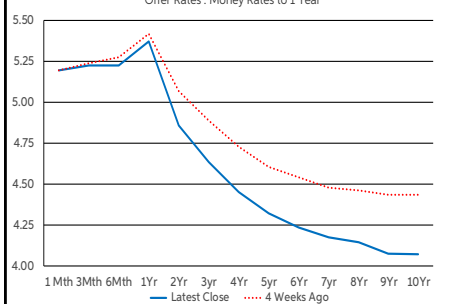
US Swap Curve

Offer Rates : Money Rates to 1 Year



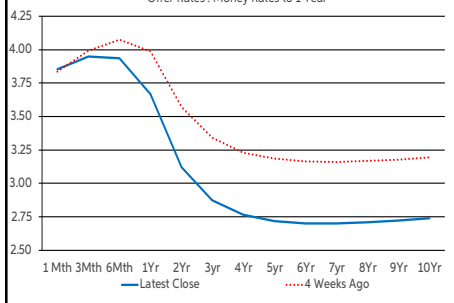
UK Swap Curve

Offer Rates : Money Rates to 1 Year

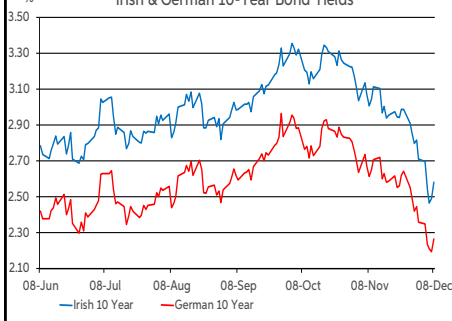


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.23	+8	-42	+35
Germany	2.27	+7	-44	-30
UK	4.04	+7	-29	+37
5 Year Swap %				
US	4.19	+11	-44	+19
Eurozone	2.72	+7	-46	-51
UK	4.32	+5	-23	+2
2 Year Swap %				
US	4.77	+13	-36	+9
Eurozone	3.12	+6	-44	-27
UK	4.86	+4	-21	+18
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	+2	-9	-24
Belgium	61	+2	-2	-3
France	56	+3	-3	+1
Italy	180	+5	-7	-34
Spain	103	+3	-3	-6
Portugal	79	+1	+5	-25
Greece	119	+1	-9	-84

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	75.84	+2.42	-6.86	-11.72
West Texas Oil	69	+0.03	-9.61	-13.92
Gold \$	2003.4	-1.23	+3.44	+9.81

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