

Calm before the storm?

There was a quiet start to the week on financial markets yesterday. A sparse data schedule likely contributed to the muted price action yesterday, given there are a number of key central bank meetings looming on the horizon later in the week. Amid the calm trading conditions, both the Euro Stoxx 50 and the S&P 500 gained 0.4%. Meanwhile, on bond markets, yields were generally little changed across the board. Of the limited moves to note, UK Gilt yields rose by 3-5bps along the curve.

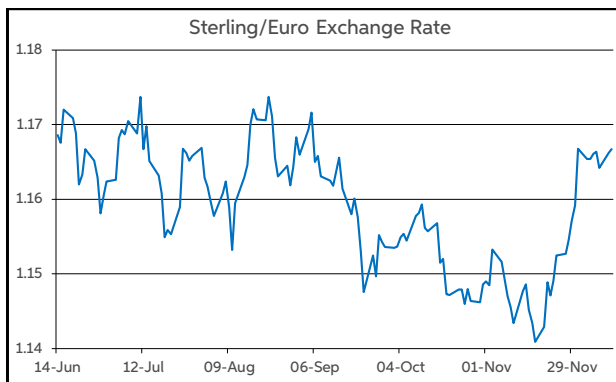
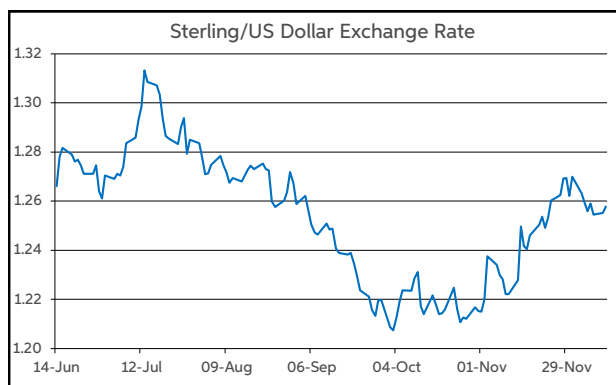
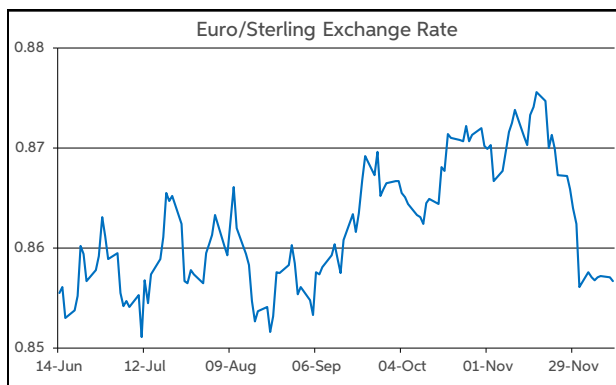
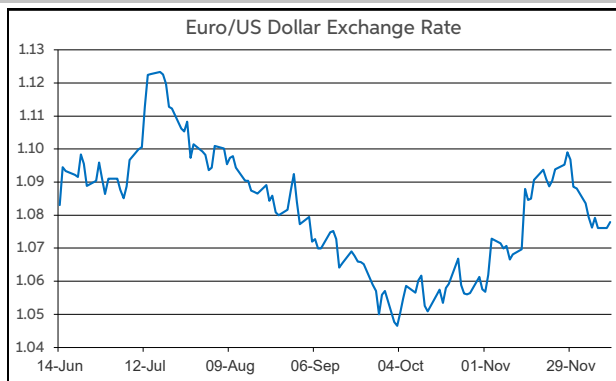
Currency-wise, the main pairs were relatively range bound. The yen was on the defensive yesterday, as reports emerged, pushing back on speculation that the BoJ may exit negative interest rates later this month. Elsewhere, the euro was under some modest downward pressure throughout the European session. However, overnight both the yen and the euro recouped most of their losses.

In level terms, EUR/USD opens this morning once again in the top half of \$1.07-108. Meantime, EUR/GBP remains in the 85-86p range. GBP/USD is above the halfway mark of \$1.25-1.26. At the same time, USD/JPY within the ¥145-146 corridor.

Already this morning, UK labour market data for October have been released. The unemployment rate remained at 4.2% as expected. Average earnings growth though, printed below the consensus, easing to 7.2% y/y in the three months to October (vs. 7.7% f'cast). The data have not impacted sterling in early trading.

Later today, US CPI inflation for November is due. The headline rate is projected to fall to 3.1% from 3.2%, while the core rate is forecast to stay at 4%. The data pose some event risk for the dollar, particularly with the FOMC decision due on Wednesday.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0778	0.10	0.71
EUR/GBP	0.8568	-0.17	-3.12
GBP/USD	1.2577	0.29	3.97
GBP/EUR	1.1665	0.18	3.22
USD/JPY	145.34	-0.14	10.85
EUR/JPY	156.7	-0.02	11.69

* 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	5.35	4.78	4.22
EUR	4.50	3.85	3.95	3.66	3.12	2.70
GBP	5.25	5.18	5.22	5.11	4.89	4.36

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

Tuesday 12 December 2023
07:27 am



Euro

EUR/GBP	0.8569
EUR/USD	1.0778
EUR/JPY	156.69
EUR/SEK	11.2687
EUR/DKK	7.455
EUR/NOK	11.7694
EUR/CHF	0.944
EUR/AUD	1.6345
EUR/HKD	8.4152
EUR/CAD	1.4612

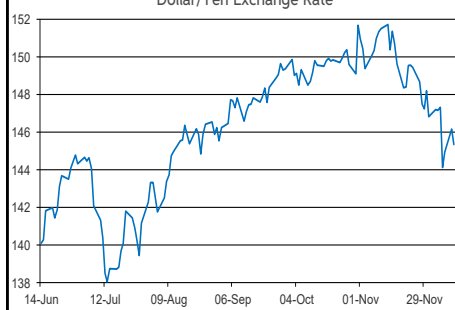
Sterling

GBP/EUR	1.1664
GBP/USD	1.2576
GBP/CAD	1.7049
GBP/NZD	2.0427
GBP/JPY	182.8
GBP/SEK	13.1486
GBP/DKK	8.6976
GBP/NOK	13.7333
GBP/CHF	1.1015
GBP/AUD	1.9071

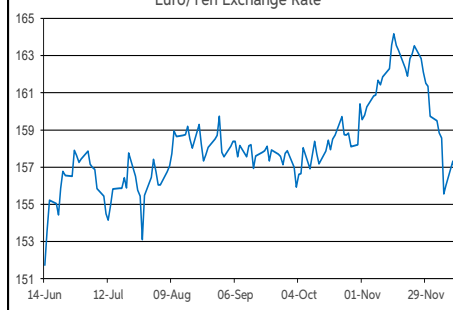
Dollar

USD/JPY	145.36
USD/CAD	1.3555
USD/CHF	0.8759
USD/CNY	7.1756
USD/BRL	4.9386
USD/RUB	90.56
USD/INR	83.3725
AUD/USD	0.6594
NZD/USD	0.6156

Dollar/Yen Exchange Rate

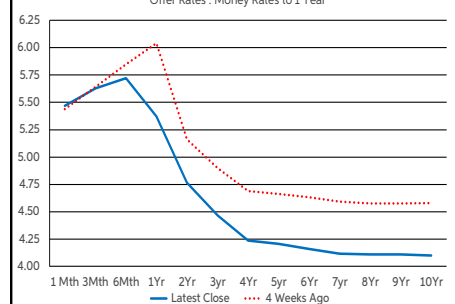


Euro/Yen Exchange Rate



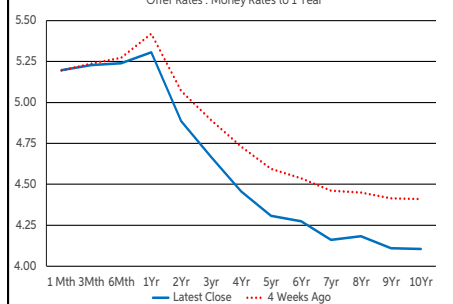
US Swap Curve

Offer Rates : Money Rates to 1 Year



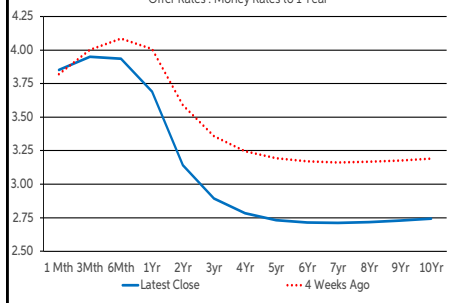
UK Swap Curve

Offer Rates : Money Rates to 1 Year

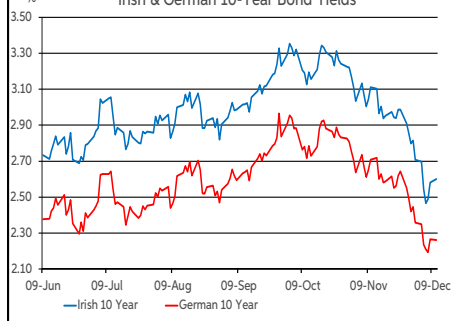


Eurozone Swap Curve

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	4.24	+1	-40	+36
Germany	2.26	-0	-46	-30
UK	4.08	+4	-24	+41
Ireland	2.62	+1	-52	-52
Belgium	2.87	-1	-46	-34
France	2.82	-0	-47	-29
Italy	4.07	+0	-49	-64
Spain	3.30	+0	-47	-36
Portugal	3.06	+1	-37	-54
Greece	3.46	+0	-54	-114
5 Year Swap %				
US	4.21	+0	-42	+21
Eurozone	2.73	+1	-45	-50
UK	4.31	-2	-24	+0
2 Year Swap %				
US	4.77	-1	-36	+9
Eurozone	3.14	+2	-44	-25
UK	4.89	+3	-18	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	+1	-7	-22
Belgium	60	-0	+0	-3
France	56	+0	-1	+1
Italy	181	+1	-3	-34
Spain	104	+1	-1	-6
Portugal	80	+1	+9	-24
Greece	119	+1	-8	-84

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	76.03	+0.25	-7.86	-11.50
West Texas Oil	69	+0.03	-9.61	-13.92
Gold \$	1981.3	-1.10	+1.82	+8.60

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