

US labour market report the highlight today

There was a positive mood on markets yesterday, as investors continued to digest the Fed decision on Wednesday, to leave monetary policy on hold. A further fall in long-term bond yields also provided a supportive backdrop for risk appetite. US Treasury yields declined by 2-10bps yesterday, with the 10-year now back below 4.7%. The move lower in Treasury yields pulled German Bund and UK Gilt yields 4-11bps lower. Meantime, on equity markets, both the Euro Stoxx 50 and the S&P 500 gained 1.9%.

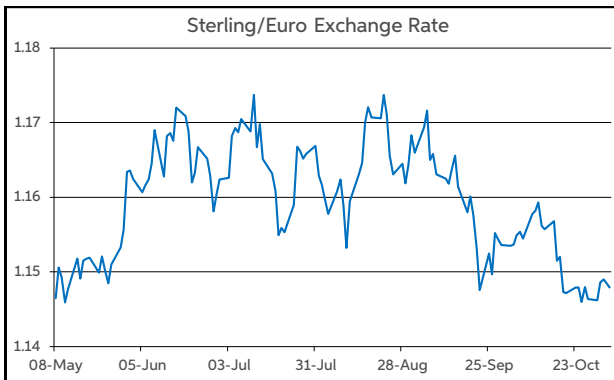
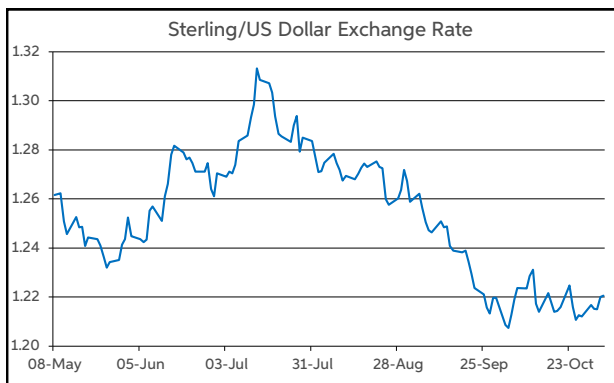
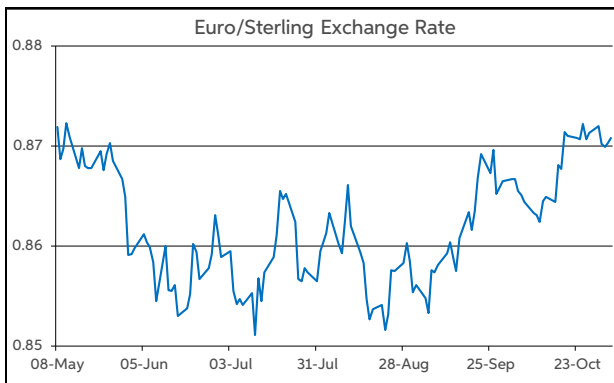
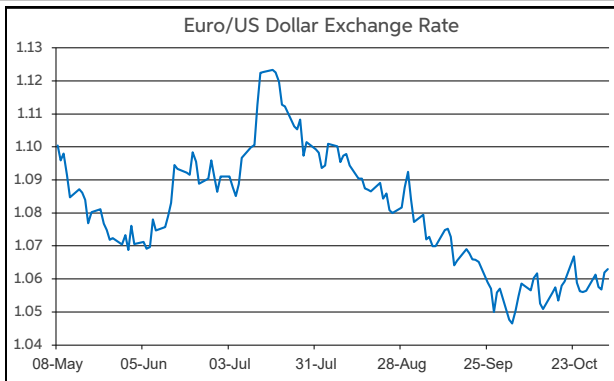
Elsewhere on the monetary policy front, the BoE left interest rates unchanged yesterday, in-line with expectations. However, the BoE maintains a bias to tighten policy further if required. Futures contracts pricing, though, indicates that the market thinks there is only roughly a 25% chance the BoE will hike rates any further.

Currency-wise, the main pairs have been relatively range bound over the past 24 hours. In the initial aftermath of the BoE policy decision, sterling was somewhat firmer. However, it was unable to hold onto all of its gains. Indeed, of the limited moves to register yesterday, the dollar was under some modest downward pressure.

The softer dollar tone is reflected by EUR/USD opening this morning up above the \$1.06 mark. GBP/USD is operating at the \$1.22 handle, having traded to a high of \$1.223 yesterday. Elsewhere, EUR/GBP remains in and around the 87p threshold.

Today, the main release of note will be the US labour market report for October. The consensus is for some softening in labour market conditions, with the pace of payrolls growth slowing (+180k vs. +336k in Sep), and a slight easing in average earnings, to +4.0% y/y. Meantime, the unemployment rate is forecast to remain at 3.8%.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0632	0.34	-0.65
EUR/GBP	0.8708	0.13	-1.54
GBP/USD	1.2208	0.22	0.92
GBP/EUR	1.1478	-0.13	1.56
USD/JPY	150.24	-0.14	14.59
EUR/JPY	159.74	0.19	13.86

* 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	5.38	5.44	5.65	5.60	5.14	4.66
EUR	4.50	3.89	3.95	3.96	3.54	3.18
GBP	5.25	5.18	5.23	5.25	5.11	4.66

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

Friday 03 November 2023
07:22 am



Euro

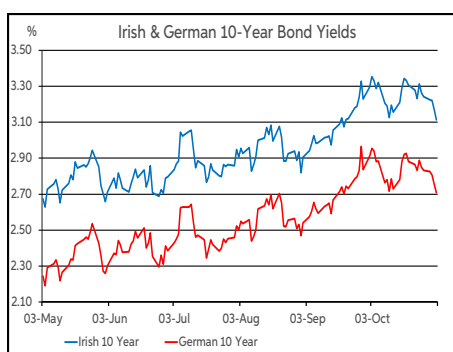
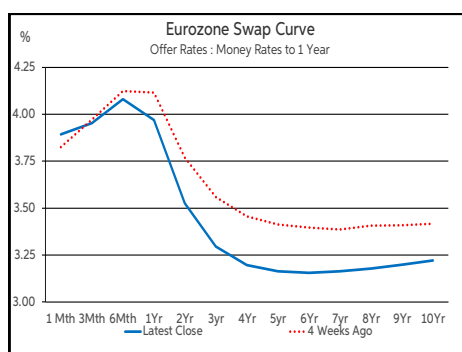
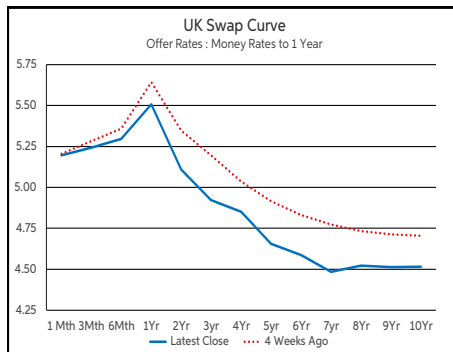
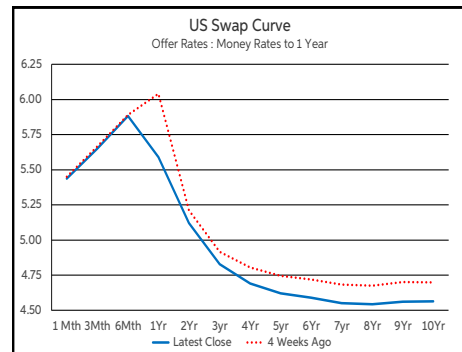
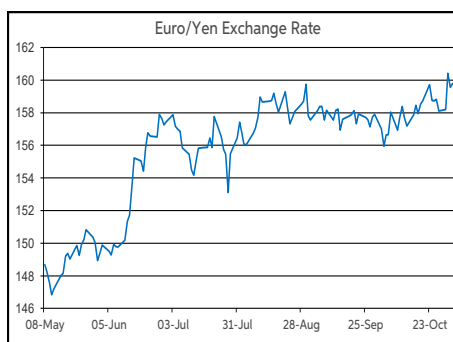
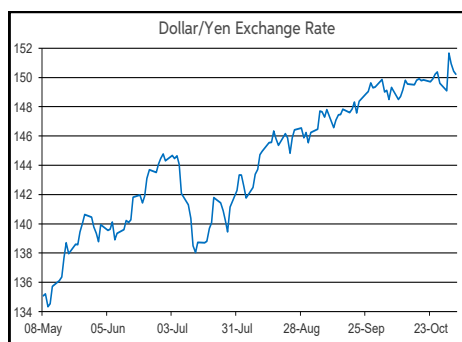
EUR/GBP	0.8708
EUR/USD	1.0632
EUR/JPY	159.74
EUR/SEK	11.8017
EUR/DKK	7.4621
EUR/NOK	11.8385
EUR/CHF	0.9625
EUR/AUD	1.65
EUR/HKD	8.3205
EUR/CAD	1.4601

Sterling

GBP/EUR	1.1478
GBP/USD	1.2208
GBP/CAD	1.6765
GBP/NZD	2.0651
GBP/JPY	183.41
GBP/SEK	13.5473
GBP/DKK	8.5668
GBP/NOK	13.586
GBP/CHF	1.1051
GBP/AUD	1.8945

Dollar

USD/JPY	150.24
USD/CAD	1.3732
USD/CHF	0.905
USD/CNY	7.3124
USD/BRL	4.9539
USD/RUB	93.62
USD/INR	83.249
AUD/USD	0.6443
NZD/USD	0.5909



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.66	-7	-6	+78
Germany	2.71	-5	-17	+15
UK	4.39	-11	-16	+72
5 Year Swap %				
US	4.62	-2	-9	+62
Eurozone	3.16	-3	-24	-7
UK	4.66	-10	-26	+35
2 Year Swap %				
US	5.12	+2	-5	+45
Eurozone	3.53	-1	-23	+14
UK	5.11	-5	-23	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-1	+0	-15
Belgium	63	-3	-6	-0
France	60	-3	+1	+5
Italy	185	-7	-17	-29
Spain	105	-3	-7	-4
Portugal	69	-1	-7	-35
Greece	137	-4	-11	-66

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	86.85	+2.62	+3.31	+1.09
West Texas Oil	83.04	+2.46	+0.90	+3.59
Gold \$	1985.5	+0.17	+9.09	+8.83

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