

EUR/USD near \$1.07 as “Trump trade” gains traction

There was a cautious mood on markets throughout the European session, as investors sat on their hands ahead of the US election results. Meanwhile, UK Gilts yields climbed 3-8bps higher, amid a modest firming in UK futures contracts. Markets are now pricing-in fewer rate cuts from the BoE between now and the end of 2025.

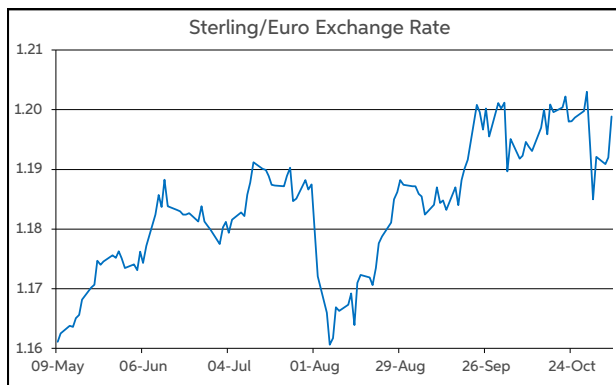
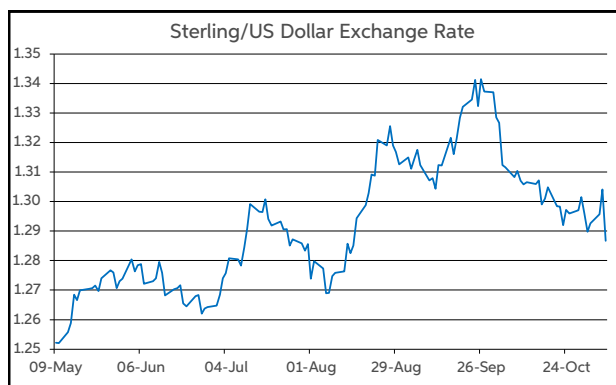
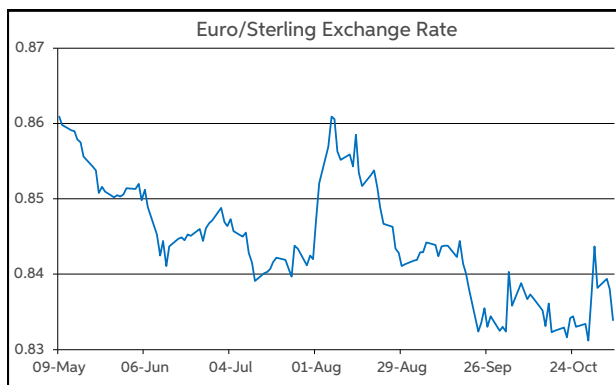
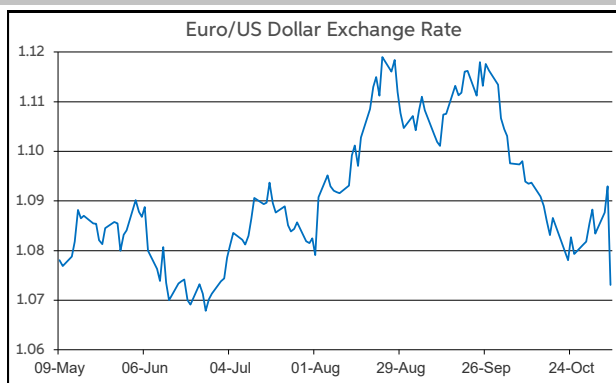
In the US, equity markets opened higher. Overall, the S&P 500 finished the day up 1.2%. Meantime, US Treasury yields rose somewhat ahead of the election results. Likewise, currency markets were range bound throughout European trading hours. However, as US markets started their day, the dollar was on the defensive.

Overnight though, as election results have started to come in, the dollar has firmly taken the ascendancy. US Treasury yields have continued to rise also. Former President Trump has been declared the victor in the key swing state of Pennsylvania, and looks to be on course to return to the White House. The Republicans have also taken control of the Senate. They have gained a few seats in the House of Representatives as well. However, it remains unclear as to who has won control of the lower chamber of Congress.

Against this backdrop, the dollar has moved higher across the board. EUR/USD is operating back in the lower half of \$1.07-1.08. GBP/USD is down below the \$1.29 threshold. Elsewhere, USD/JPY is changing hands up at the ¥154 mark. Meanwhile, EUR/GBP is trading in the lower half of the 83-84p corridor.

Turning to the day ahead, the focus will remain on the US election results, and the prospect of a “red sweep” for Republicans. If the Republicans also win the House, it may provide an added fillip for the dollar. Elsewhere, the data calendar is quite sparse.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0731	-1.35	-2.76
EUR/GBP	0.8339	-0.66	-3.80
GBP/USD	1.2867	-0.71	1.08
GBP/EUR	1.1987	0.66	3.95
USD/JPY	154.04	1.06	9.20
EUR/JPY	165.29	-0.32	6.21

* 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	4.88	4.61	4.52	4.22	4.34	4.19
EUR	3.40	3.13	3.08	2.58	2.39	2.38
GBP	5.00	4.72	4.69	4.44	4.56	4.37

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

Wednesday 06 November 2024
07:03 am



Euro

EUR/GBP	0.8339
EUR/USD	1.0731
EUR/JPY	165.29
EUR/SEK	11.6534
EUR/DKK	7.4567
EUR/NOK	11.9395
EUR/CHF	0.9367
EUR/AUD	1.6407
EUR/HKD	8.3441
EUR/CAD	1.4938

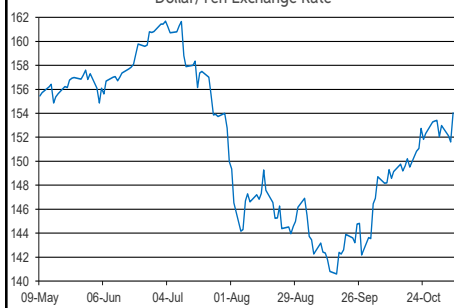
Sterling

GBP/EUR	1.1987
GBP/USD	1.2867
GBP/CAD	1.791
GBP/NZD	2.1721
GBP/JPY	198.17
GBP/SEK	13.9701
GBP/DKK	8.9405
GBP/NOK	14.3149
GBP/CHF	1.1232
GBP/AUD	1.9673

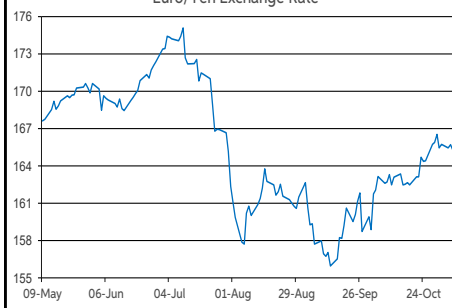
Dollar

USD/JPY	154.04
USD/CAD	1.392
USD/CHF	0.8729
USD/CNY	7.1663
USD/BRL	5.7508
USD/RUB	98
USD/INR	84.213
AUD/USD	0.654
NZD/USD	0.5923

Dollar/Yen Exchange Rate

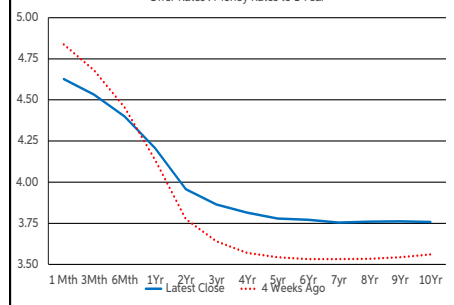


Euro/Yen Exchange Rate



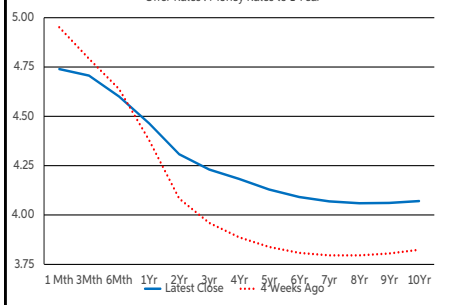
US Swap Curve

Offer Rates : Money Rates to 1 Year



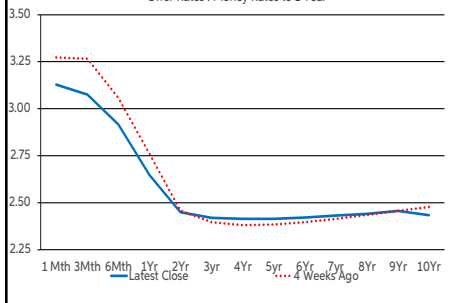
UK Swap Curve

Offer Rates : Money Rates to 1 Year

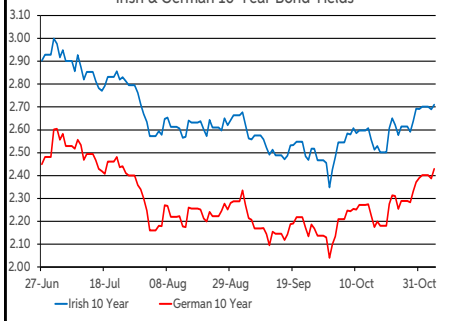


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.29	-2	+26	+43
Germany	2.43	+4	+18	+40
UK	4.53	+7	+35	+99
Ireland	2.75	+2	+14	+38
Belgium	3.01	+3	+14	+32
France	3.16	+2	+14	+60
Italy	3.67	+0	+12	-3
Spain	3.13	+3	+13	+14
Portugal	2.90	+1	+13	+11
Greece	3.30	-1	+7	+22
5 Year Swap %				
US	4.04	+0	+26	+25
Eurozone	2.42	+4	+4	-1
UK	4.36	+8	+29	+71
2 Year Swap %				
US	4.21	+1	+20	-12
Eurozone	2.45	+4	+0	-35
UK	4.55	+6	+25	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	-2	-4	-2
Belgium	58	-1	-4	-9
France	73	-2	-4	+20
Italy	124	-4	-7	-43
Spain	70	-1	-5	-27
Portugal	47	-3	-5	-29
Greece	87	-5	-11	-18

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	75.53	+0.60	-2.14	-1.96
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2743.6	+0.26	+4.64	+33.02

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