

Volatile trading conditions persist on bond markets

The mood yesterday among investors was generally muted in tone. Most of the main equity indices were in sideways mode for much of their respective sessions. In Europe, the Euro Stoxx 50 finished the day, with a slight fall, of 0.1%. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 managed to post a modest gain, of 0.3%. On commodity markets, oil prices fell by around 4%, with Brent crude below \$82 per barrel.

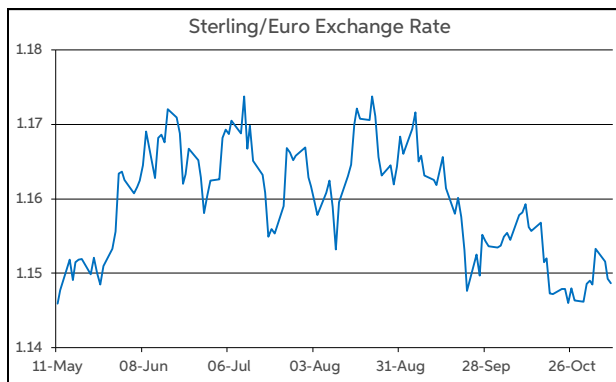
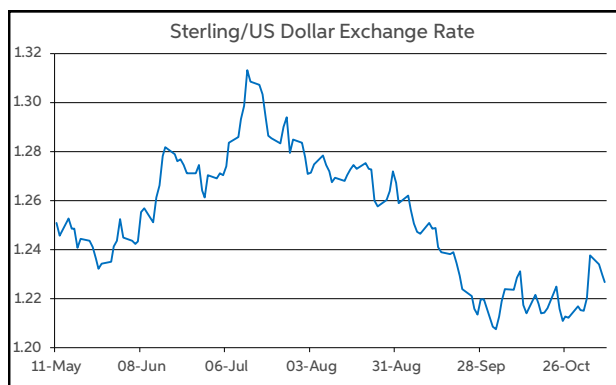
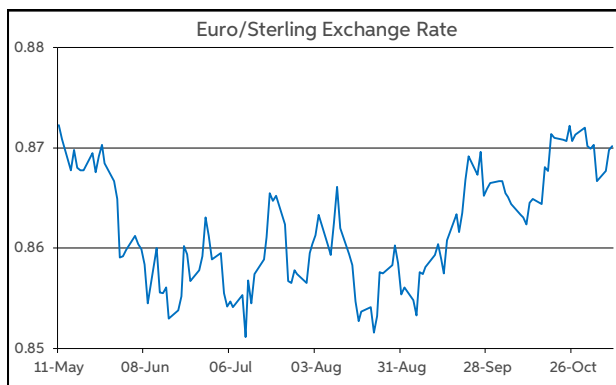
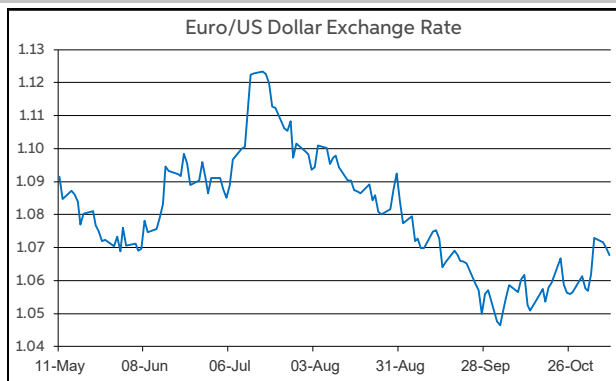
The subdued action on equity markets was not overly surprising given the lack of top tier macro data on either side of the Atlantic. One of the few releases of any note yesterday—Eurozone producer prices—saw headline factory gate inflation for the region fall to -12.4% y/y in September, from -11.5% in August.

Bond markets continued to experience volatile trading conditions yesterday. Yields fell across the board, which was in contrast to Monday, when yields rose. Last week, saw significant declines in yields. In terms of yesterday's moves, the 10-year US Treasury yield fell back below the 4.6% level. The 10-year German Bund yield moved back under the 2.7% threshold.

On currency markets, the majors remained confined to narrow trading ranges yesterday. Of the limited action to register, the dollar was marginally firmer. EUR/USD opens this morning below \$1.07, while GBP/USD starts today within \$1.22-1.23 territory. Meantime, EUR/GBP has edged back up to the 87p mark.

Today's macro data diary continues to be largely uneventful. One of the few highlights is Eurozone retail sales (Sept) which is unlikely to be a dial mover for the euro. On the monetary policy front, BoE Governor Bailey is due to speak.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0675	-0.33	-0.25
EUR/GBP	0.8703	0.24	-1.59
GBP/USD	1.2265	-0.55	1.39
GBP/EUR	1.1484	-0.24	1.62
USD/JPY	150.72	0.29	14.96
EUR/JPY	160.92	-0.02	14.70

* 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	5.44	5.63	5.54	5.07	4.59
EUR	4.50	3.86	3.96	3.94	3.52	3.13
GBP	5.25	5.18	5.22	5.18	5.00	4.52

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 08 November 2023
07:23 am



Euro

EUR/GBP	0.8703
EUR/USD	1.0675
EUR/JPY	160.92
EUR/SEK	11.6994
EUR/DKK	7.4572
EUR/NOK	11.9785
EUR/CHF	0.9629
EUR/AUD	1.6606
EUR/HKD	8.3451
EUR/CAD	1.4708

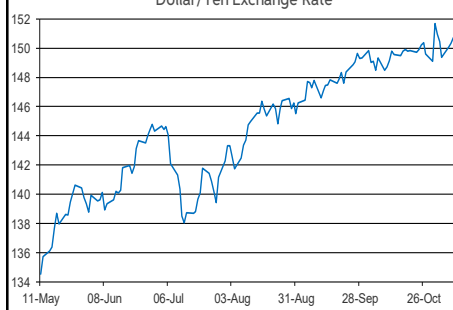
Sterling

GBP/EUR	1.1484
GBP/USD	1.2265
GBP/CAD	1.6898
GBP/NZD	2.0683
GBP/JPY	184.87
GBP/SEK	13.4368
GBP/DKK	8.5658
GBP/NOK	13.761
GBP/CHF	1.1063
GBP/AUD	1.9079

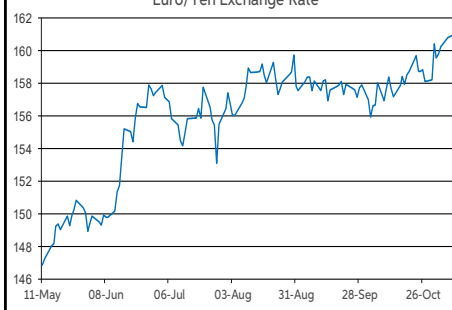
Dollar

USD/JPY	150.72
USD/CAD	1.3774
USD/CHF	0.9019
USD/CNY	7.2787
USD/BRL	4.8724
USD/RUB	92.35
USD/INR	83.2675
AUD/USD	0.6428
NZD/USD	0.5927

Dollar/Yen Exchange Rate

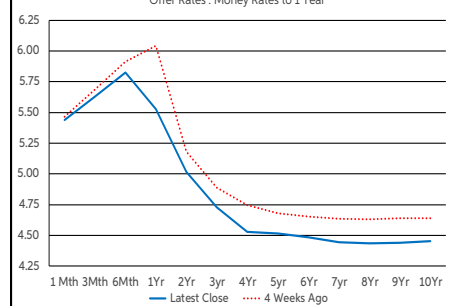


Euro/Yen Exchange Rate



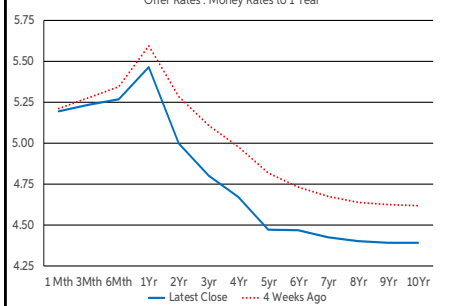
US Swap Curve

Offer Rates : Money Rates to 1 Year



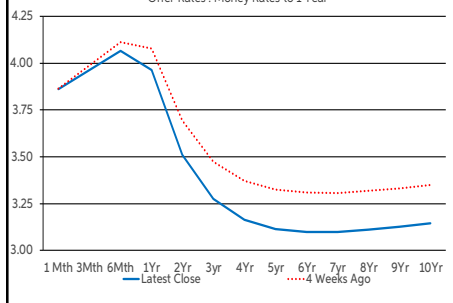
UK Swap Curve

Offer Rates : Money Rates to 1 Year

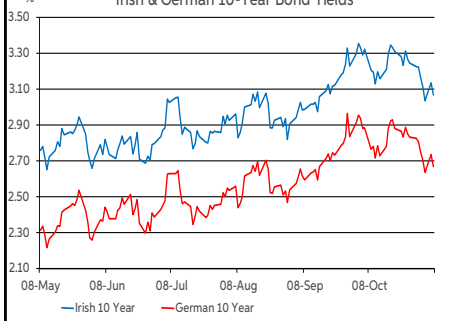


Eurozone Swap Curve

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	4.57	-8	-9	+69
Germany	2.67	-7	-11	+10
UK	4.28	-10	-15	+61
Ireland	3.10	-8	-11	-4
Belgium	3.30	-7	-14	+10
France	3.26	-8	-8	+14
Italy	4.49	-9	-24	-21
Spain	3.72	-7	-16	+6
Portugal	3.41	-1	-10	-19
Greece	3.98	-5	-38	-61
5 Year Swap %				
US	4.52	-5	-12	+52
Eurozone	3.12	-4	-20	-11
UK	4.47	-10	-34	+17
2 Year Swap %				
US	5.02	-4	-12	+34
Eurozone	3.51	-1	-17	+12
UK	5.00	-8	-28	+32
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-0	+0	-15
Belgium	63	-0	-3	-1
France	59	-1	+3	+4
Italy	183	-2	-12	-31
Spain	106	-0	-4	-4
Portugal	74	+6	+1	-29
Greece	131	+2	-27	-72

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	81.61	-4.19	-6.89	-5.01
West Texas Oil	77.96	-4.39	-9.23	-2.74
Gold \$	1968.4	-0.47	+5.82	+7.89

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