

Euro firmly on the defensive

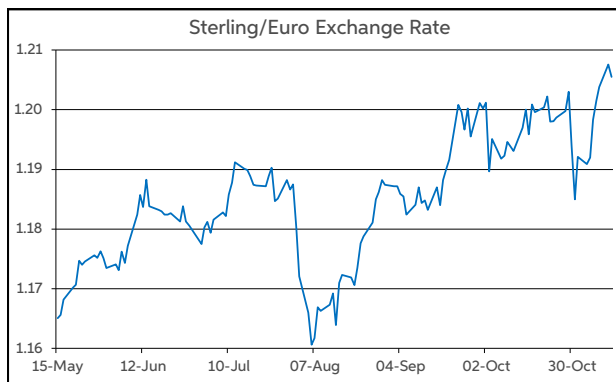
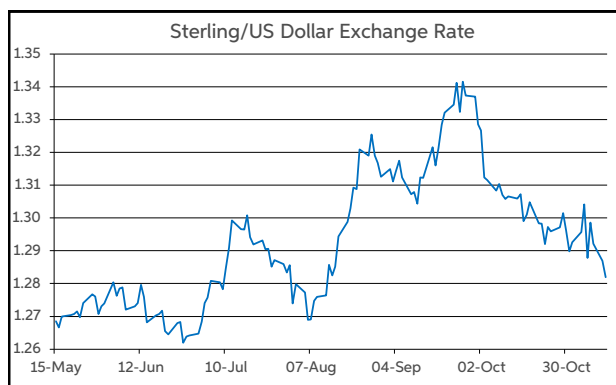
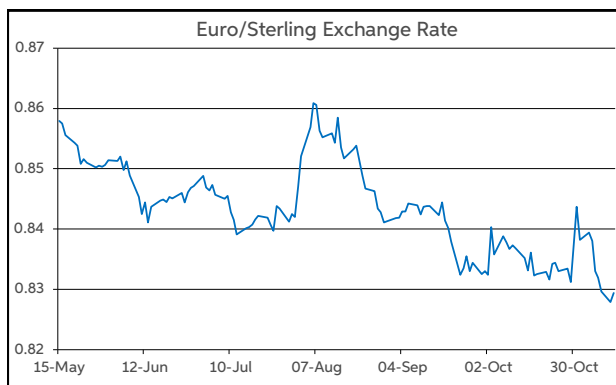
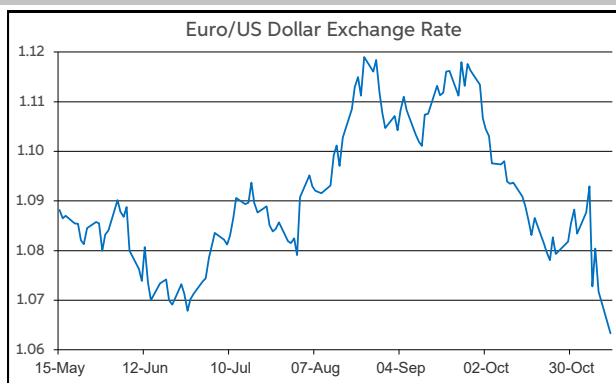
The euro continued to sink yesterday, as the prospect of a Republican “clean sweep” came further into focus. Although the race for control of the House of Representatives has not yet officially been declared, expectations are that Republicans will have a majority. This will make it easier for President-elect Trump to enact his policy agenda (Republicans have won the Senate also), which is seen as being negative for the open Eurozone economy.

At the same time, markets continued to digest political turmoil in Germany, and the potential for snap elections there, sooner than anticipated next year. Against this backdrop, the euro was under downward pressure yesterday. This saw EUR/USD trade down to a low of \$1.063, while EUR/GBP troughed at 82.6p. Thus, the euro has operated near/through key support levels over the past 24 hours. The single currency breached below the 83p mark versus sterling, which has largely held since the Brexit Referendum in 2016, and it traded close to its YTD low of \$1.06 against the dollar.

However, overnight the euro recouped some of its loses versus sterling, albeit EUR/GBP opens today just below the 83p handle still. Elsewhere, EUR/USD continues to trade in the bottom half of \$1.06-1.07, near its low from yesterday. GBP/USD is changing hands back close to \$1.28. USD/JPY is in the top half of ¥153-154.

Already this morning, UK labour market data for September have been released. The unemployment rate rose to 4.3% (vs. 4.1% f'cast), while average earnings growth jumped to +4.3% y/y from 3.9% y/y. However, the data have had little impact on sterling so far in early trading. Later today, the German ZEW is forecast to be little changed in November. Meanwhile, there is a quiet look to the US data calendar. With this in mind, the euro will remain in focus.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2023 |
| EUR/USD | 1.0633 | -0.77 | -3.65 |
| EUR/GBP | 0.8294 | -0.04 | -4.31 |
| GBP/USD | 1.2819 | -0.72 | 0.71 |
| GBP/EUR | 1.2055 | 0.04 | 4.51 |
| USD/JPY | 153.77 | 0.16 | 9.01 |
| EUR/JPY | 163.51 | -0.63 | 5.06 |

* 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 | 4.63 | 4.60 | 4.51 | 4.29 | 4.40 | 4.19 |
| EUR | 3.40 | 3.09 | 3.03 | 2.45 | 2.25 | 2.23 |
| GBP | 4.75 | 4.69 | 4.67 | 4.41 | 4.48 | 4.27 |

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 |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

Opening Levels

Tuesday 12 November 2024
07:00 am



Euro

| | |
|---------|---------|
| EUR/GBP | 0.8294 |
| EUR/USD | 1.0633 |
| EUR/JPY | 163.51 |
| EUR/SEK | 11.56 |
| EUR/DKK | 7.4584 |
| EUR/NOK | 11.7596 |
| EUR/CHF | 0.9376 |
| EUR/AUD | 1.6221 |
| EUR/HKD | 8.2714 |
| EUR/CAD | 1.4829 |

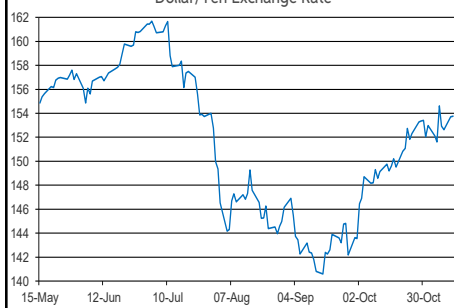
Sterling

| | |
|---------|---------|
| GBP/EUR | 1.2055 |
| GBP/USD | 1.2819 |
| GBP/CAD | 1.7878 |
| GBP/NZD | 2.1517 |
| GBP/JPY | 197.12 |
| GBP/SEK | 13.9348 |
| GBP/DKK | 8.9921 |
| GBP/NOK | 14.1749 |
| GBP/CHF | 1.1304 |
| GBP/AUD | 1.9556 |

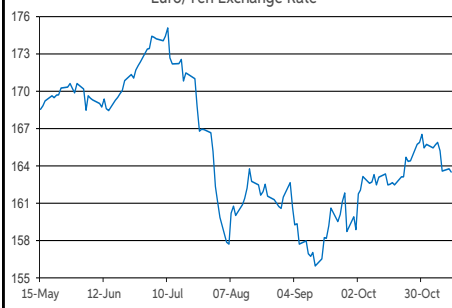
Dollar

| | |
|---------|--------|
| USD/JPY | 153.77 |
| USD/CAD | 1.3947 |
| USD/CHF | 0.8818 |
| USD/CNY | 7.2363 |
| USD/BRL | 5.7559 |
| USD/RUB | 97.55 |
| USD/INR | 84.396 |
| AUD/USD | 0.6554 |
| NZD/USD | 0.5957 |

Dollar/Yen Exchange Rate

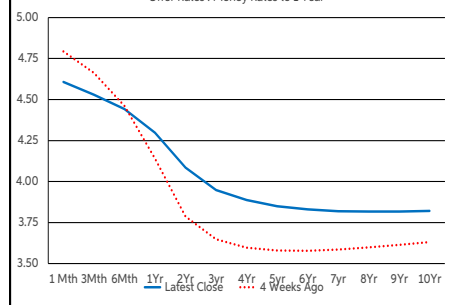


Euro/Yen Exchange Rate



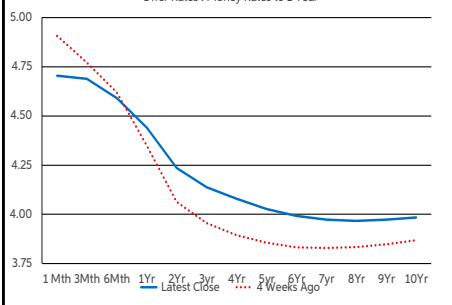
US Swap Curve

Offer Rates : Money Rates to 1 Year



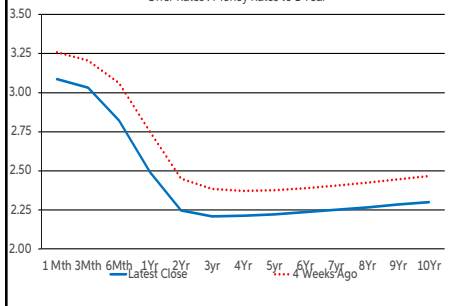
UK Swap Curve

Offer Rates : Money Rates to 1 Year

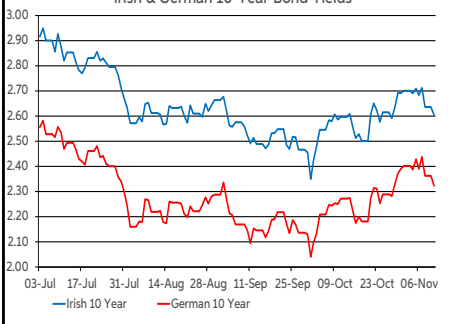


Eurozone Swap Curve

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 | 4.31 | -4 | +23 | +45 |
| Germany | 2.33 | -4 | +5 | +30 |
| UK | 4.43 | -1 | +19 | +89 |
| 5 Year Swap % | | | | |
| US | 4.14 | +2 | +30 | +35 |
| Eurozone | 2.22 | -5 | -14 | -21 |
| UK | 4.26 | +0 | +17 | +61 |
| 2 Year Swap % | | | | |
| US | 4.31 | +0 | +29 | -2 |
| Eurozone | 2.25 | -3 | -19 | -55 |
| UK | 4.48 | +1 | +19 | +22 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 31 | -0 | -7 | -3 |
| Belgium | 60 | -0 | -1 | -6 |
| France | 75 | -0 | -1 | +22 |
| Italy | 127 | -3 | -0 | -40 |
| Spain | 73 | -1 | -0 | -23 |
| Portugal | 51 | -1 | +1 | -25 |
| Greece | 89 | -3 | -5 | -15 |

Commodities

| | Close | % Change | | |
|----------------|--------|----------|---------|--------|
| | | Day | 4 Weeks | End 23 |
| Brent Oil | 71.83 | -2.76 | -7.27 | -6.76 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 2620.2 | -2.37 | -1.16 | +27.03 |

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