

## Sterling edges slightly higher

Somewhat unsurprisingly given the Thanksgiving holiday in the US, yesterday was relatively quiet on markets. The Euro Stoxx 50 gained 0.2%. On bond markets, German sovereign yields rose by 3-6bps. Meantime, UK Gilt yields moved 8-9bps higher.

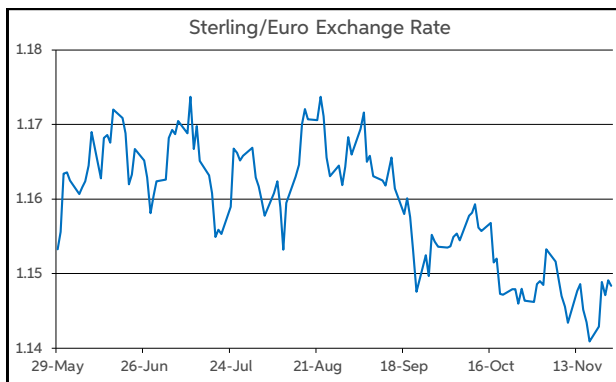
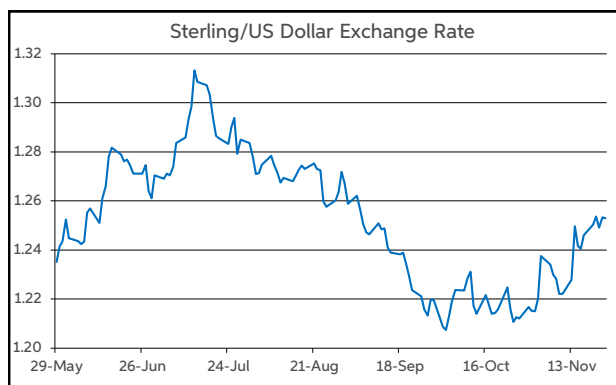
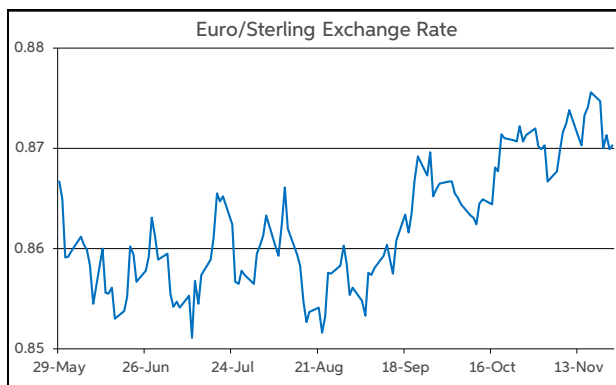
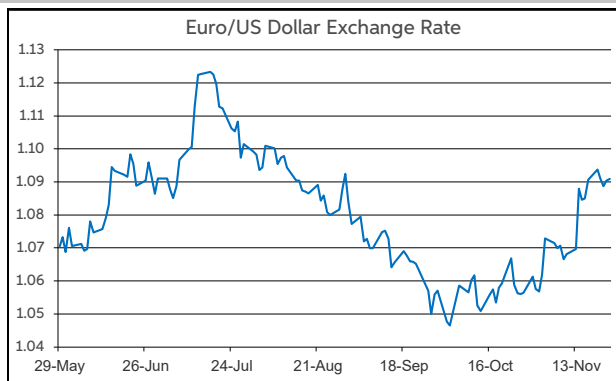
The larger increase in UK yields coincided with better than anticipated UK PMI data for November, and a hardening in market rate expectations. The flash manufacturing PMI rose to 46.7 (vs. 45.0 f'cast), while the services PMI moved into expansion mode, at 50.5 (vs. 49.5 f'cast). Against this backdrop, markets are now pricing in circa 55bps worth of rate cuts next year, compared to around 70bps at the start of the week. The firming in UK rates should also be viewed in the context of some hawkish BoE rhetoric and the Autumn statement in recent days.

The Eurozone flash PMIs also improved, albeit both sector readings were broadly in line with the consensus, and remained in contraction mode. Meanwhile, the latest ECB meeting minutes prompted a slightly hawkish reaction on markets. However, this unwound somewhat overnight. Futures contracts pricing suggests the market thinks the ECB will cut rates by circa 80-85bps in 2024.

Currency-wise, sterling was holding a slightly firmer tone for much of yesterday. Overall, sterling gained 0.2% versus the euro and the dollar. This sees EUR/GBP open back near 87p. GBP/USD is in the lower half of \$1.25-1.26. EUR/USD remains just above \$1.09.

Turning to the day ahead, the German Ifo is forecast to inch higher in November. In the US, the flash PMIs for November are expected to be little changed. Barring any major surprises though, the data are unlikely to impact on markets.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0909	0.00	1.93
EUR/GBP	0.8705	-0.15	-1.57
GBP/USD	1.2529	0.15	3.57
GBP/EUR	1.1484	0.15	1.60
USD/JPY	149.4	0.28	13.95
EUR/JPY	162.98	0.27	16.17

\* 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	5.46	5.64	5.53	5.02	4.48
EUR	4.50	3.82	3.96	3.99	3.56	3.14
GBP	5.25	5.19	5.24	5.22	5.07	4.56

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 24 November 2023  
07:36 am



## Euro

EUR/GBP	0.8705
EUR/USD	1.0909
EUR/JPY	162.98
EUR/SEK	11.4486
EUR/DKK	7.4545
EUR/NOK	11.7515
EUR/CHF	0.9642
EUR/AUD	1.6627
EUR/HKD	8.5025
EUR/CAD	1.4947

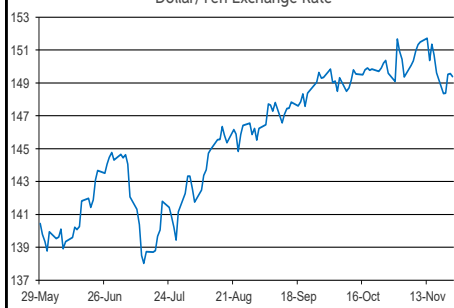
## Sterling

GBP/EUR	1.1484
GBP/USD	1.2529
GBP/CAD	1.7165
GBP/NZD	2.0692
GBP/JPY	187.18
GBP/SEK	13.1512
GBP/DKK	8.56
GBP/NOK	13.488
GBP/CHF	1.1076
GBP/AUD	1.91

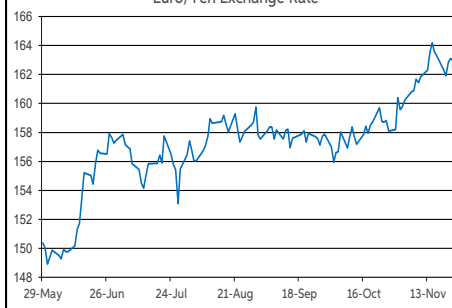
## Dollar

USD/JPY	149.4
USD/CAD	1.37
USD/CHF	0.884
USD/CNY	7.1537
USD/BRL	4.9039
USD/RUB	88.9575
USD/INR	83.338
AUD/USD	0.6558
NZD/USD	0.6052

Dollar/Yen Exchange Rate

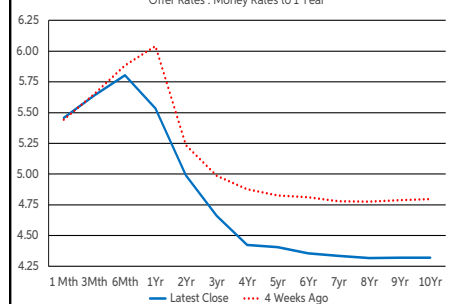


Euro/Yen Exchange Rate



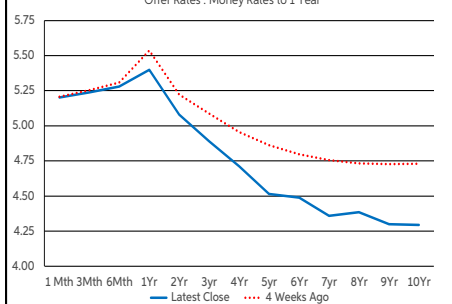
US Swap Curve

Offer Rates : Money Rates to 1 Year



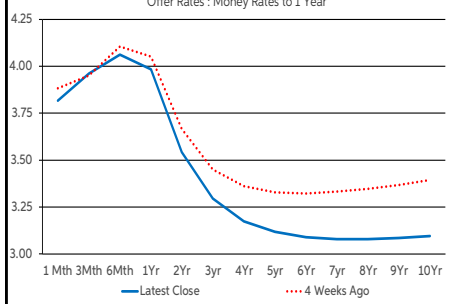
UK Swap Curve

Offer Rates : Money Rates to 1 Year

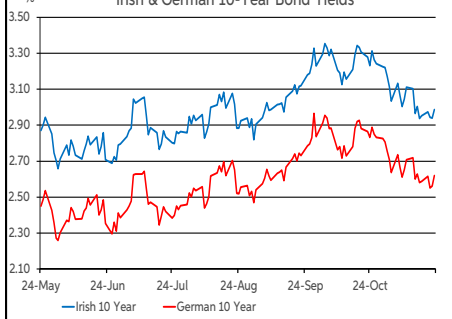


Eurozone Swap Curve

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	4.41	+1	-44	+53
Germany	2.62	+6	-23	+6
UK	4.25	+9	-35	+59
Ireland	3.02	+6	-28	-13
Belgium	3.23	+8	-29	+3
France	3.18	+7	-30	+7
Italy	4.39	+8	-46	-31
Spain	3.62	+7	-34	-4
Portugal	3.29	+7	-28	-31
Greece	3.85	+9	-33	-75
5 Year Swap %				
US	4.40	+1	-38	+41
Eurozone	3.12	+5	-20	-11
UK	4.51	+8	-34	+21
2 Year Swap %				
US	4.99	+3	-20	+31
Eurozone	3.54	+3	-11	+16
UK	5.08	+7	-14	+40
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-5	-19
Belgium	61	+2	-6	-3
France	56	+1	-7	+1
Italy	177	+2	-23	-37
Spain	100	+1	-11	-10
Portugal	67	+1	-5	-37
Greece	122	+3	-11	-81

## Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	81.42	-0.66	-7.40	-5.23
West Texas Oil	76.8	-1.98	-8.35	-4.19
Gold \$	1991.8	+0.10	+0.35	+9.18

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