

Cautious mood on markets

There was a cautious tone to risk appetite yesterday. Meantime, a sparse data schedule to kick-off the week likely contributed to the lacklustre price action on equity markets. Overall, the Euro Stoxx 50 declined by 0.4%, while the S&P 500 edged down by 0.2%.

In terms of fixed income, the action was more noticeable, with sovereign yields moving lower across the board. Yields declined by 6-12bps in the US, Eurozone and UK yesterday. The falls were on the back of a modest softening in market rate expectations.

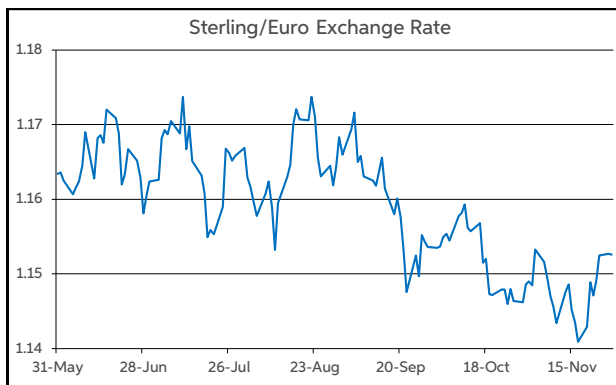
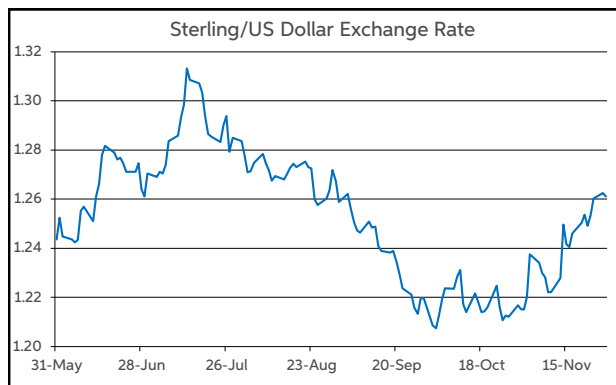
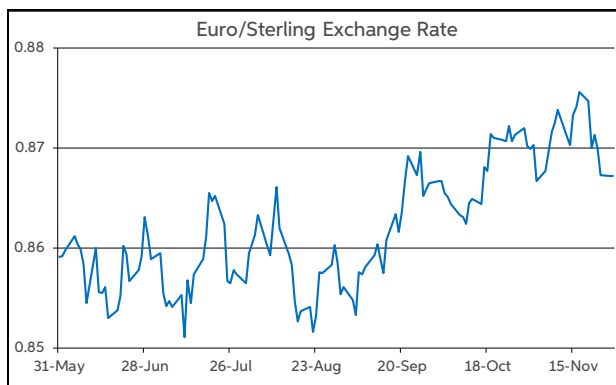
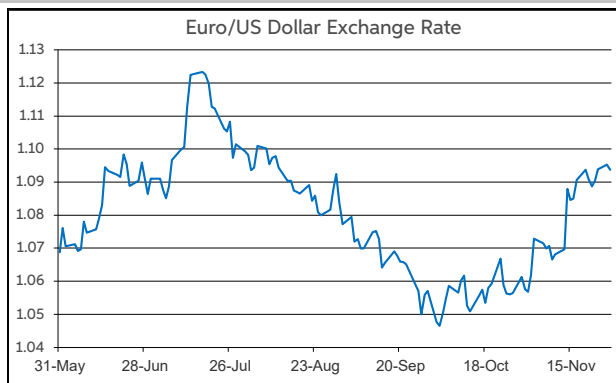
Markets had a dovish reaction to a speech and remarks by ECB President Lagarde at the European Parliament yesterday. President Lagarde reiterated that the ECB will keep policy sufficiently restrictive to return inflation to 2%, but also noted that the Eurozone economy is likely to remain weak in the near term.

Eurozone futures contracts softened by around 10bps. Markets are now pricing in circa 95bps of cuts in the Eurozone next year. Similarly, US and UK futures contracts also softened, albeit not to the same extent. Current pricing is consistent with at least 85bps of cuts in the US, and a minimum of 60bps of cuts in the UK in 2024.

Currency-wise, the main FX pairs were tightly range bound. Of the limited moves to note, the euro was under slight downward pressure. This sees, EUR/USD open this morning in the lower half of \$1.09-1.10. Meantime, EUR/GBP remains in the 86-87p range.

Turning to the day ahead, the main data highlight will be US Conference Board measure of consumer confidence for November. Elsewhere, remarks from a number of ECB, Fed and BoE officials will also garner attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0936	-0.10	2.19
EUR/GBP	0.8671	-0.10	-1.96
GBP/USD	1.2609	-0.01	4.23
GBP/EUR	1.1526	0.10	2.00
USD/JPY	148.46	-0.44	13.23
EUR/JPY	162.37	-0.56	15.73

* 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	5.65	5.51	5.02	4.39
EUR	4.50	3.81	3.94	3.93	3.47	3.03
GBP	5.25	5.19	5.23	5.19	5.01	4.51

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

Tuesday 28 November 2023
07:46 am



Euro

EUR/GBP	0.8671
EUR/USD	1.0936
EUR/JPY	162.37
EUR/SEK	11.4158
EUR/DKK	7.4553
EUR/NOK	11.6517
EUR/CHF	0.9632
EUR/AUD	1.6551
EUR/HKD	8.5255
EUR/CAD	1.4875

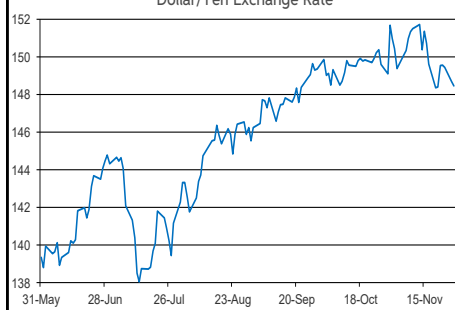
Sterling

GBP/EUR	1.1526
GBP/USD	1.2609
GBP/CAD	1.7149
GBP/NZD	2.0703
GBP/JPY	187.19
GBP/SEK	13.1594
GBP/DKK	8.5937
GBP/NOK	13.4336
GBP/CHF	1.1105
GBP/AUD	1.9087

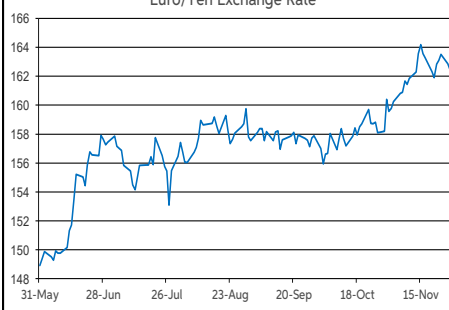
Dollar

USD/JPY	148.46
USD/CAD	1.3597
USD/CHF	0.8807
USD/CNY	7.1536
USD/BRL	4.8964
USD/RUB	88.6075
USD/INR	83.365
AUD/USD	0.6604
NZD/USD	0.6088

Dollar/Yen Exchange Rate

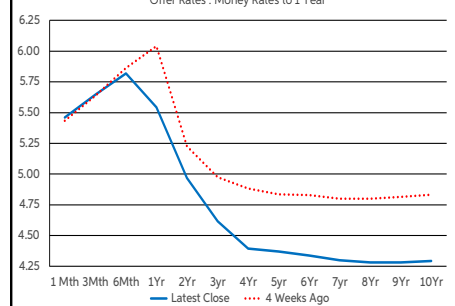


Euro/Yen Exchange Rate



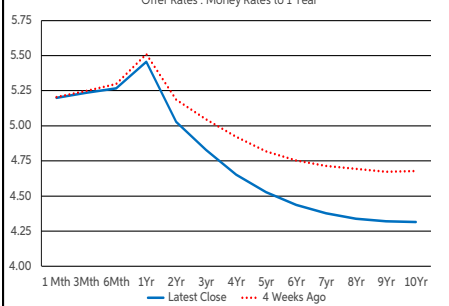
US Swap Curve

Offer Rates : Money Rates to 1 Year



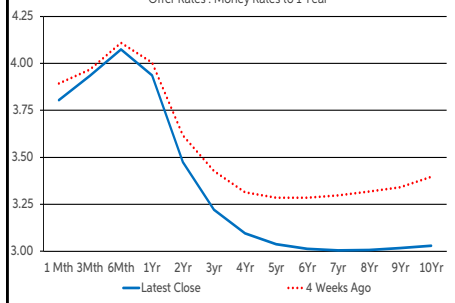
UK Swap Curve

Offer Rates : Money Rates to 1 Year

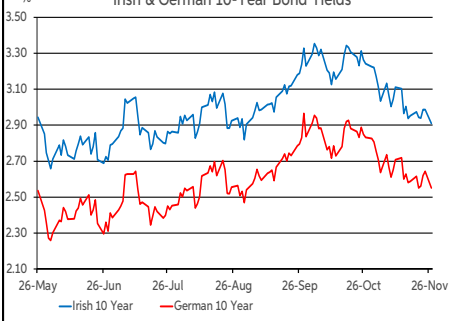


Eurozone Swap Curve

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	4.39	-8	-50	+51
Germany	2.56	-9	-27	-1
UK	4.21	-7	-35	+54
Ireland	2.94	-9	-31	-21
Belgium	3.16	-9	-34	-4
France	3.11	-9	-33	+0
Italy	4.30	-10	-44	-40
Spain	3.55	-9	-35	-11
Portugal	3.23	-8	-29	-37
Greece	3.78	-6	-38	-81
5 Year Swap %				
US	4.37	-8	-42	+38
Eurozone	3.04	-10	-24	-19
UK	4.53	-1	-28	+22
2 Year Swap %				
US	4.97	-3	-22	+29
Eurozone	3.48	-9	-13	+9
UK	5.03	-7	-15	+35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	-4	-20
Belgium	60	-0	-7	-4
France	56	+0	-6	+1
Italy	174	-1	-17	-40
Spain	99	-0	-8	-10
Portugal	68	+1	-2	-36
Greece	122	+3	-10	-81

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	79.98	-0.74	-8.54	-6.90
West Texas Oil	74.46	-0.49	-10.32	-7.11
Gold \$	2013.6	+0.58	+0.89	+10.37

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