

# Morning Comment

AIB Treasury Economic Research Unit



Wednesday 13 November 2024  
07:36 am

## Dollar remains to the fore

European equities continued to fall sharply yesterday, with the Euro Stoxx 50 down by 2.3%. Meanwhile, the S&P 500 edged 0.3% lower. On bond markets, yields moved higher, with German Bund and UK Gilt yields rising by 3-7bps. At the same time, US Treasury yields climbed 4-10bps higher along the curve. The larger move in US yields coincided with a firming in US futures contracts. Markets now see rate cuts worth just 75bps in the US by the end of 2025.

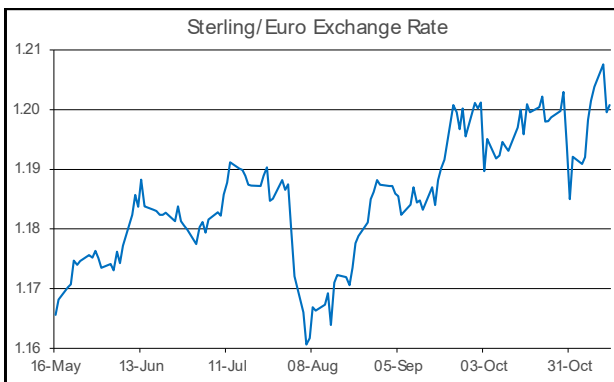
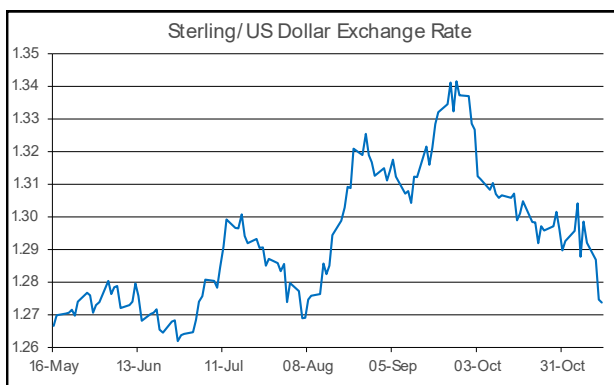
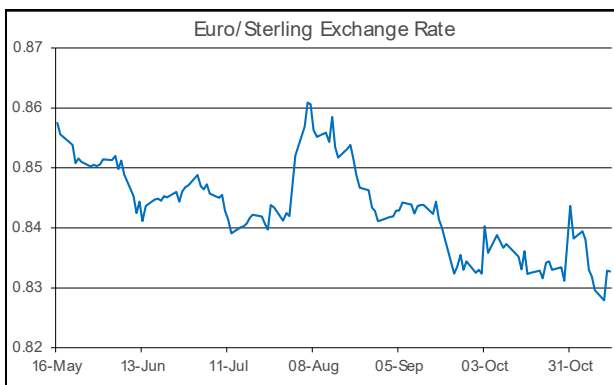
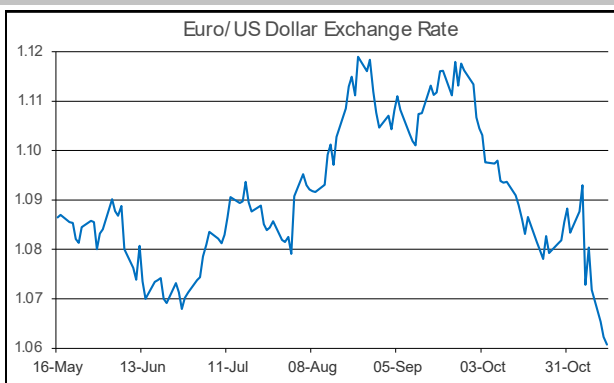
Data-wise, there was a sparse macro-calendar for investors to digest. Of the limited releases to note, the German ZEW deteriorated to 7.4 in November (vs. 13.0 f'cast). Elsewhere, US small business optimism was little changed in November. However, neither release had a major impact on markets yesterday.

On the currency front, the dollar remained firmly in the ascendancy. At the same time, sterling was under some downward pressure. This was reflected in GBP/USD moving below the \$1.28 threshold for the first time since August. Meanwhile, EUR/USD fell to a fresh YTD low of \$1.0595.

As trading gets underway this morning, EUR/USD is changing hands just north of the \$1.06 threshold. Meantime, GBP/USD is operating back below the midpoint of the \$1.27-1.28 range. EUR/GBP is trading in the lower half of 83-84p.

Turning to the day ahead, the main highlight will be the October reading of US CPI inflation. The consensus is for the headline rate to rise to 2.6% from 2.4%, owing to unfavourable base effects. The core rate is projected to remain at 3.3% in the month, having shown some signs of stickiness recently. Elsewhere, remarks from a number of Fed officials will also garner attention.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0607	-0.29	-3.89
EUR/GBP	0.8327	0.45	-3.93
GBP/USD	1.2737	-0.74	0.06
GBP/EUR	1.2007	-0.44	4.10
USD/JPY	154.95	0.87	9.85
EUR/JPY	164.36	0.58	5.61

\* v Previous Day's European Open

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Opening Interest Rates						
Base Rate	Money Market		Swap Rates			
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	4.63	4.60	4.52	4.31	4.43	4.25
EUR	3.40	3.08	3.04	2.45	2.27	2.28
GBP	4.75	4.69	4.69	4.48	4.55	4.36

All rates quoted are indicative market rates

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### CONTACTS

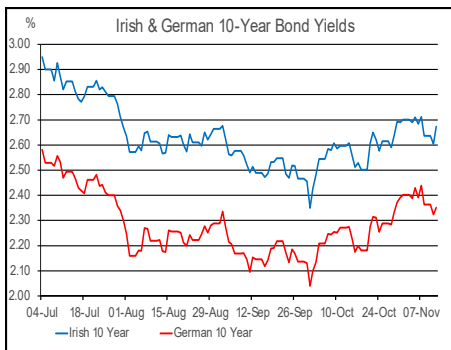
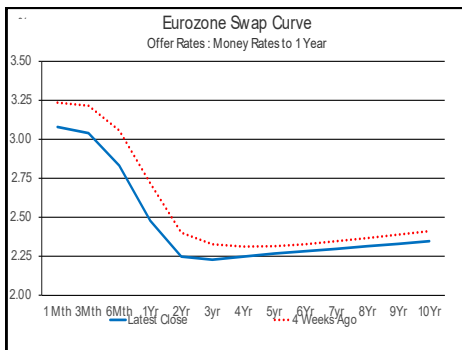
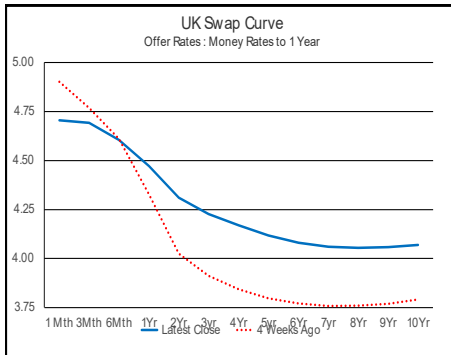
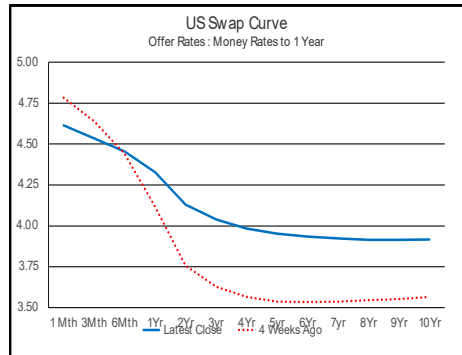
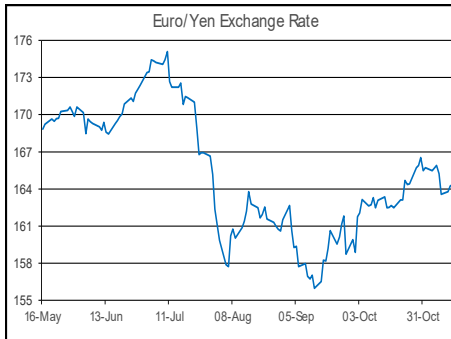
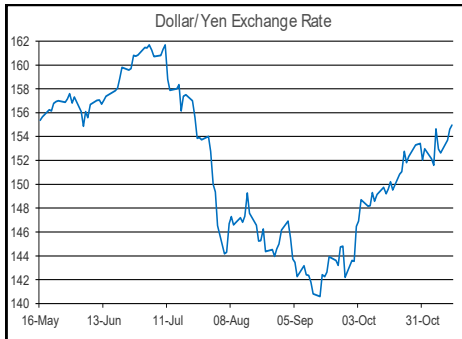
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Euro		Sterling		Dollar	
EUR/GBP	0.8327	GBP/EUR	1.2007	USD/JPY	154.95
EUR/USD	1.0607	GBP/USD	1.2737	USD/CAD	1.3957
EUR/JPY	164.36	GBP/CAD	1.7777	USD/CHF	0.883
EUR/SEK	11.5904	GBP/NZD	2.149	USD/CNY	7.2265
EUR/DKK	7.4594	GBP/JPY	197.36	USD/BRL	5.7481
EUR/NOK	11.7701	GBP/SEK	13.9175	USD/RUB	98
EUR/CHF	0.9366	GBP/DKK	8.9574	USD/INR	84.376
EUR/AUD	1.6254	GBP/NOK	14.1394	AUD/USD	0.6525
EUR/HKD	8.2514	GBP/CHF	1.1246	NZD/USD	0.5926
EUR/CAD	1.4804	GBP/AUD	1.9518		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.43	+13	+40	+57
Germany	2.35	+3	+13	+33
UK	4.50	+7	+34	+96
<b>5 Year Swap %</b>				
US	4.21	+8	+43	+42
Eurozone	2.27	+5	-4	-16
UK	4.35	+9	+32	+70
<b>2 Year Swap %</b>				
US	4.38	+7	+39	+5
Eurozone	2.25	+0	-15	-55
UK	4.55	+7	+30	+29
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	33	+2	-2	-1
Belgium	61	+1	+1	-6
France	78	+3	+5	+25
Italy	128	+2	+5	-39
Spain	75	+2	+4	-21
Portugal	51	+0	+3	-25
Greece	87	-2	-4	-18

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	71.89	+0.08	-3.18	-6.68
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2597.3	-0.88	-2.39	+25.92

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