

Eurozone inflation sends EUR/USD back near \$1.09

Investor sentiment was holding a slightly positive tone yesterday. Encouraging inflation data, mixed labour market updates, and remarks from a number of central bankers impacted sentiment throughout the day. On equity markets, the Euro Stoxx 50 was a modest 0.3% higher, while the S&P 500 gained 0.4%.

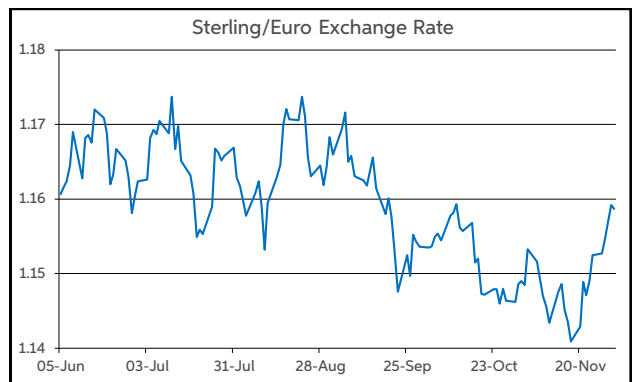
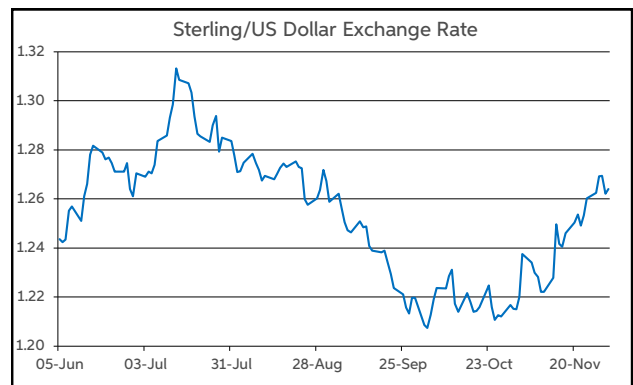
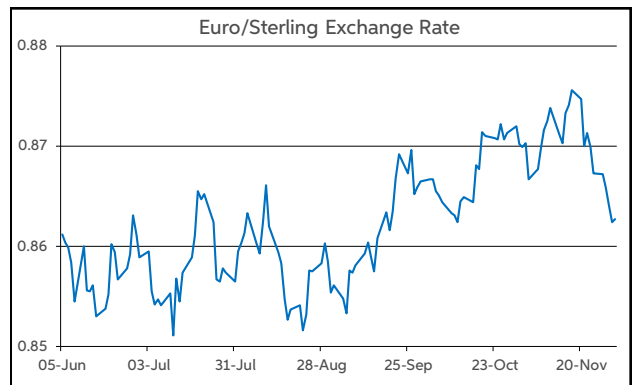
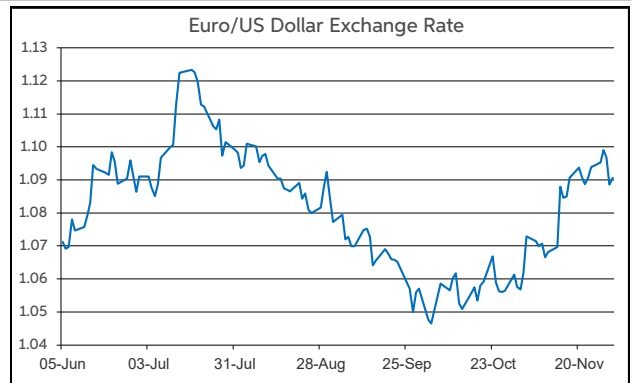
Data-wise, the flash estimate of Eurozone HICP inflation eased to 2.4% in November (vs. 2.7% f'cast). The core rate declined to 3.6% (vs. 3.9% f'cast). Meantime, US core-PCE inflation fell to 3.5% in October, as expected. Elsewhere on the data front, the Eurozone unemployment rate remained at 6.5% in October, despite the Italian jobless rate rising to 7.8% from 7.6%. At the same time, US initial jobless claims printed broadly in-line with expectations, but continuous claims rose to their highest level since November 2021.

Amid the lower than anticipated Eurozone inflation data, the euro was under downward pressure. Meanwhile, the dollar was holding a firmer tone, as comments from a number of Fed officials left the door open to hiking rates further. Elsewhere, hawkish remarks from BoE MPC member Greene provided some support for sterling.

As trading gets underway this morning, EUR/USD opens down near \$1.09. EUR/GBP is operating back in the lower half of 86-87p. Elsewhere, GBP/USD is changing hands close to the midpoint of \$1.26-1.27, having traded down near the \$1.26 threshold yesterday.

Later today, the main release will be the US manufacturing ISM for November. The consensus is for a slight improvement, although, the index is set to remain in contraction mode. Remarks from a plethora of central bankers, including from ECB President Lagarde and Fed Chair Powell, will also garner attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0906	-0.60	1.91
EUR/GBP	0.8626	-0.15	-2.46
GBP/USD	1.264	-0.46	4.49
GBP/EUR	1.1586	0.15	2.53
USD/JPY	148.16	0.77	13.00
EUR/JPY	161.63	0.19	15.20

* 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	5.36	4.78	4.28
EUR	4.50	3.85	3.98	3.80	3.31	2.92
GBP	5.25	5.19	5.23	5.17	4.96	4.43

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

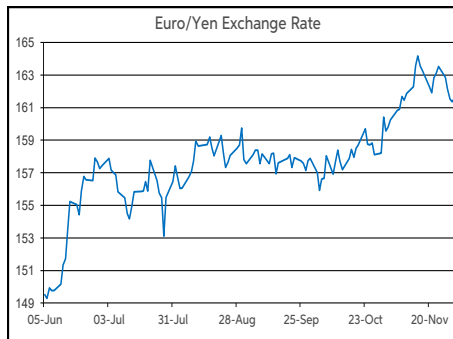
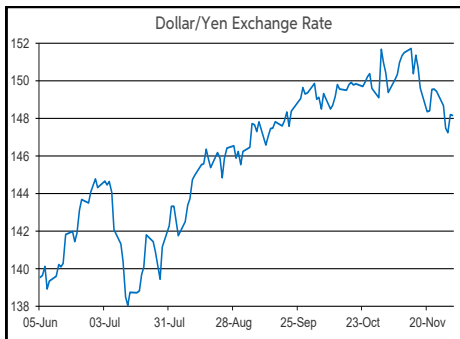
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

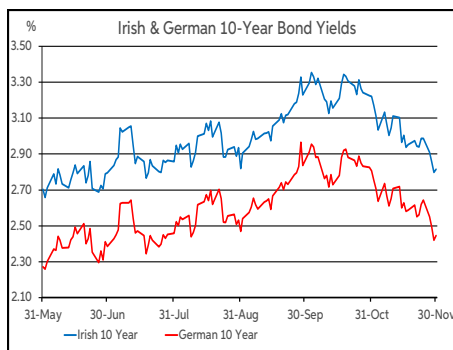
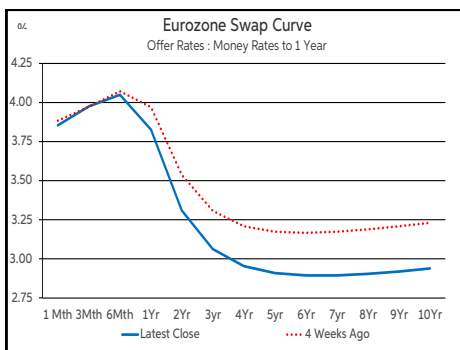
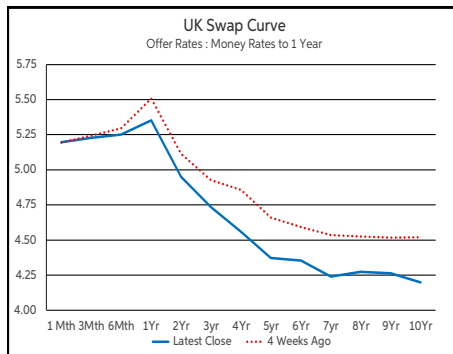
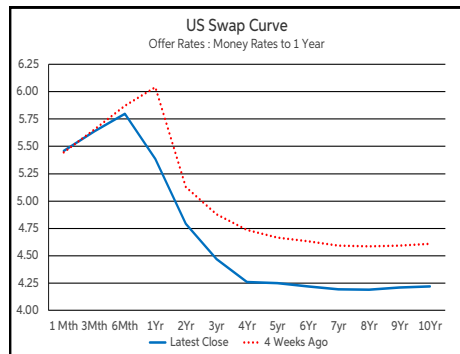
Friday 01 December 2023
07:30 am



Euro		Sterling		Dollar	
EUR/GBP	0.8626	GBP/EUR	1.1586	USD/JPY	148.16
EUR/USD	1.0906	GBP/USD	1.264	USD/CAD	1.3548
EUR/JPY	161.63	GBP/CAD	1.7126	USD/CHF	0.874
EUR/SEK	11.4026	GBP/NZD	2.0542	USD/CNY	7.1457
EUR/DKK	7.4556	GBP/JPY	187.27	USD/BRL	4.9263
EUR/NOK	11.7538	GBP/SEK	13.2142	USD/RUB	89.25
EUR/CHF	0.9533	GBP/DKK	8.6393	USD/INR	83.3325
EUR/AUD	1.6525	GBP/NOK	13.6211	AUD/USD	0.66
EUR/HKD	8.5202	GBP/CHF	1.1049	NZD/USD	0.6149
EUR/CAD	1.4777	GBP/AUD	1.9151		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 22
10 Year Yield %				
US	4.33	+7	-33	+45
Germany	2.45	+2	-26	-11
UK	4.18	+7	-21	+51
5 Year Swap %				
US	4.25	+6	-38	+25
Eurozone	2.91	-0	-26	-32
UK	4.37	+0	-28	+7
2 Year Swap %				
US	4.79	+3	-30	+12
Eurozone	3.31	-3	-22	-8
UK	4.95	+4	-16	+27
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-0	-4	-19
Belgium	62	+1	-1	-2
France	58	+1	-2	+3
Italy	179	+4	-6	-35
Spain	103	+2	-2	-7
Portugal	67	-1	-1	-37
Greece	126	+4	-11	-77



Commodities				
	Close	Day	% Change	
			4 Weeks	End 22
Brent Oil	82.83	-0.32	-4.63	-3.59
West Texas Oil	75.66	-2.45	-8.89	-5.61
Gold \$	2035.8	-0.43	+2.53	+11.58

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.