

Yields continue to move lower

Risk appetite continued to espouse a mixed tone yesterday. In Europe, the Euro Stoxx 50 gained 0.7% on the day. Meanwhile, on Wall Street last night, the S&P 500 was 0.4% lower at the closing bell. Oil prices also continued to fall, with Brent crude down around 4% to below \$75 per barrel.

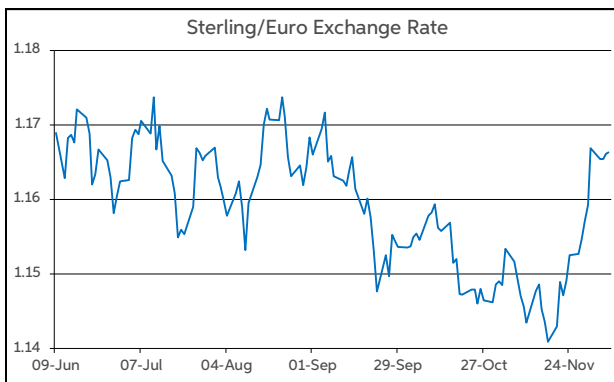
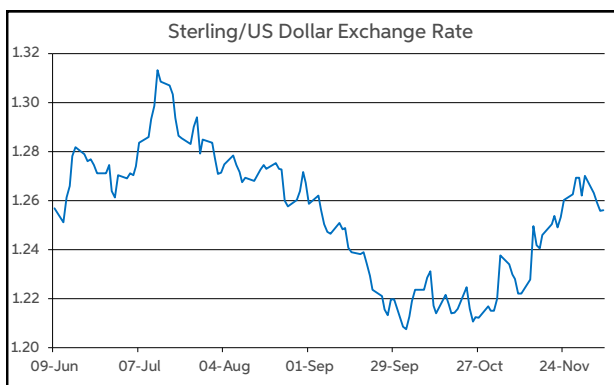
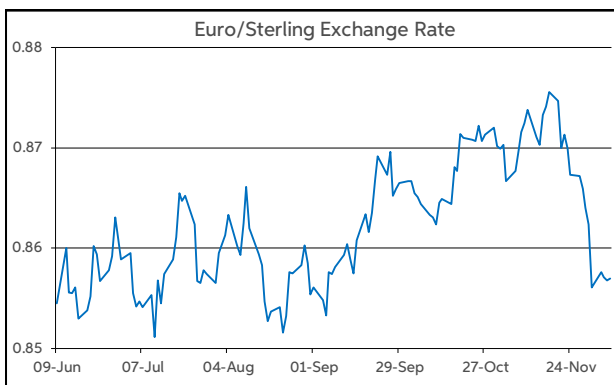
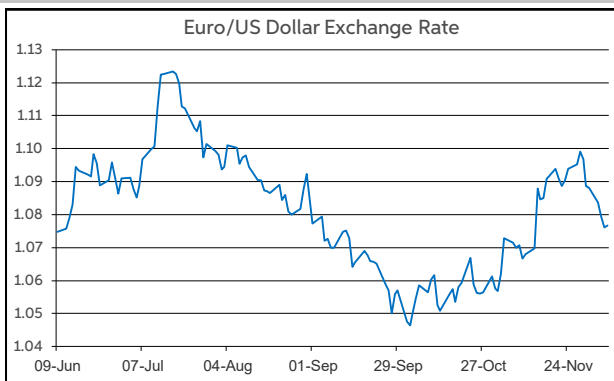
Data-wise, there was a sparse schedule yesterday. In Europe, the only release of note was October retail sales. The headline number missed slightly to the downside of expectations. Thus, it suggests a muted performance in consumer spending at the start of Q4. In the US, the ADP employment number also printed below forecasts. However, the ADP has not been a reliable lead indicator for non-farm payrolls, which are due for release on Friday.

The action on bond markets saw yields continue to fall, although not to the same extent as the previous day. The 10-year UK Gilt yield fell by 8bps to go below the 4% level. Meanwhile, the 10-year US Treasury yield fell by 5bps, edging nearer to 4.1%.

On the currency front, most of the main pairs were confined to narrow ranges yesterday. In overnight action though, the yen gained around 1%. This was on the back of speculation of a BoJ policy pivot, despite Governor Ueda in his semi annual parliamentary report continuing to emphasise the need to retain loose monetary policy. Elsewhere, the dollar is modestly firmer against the euro and sterling over the past 24 hours. EUR/USD has edged further below \$1.08. Meanwhile, EUR/GBP remains sub-86p.

Today's macro calendar is also lacking in top tier releases. The second reading of Q3 Eurozone GDP and US weekly jobless claims are the only data that merit a mention.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0773	-0.24	0.66
EUR/GBP	0.8572	0.11	-3.08
GBP/USD	1.2564	-0.36	3.86
GBP/EUR	1.1659	-0.10	3.17
USD/JPY	145.9	-0.86	11.28
EUR/JPY	157.18	-1.12	12.03

* 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	5.48	5.64	5.32	4.71	4.16
EUR	4.50	3.87	3.96	3.65	3.09	2.71
GBP	5.25	5.18	5.21	5.06	4.82	4.26

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

Thursday 07 December 2023
07:28 am



Euro

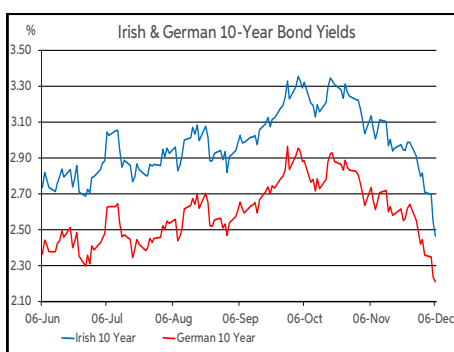
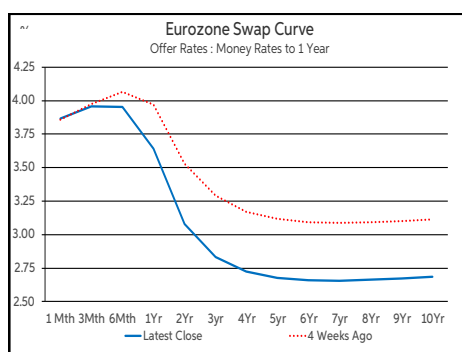
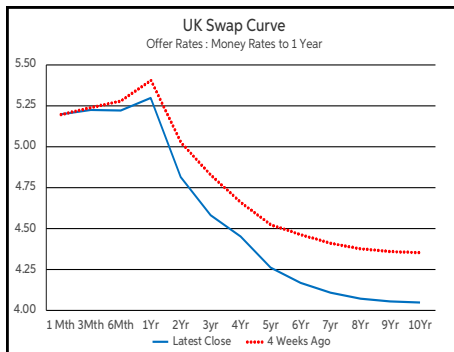
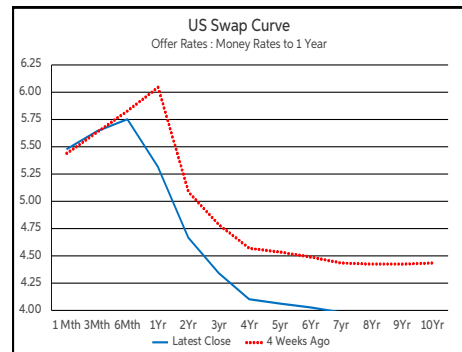
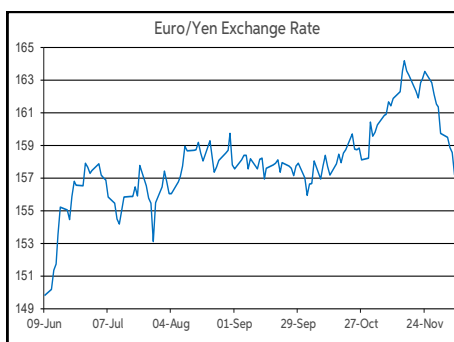
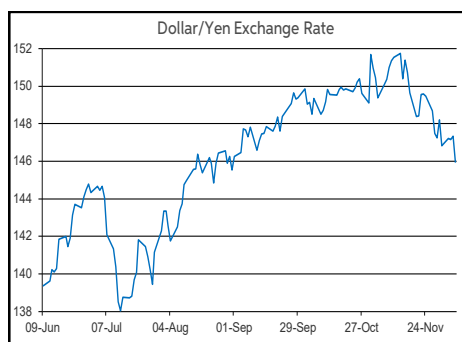
EUR/GBP	0.8572
EUR/USD	1.0773
EUR/JPY	157.18
EUR/SEK	11.2764
EUR/DKK	7.456
EUR/NOK	11.8023
EUR/CHF	0.9422
EUR/AUD	1.6429
EUR/HKD	8.4164
EUR/CAD	1.4641

Sterling

GBP/EUR	1.1659
GBP/USD	1.2564
GBP/CAD	1.7075
GBP/NZD	2.0469
GBP/JPY	183.3
GBP/SEK	13.1503
GBP/DKK	8.6946
GBP/NOK	13.7663
GBP/CHF	1.0987
GBP/AUD	1.9161

Dollar

USD/JPY	145.9
USD/CAD	1.3591
USD/CHF	0.8744
USD/CNY	7.1585
USD/BRL	4.9021
USD/RUB	92.6
USD/INR	83.334
AUD/USD	0.6557
NZD/USD	0.6137



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.11	-5	-38	+23
Germany	2.21	-2	-40	-35
UK	3.95	-8	-30	+28
Ireland	2.50	-7	-56	-65
Belgium	2.78	-6	-47	-42
France	2.75	-5	-46	-37
Italy	3.95	-4	-53	-75
Spain	3.21	-5	-46	-45
Portugal	2.88	-5	-48	-73
Greece	3.38	-5	-52	-121
5 Year Swap %				
US	4.06	-5	-43	+6
Eurozone	2.68	-2	-43	-55
UK	4.26	-5	-21	-4
2 Year Swap %				
US	4.66	+2	-38	-1
Eurozone	3.08	+1	-44	-31
UK	4.81	-2	-21	+13
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	-5	-15	-30
Belgium	57	-3	-7	-7
France	53	-3	-6	-2
Italy	174	-2	-13	-40
Spain	99	-2	-6	-10
Portugal	66	-3	-8	-38
Greece	117	-3	-12	-86

Commodities				
	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	74.3	-3.76	-6.59	-13.51
West Texas Oil	68.98	-4.13	-9.06	-13.95
Gold \$	2024.9	+0.27	+3.85	+10.99

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