

BoE and Fed expected to cut by 25bps

Having initially moved higher, benchmark European equity indices finished yesterday in the red, as investors continued to digest President Trump's election victory. His trade policies (increased tariffs) are seen as being damaging to the open European economy. Political turbulence in Germany also provided an unhelpful backdrop for European assets yesterday. Overall, the Euro Stoxx 50 fell by 1.4%. In contrast, the S&P 500 gained 2.5%, amid the potential for tax cuts and deregulation in the US.

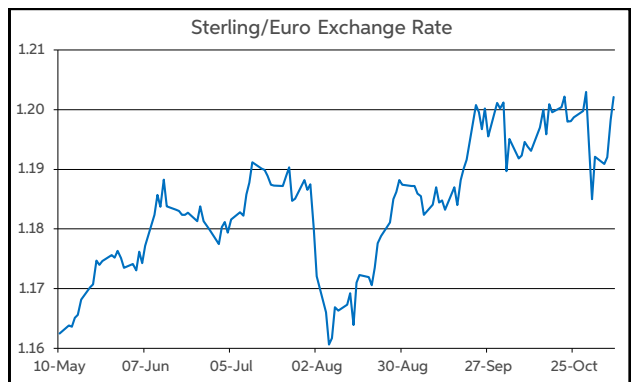
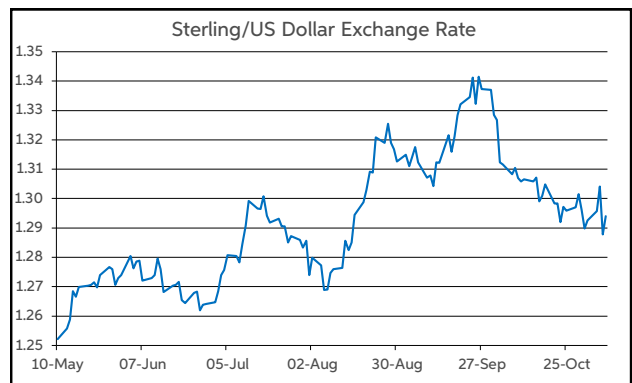
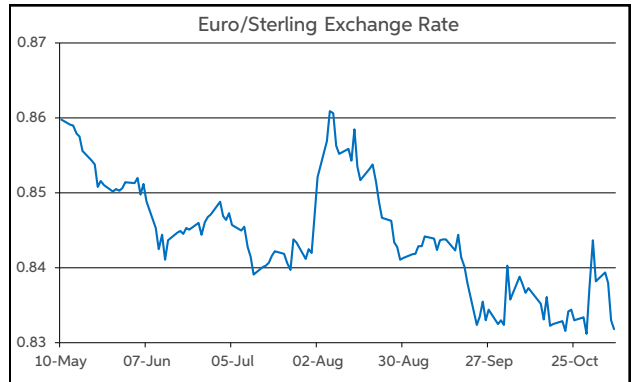
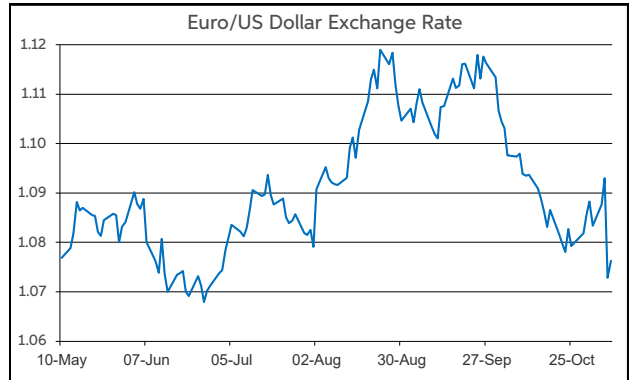
On bond markets, US Treasury yields have edged off their peak, but they are still 5-15bps higher than before the US election results started to come in. Meanwhile, German Bund yields fell by 1-5bps yesterday. In the UK, Gilt yields continued to rise, with the 10-year yield moving 5bps higher.

Like-wise, the dollar remained to the fore yesterday, but moved off its highs. However, the greenback still maintained most of its gains registered during the initial aftermath of Trump's election victory. Elsewhere, the euro was under some downward pressure.

In level terms, EUR/USD is operating back in the top half of \$1.07-1.08. GBP/USD is in the lower half of \$1.29-1.30. Meanwhile, EUR/GBP is trading down in the bottom half of the 83-84p corridor. Elsewhere, USD/JPY is changing hands in the top half of ¥153-154.

Today, the BoE is expected to cut rates by 25bps. Aside from the policy decision, the focus will be on the BoE's assessment of the outlook in its updated monetary policy report and in remarks from Governor Bailey at the press conference. After the close in Europe, a 25bps from the Fed is also anticipated. The press conference with Chair Powell will be of keen interest for markets as well.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0763	0.03	-2.47
EUR/GBP	0.8318	-0.35	-4.04
GBP/USD	1.294	0.40	1.66
GBP/EUR	1.2022	0.35	4.21
USD/JPY	153.83	0.06	9.05
EUR/JPY	165.57	0.10	6.39

* 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	4.88	4.60	4.51	4.22	4.32	4.18
EUR	3.40	3.09	3.06	2.53	2.32	2.31
GBP	5.00	4.71	4.78	4.42	4.53	4.36

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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Euro

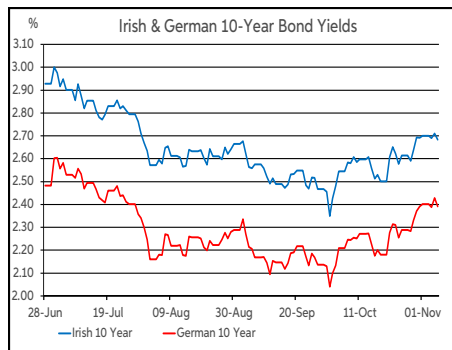
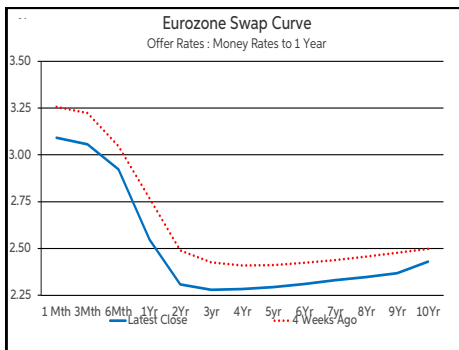
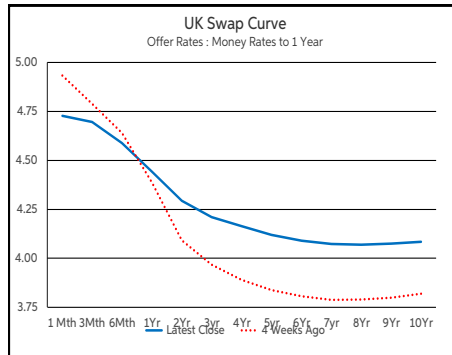
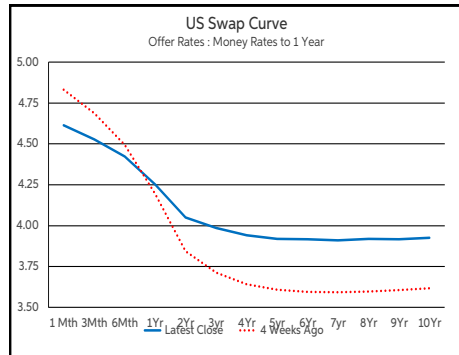
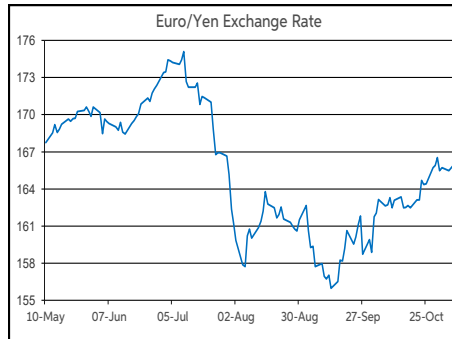
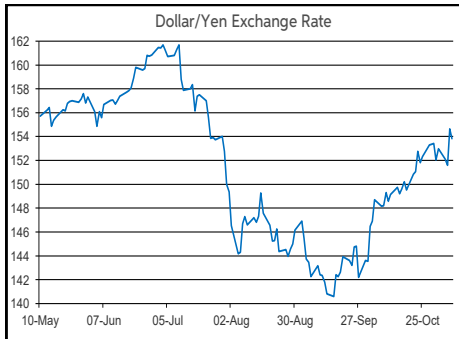
EUR/GBP	0.8318
EUR/USD	1.0763
EUR/JPY	165.57
EUR/SEK	11.6345
EUR/DKK	7.4577
EUR/NOK	11.8519
EUR/CHF	0.9411
EUR/AUD	1.6233
EUR/HKD	8.3656
EUR/CAD	1.4943

Sterling

GBP/EUR	1.2022
GBP/USD	1.294
GBP/CAD	1.7964
GBP/NZD	2.1589
GBP/JPY	199.06
GBP/SEK	13.9848
GBP/DKK	8.9651
GBP/NOK	14.2482
GBP/CHF	1.1313
GBP/AUD	1.9515

Dollar

USD/JPY	153.83
USD/CAD	1.3884
USD/CHF	0.8741
USD/CNY	7.1626
USD/BRL	5.6769
USD/RUB	98.2
USD/INR	84.316
AUD/USD	0.663
NZD/USD	0.5993



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.43	+14	+36	+57
Germany	2.39	-4	+14	+37
UK	4.56	+3	+38	+103
5 Year Swap %				
US	4.18	+13	+32	+38
Eurozone	2.29	-12	-11	-14
UK	4.36	-1	+27	+70
2 Year Swap %				
US	4.31	+9	+23	-2
Eurozone	2.31	-14	-17	-49
UK	4.51	-4	+19	+25
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	+4	-2	+2
Belgium	60	+2	-3	-7
France	78	+6	+1	+25
Italy	135	+10	+4	-33
Spain	76	+6	-0	-21
Portugal	50	+4	-1	-26
Greece	94	+7	-2	-11

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	74.92	-0.81	-2.17	-2.75
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2659.2	-3.07	+1.97	+28.93

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