

Euro on the front-foot

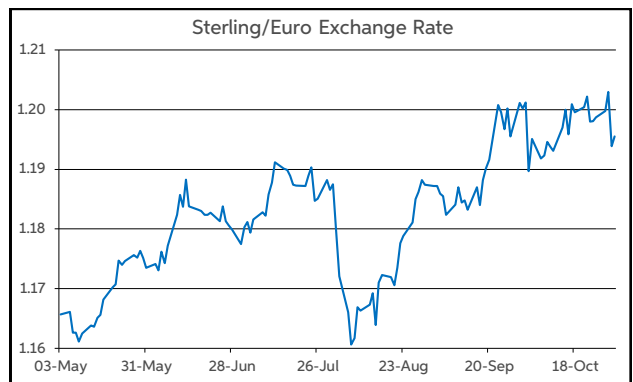
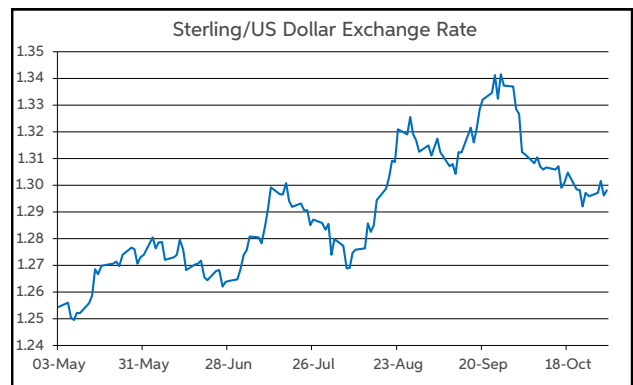
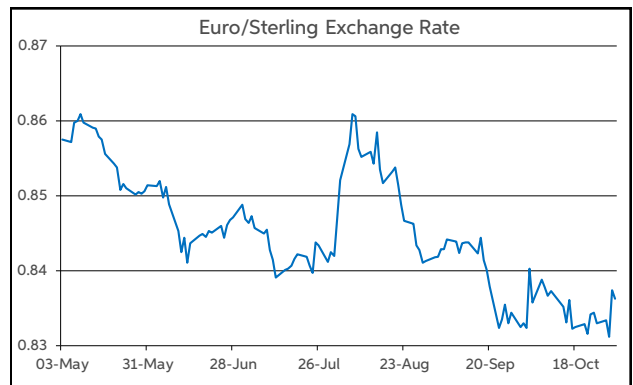
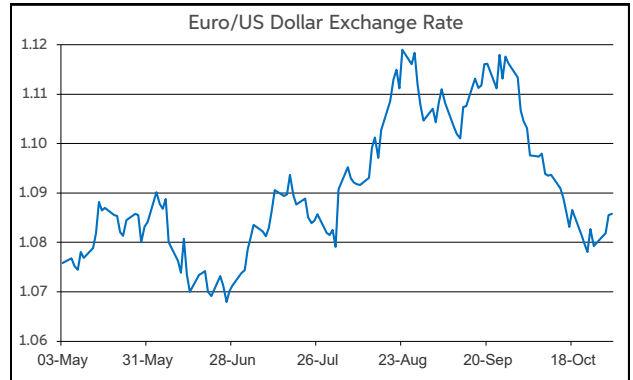
There was a busy macro calendar for markets to digest yesterday. In the UK, the main focus was on the Autumn Budget. As expected, Chancellor Reeves introduced a number of tax hikes, and increased spending on health and investment. The Budget speech coincided with some volatility for UK Gilts, which were also buffeted by a firming in UK futures contracts. Overall, UK Gilt yields settled 5-7bps higher along the curve.

On the data front, The first reading of Eurozone GDP for Q3 printed ahead of the consensus, at +0.3% (vs. +0.2% f'cast). Meantime, German inflation rose by more than anticipated to 2.4% (vs. 2.1% f'cast). Eurozone futures contracts hardened following the releases, with fewer rate cuts now priced-in for next year. Meanwhile, US GDP expanded by 2.8% annualised in Q3 (vs. +3.0% f'cast). The data indicate the US economy maintained solid momentum in the quarter.

Elsewhere on markets, benchmark equity indices moved lower on both sides of the Atlantic, with the Euro Stoxx declining by 1.3%, while the S&P 500 fell by 0.3%. Currency-wise, the euro was on the front-foot. The single currency gained circa 0.4% against the dollar and sterling. As trading gets underway this morning, this sees EUR/USD open in the top half of \$1.08-1.09. EUR/GBP is operating above the midpoint of 83-84p also. At the same time, GBP/USD is changing hands below the \$1.30 threshold.

Turning to the day ahead, updates on inflation in the Eurozone and US will feature. In the Eurozone, HICP inflation is projected to rise to 1.9% in October from 1.7%. However, co-HICP is expected to edge lower to 2.6% from 2.7%. Likewise, US core-PCE inflation is forecast to inch down to 2.6% in September from 2.7%.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0858	0.40	-1.61
EUR/GBP	0.8363	0.53	-3.52
GBP/USD	1.2981	-0.15	1.98
GBP/EUR	1.1954	-0.53	3.65
USD/JPY	152.56	-0.44	8.15
EUR/JPY	165.66	-0.04	6.44

* v Previous Day's European Open
See Next Page for More Rates

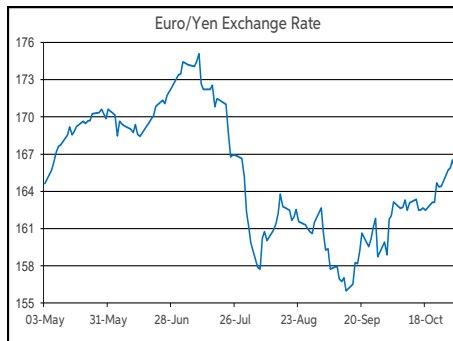
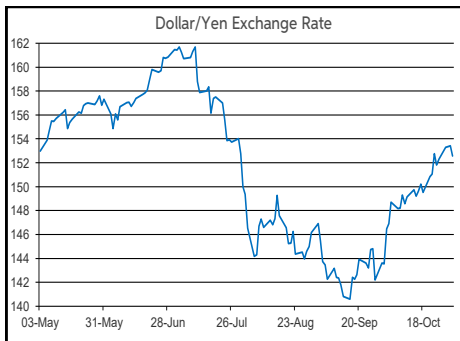
Opening Interest Rates						
Base Rate	Money Market		Swap Rates			
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	4.88	4.64	4.55	4.18	4.25	4.09
EUR	3.40	3.15	3.06	2.60	2.42	2.42
GBP	5.00	4.78	4.71	4.43	4.46	4.26

All rates quoted are indicative market rates

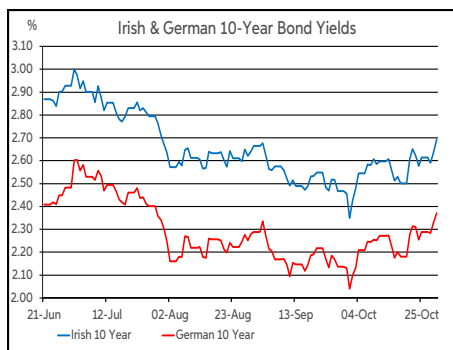
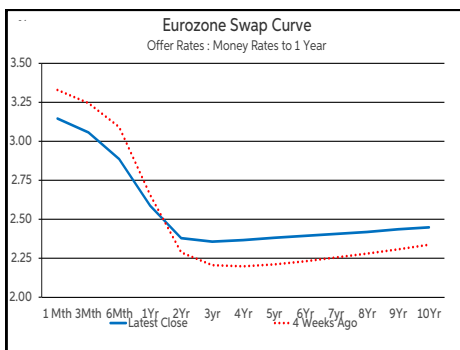
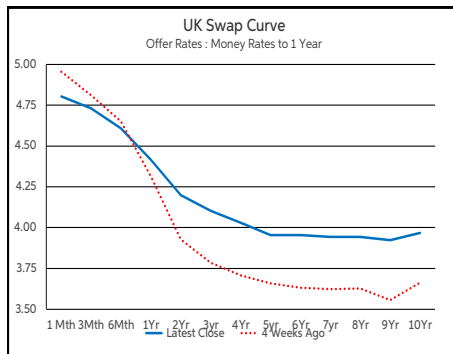
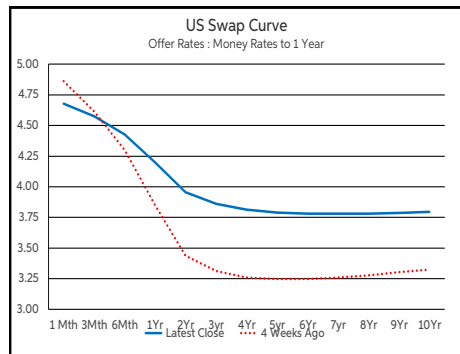
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FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Euro		Sterling		Dollar	
EUR/GBP	0.8363	GBP/EUR	1.1954	USD/JPY	152.56
EUR/USD	1.0858	GBP/USD	1.2981	USD/CAD	1.3916
EUR/JPY	165.66	GBP/CAD	1.8063	USD/CHF	0.8659
EUR/SEK	11.5964	GBP/NZD	2.1712	USD/CNY	7.1208
EUR/DKK	7.4596	GBP/JPY	198.04	USD/BRL	5.7624
EUR/NOK	11.8994	GBP/SEK	13.862	USD/RUB	97.05
EUR/CHF	0.9403	GBP/DKK	8.919	USD/INR	84.0875
EUR/AUD	1.6506	GBP/NOK	14.226		
EUR/HKD	8.4393	GBP/CHF	1.1242	AUD/USD	0.6576
EUR/CAD	1.5108	GBP/AUD	1.9734	NZD/USD	0.5978



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	4.26	-1	+48	+40
Germany	2.38	+4	+27	+35
UK	4.35	+3	+32	+81
5 Year Swap %				
US	4.05	+8	+56	+26
Eurozone	2.38	+10	+18	-5
UK	4.23	+8	+32	+58
2 Year Swap %				
US	4.21	+9	+54	-12
Eurozone	2.38	+10	+10	-41
UK	4.42	+13	+26	+16
10 Year Government Bond Spreads to Benchmark bps				
Ireland	34	-0	+1	+0
Belgium	59	-1	-5	-8
France	74	-0	-2	+21
Italy	125	+2	-7	-42
Spain	71	+1	-8	-25
Portugal	41	-0	-16	-35
Greece	91	+2	-10	-14



Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	72.55	+2.01	-1.83	-5.83
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2786.2	+0.40	+4.83	+35.08

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