

EUR/USD near \$1.07 as “Trump trade” gains traction

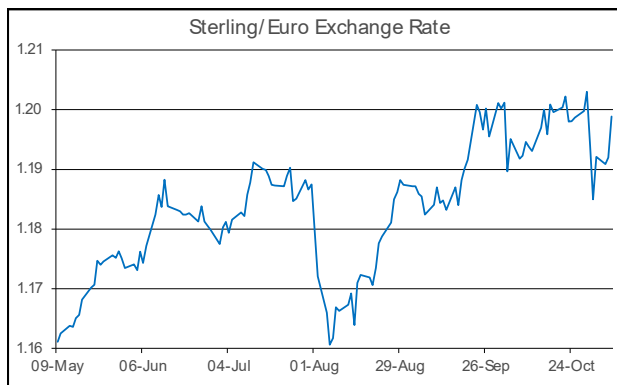
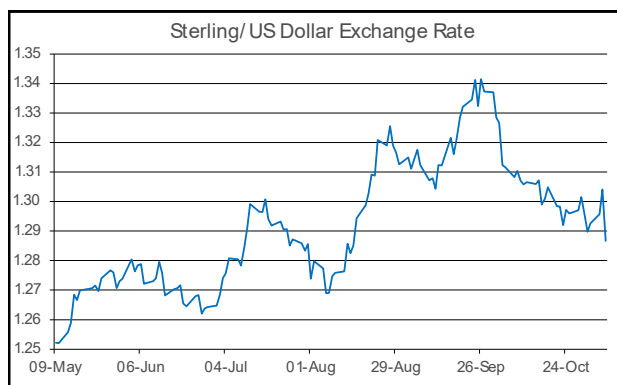
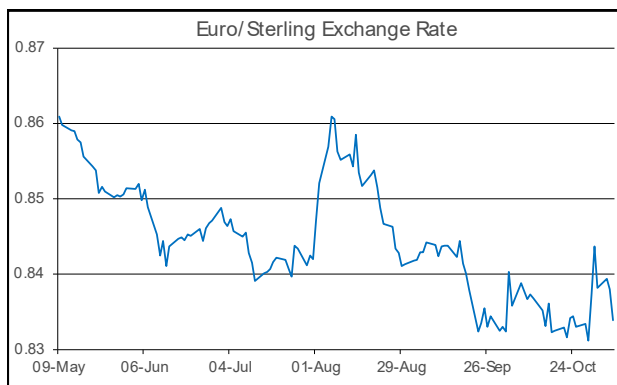
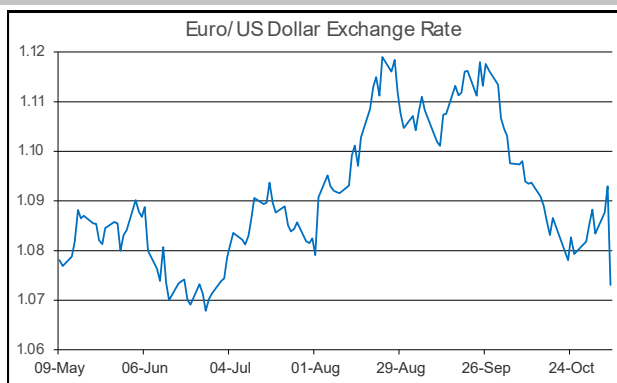
There was a cautious mood on markets throughout the European session, as investors sat on their hands ahead of the US election results. Meanwhile, UK Gilts yields climbed 3-8bps higher, amid a modest firming in UK futures contracts. Markets are now pricing-in fewer rate cuts from the BoE between now and the end of 2025.

In the US, equity markets opened higher. Overall, the S&P 500 finished the day up 1.2%. Meantime, US Treasury yields rose somewhat ahead of the election results. Likewise, currency markets were range bound throughout European trading hours. However, as US markets started their day, the dollar was on the defensive.

Overnight though, as election results have started to come in, the dollar has firmly taken the ascendancy. US Treasury yields have continued to rise also. Former President Trump has been declared the victor in the key swing state of Pennsylvania, and looks to be on course to return to the White House. The Republicans have also taken control of the Senate. They have gained a few seats in the House of Representatives as well. However, it remains unclear as to who has won control of the lower chamber of Congress.

Against this backdrop, the dollar has moved higher across the board. EUR/USD is operating back in the lower half of \$1.07-1.08. GBP/USD is down below the \$1.29 threshold. Elsewhere, USD/JPY is changing hands up at the ¥154 mark. Meanwhile, EUR/GBP is trading in the lower half of the 83-84p corridor.

Turning to the day ahead, the focus will remain on the US election results, and the prospect of a “red sweep” for Republicans. If the Republicans also win the House, it may provide an added fillip for the dollar. Elsewhere, the data calendar is quite sparse.



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/ USD	1.0731	-1.35	-2.76
EUR/ GBP	0.8339	-0.66	-3.80
GBP/ USD	1.2867	-0.71	1.08
GBP/ EUR	1.1987	0.66	3.95
USD/ JPY	154.04	1.06	9.20
EUR/ JPY	165.29	-0.32	6.21

* 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	4.61	4.52	4.22	4.34	4.19
EUR	3.40	3.13	3.08	2.58	2.39	2.38
GBP	5.00	4.72	4.69	4.44	4.56	4.37

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

CONTACTS

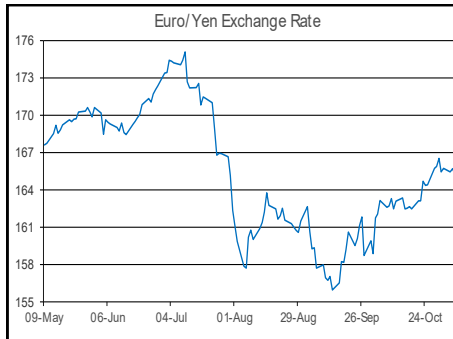
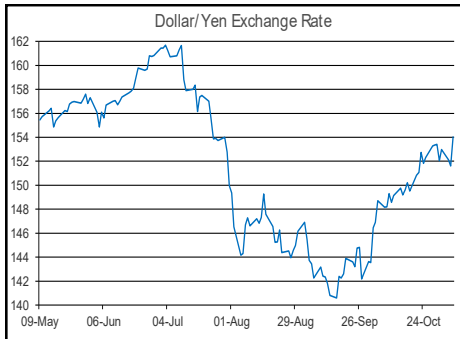
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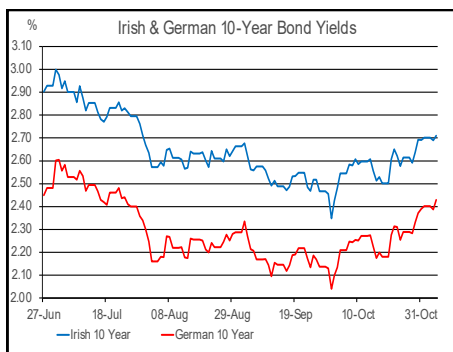
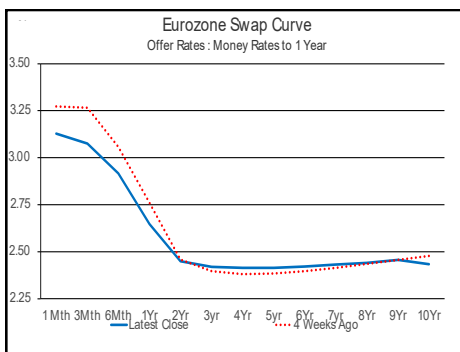
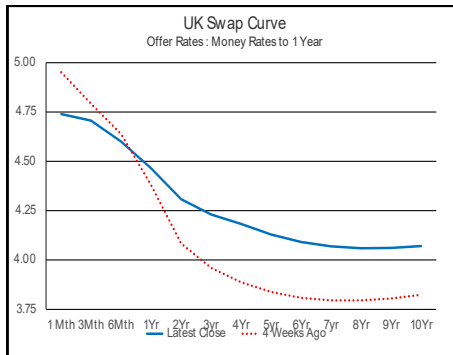
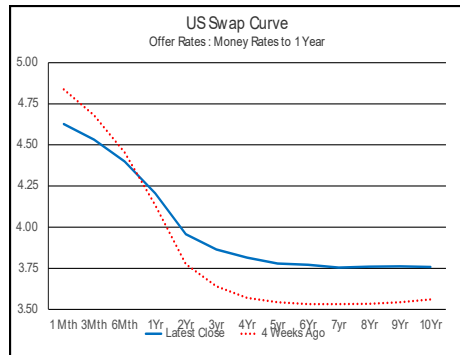
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Euro		Sterling		Dollar	
EUR/GBP	0.8339	GBP/EUR	1.1987	USD/JPY	154.04
EUR/USD	1.0731	GBP/USD	1.2867	USD/CAD	1.392
EUR/JPY	165.29	GBP/CAD	1.791	USD/CHF	0.8729
EUR/SEK	11.6534	GBP/NZD	2.1721	USD/CNY	7.1663
EUR/DKK	7.4567	GBP/JPY	198.17	USD/BRL	5.7508
EUR/NOK	11.9395	GBP/SEK	13.9701	USD/RUB	98
EUR/CHF	0.9367	GBP/DKK	8.9405	USD/INR	84.213
EUR/AUD	1.6407	GBP/NOK	14.3149	AUD/USD	0.654
EUR/HKD	8.3441	GBP/CHF	1.1232	NZD/USD	0.5923
EUR/CAD	1.4938	GBP/AUD	1.9673		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.29	-2	+26	+43
Germany	2.43	+4	+18	+40
UK	4.53	+7	+35	+99
5 Year Swap %				
US	4.04	+0	+26	+25
Eurozone	2.42	+4	+4	-1
UK	4.36	+8	+29	+71
2 Year Swap %				
US	4.21	+1	+20	-12
Eurozone	2.45	+4	+0	-35
UK	4.55	+6	+25	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	-2	-4	-2
Belgium	58	-1	-4	-9
France	73	-2	-4	+20
Italy	124	-4	-7	-43
Spain	70	-1	-5	-27
Portugal	47	-3	-5	-29
Greece	87	-5	-11	-18



Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	75.53	+0.60	-2.14	-1.96
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2743.6	+0.26	+4.64	+33.02

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