

EUR/USD tests \$1.10

Investor sentiment was holding a mixed tone yesterday. Meantime, in a continuation of the moves from the previous day, futures contracts softened and bond yields declined. Against this backdrop, equity markets were little changed on either side of the Atlantic.

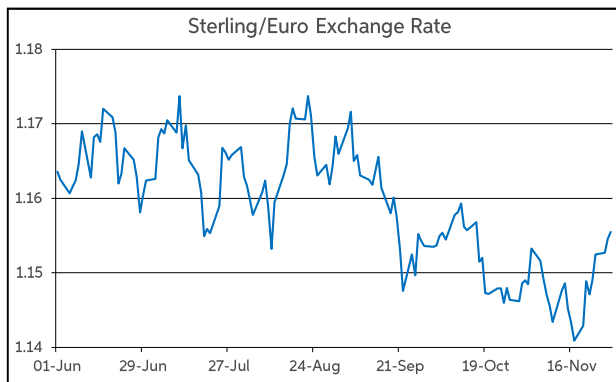
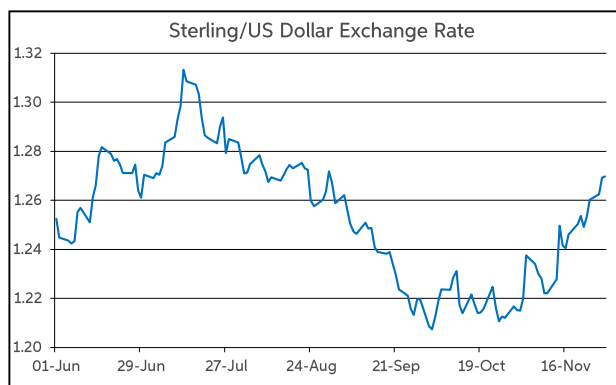
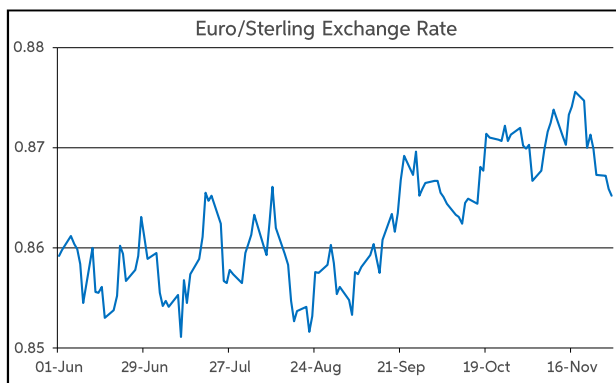
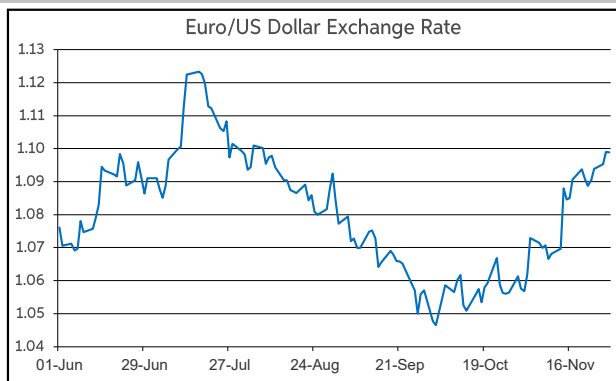
Remarks from a number of central bank officials garnered attention yesterday. Fed member Waller stated that he is, *"increasingly confident that policy is currently well positioned"*, to get inflation back to 2%. He also noted rates may be cut if inflation continues to ease. Despite, some hawkish rhetoric from other Fed officials, Waller's comments sparked a marked dovish reaction, with markets now pricing in a greater amount of rate cuts in the US next year.

At the same time, the softening in US futures contracts spilled over to Eurozone rate expectations. UK rates softened also, albeit to a lesser extent, as BoE MPC member Haskel stated that rates need to be held, *"higher for longer than many are expecting"*. Overall, futures contracts are pricing in close to 110bps of rate cuts in the US and Eurozone, and at least 70bps of cuts in the UK next year. On bond markets, 2-year US and German yields fell by 10-20bps. Meantime, the 2-year UK Gilt yield declined by only 3bps.

Currency-wise, the dollar was on the defensive amid the marked softening in US rates. EUR/USD tested the \$1.10 threshold, albeit a move above this level could not be sustained. Nevertheless, the greenback lost between 0.3-0.8% versus the euro, sterling and yen.

As trading gets underway this morning, EUR/USD is just below the \$1.10 handle. GBP/USD is up near \$1.27. Elsewhere, EUR/GBP is at the midpoint of 86-87p. Today, the EC sentiment indices and German flash HICP inflation (both November) will be the highlight.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates

		% Change	
		Day *	End 2022
EUR/USD	1.0986	0.34	2.65
EUR/GBP	0.8651	-0.25	-2.18
GBP/USD	1.2696	0.56	4.95
GBP/EUR	1.1552	0.25	2.23
USD/JPY	147.14	-0.76	12.23
EUR/JPY	161.68	-0.42	15.24

* 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	5.47	5.65	5.41	4.80	4.22
EUR	4.50	3.85	3.95	3.86	3.36	2.92
GBP	5.25	5.19	5.23	5.15	4.94	4.45

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

Wednesday 29 November 2023
07:35 am



Euro

EUR/GBP	0.8652
EUR/USD	1.0987
EUR/JPY	161.68
EUR/SEK	11.3566
EUR/DKK	7.4556
EUR/NOK	11.6735
EUR/CHF	0.9643
EUR/AUD	1.6563
EUR/HKD	8.5685
EUR/CAD	1.4898

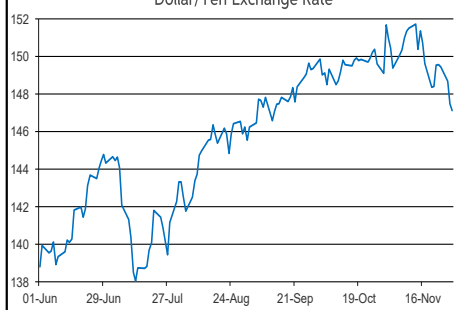
Sterling

GBP/EUR	1.1553
GBP/USD	1.2696
GBP/CAD	1.7218
GBP/NZD	2.0576
GBP/JPY	186.81
GBP/SEK	13.1222
GBP/DKK	8.6143
GBP/NOK	13.489
GBP/CHF	1.1146
GBP/AUD	1.914

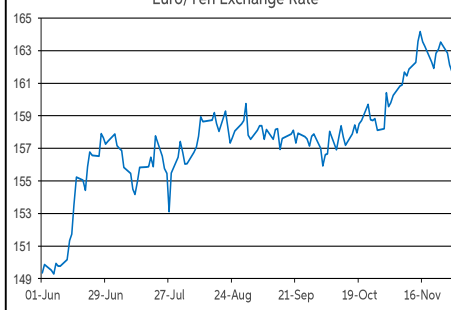
Dollar

USD/JPY	147.14
USD/CAD	1.3559
USD/CHF	0.8777
USD/CNY	7.1227
USD/BRL	4.8706
USD/RUB	88.9075
USD/INR	83.2954
AUD/USD	0.6632
NZD/USD	0.6169

Dollar/Yen Exchange Rate

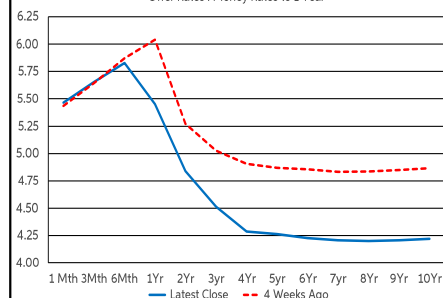


Euro/Yen Exchange Rate



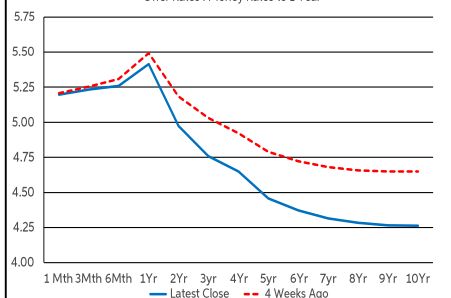
US Swap Curve

Offer Rates : Money Rates to 1 Year



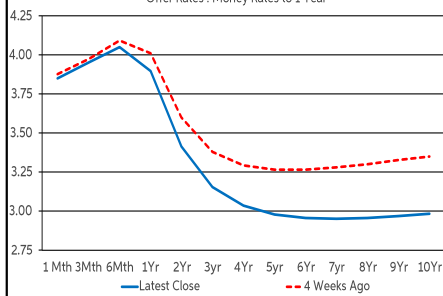
UK Swap Curve

Offer Rates : Money Rates to 1 Year

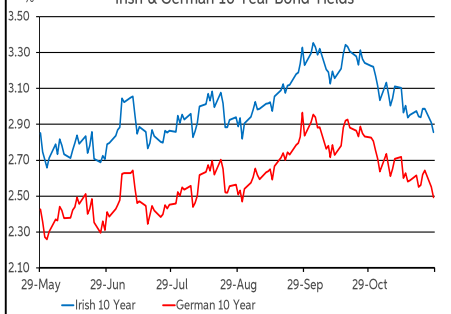


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.32	-7	-60	+45
Germany	2.50	-6	-31	-7
UK	4.17	-4	-35	+50
Ireland	2.89	-5	-37	-26
Belgium	3.11	-5	-35	-9
France	3.06	-5	-37	-5
Italy	4.26	-4	-47	-44
Spain	3.50	-5	-38	-16
Portugal	3.16	-7	-35	-44
Greece	3.77	-1	-39	-82
5 Year Swap %				
US	4.26	-11	-57	+27
Eurozone	2.98	-6	-28	-25
UK	4.46	-7	-32	+16
2 Year Swap %				
US	4.84	-11	-39	+16
Eurozone	3.41	-6	-18	+3
UK	4.97	-6	-20	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-5	-19
Belgium	62	+1	-4	-2
France	57	+1	-5	+2
Italy	177	+2	-15	-38
Spain	101	+1	-7	-9
Portugal	67	-1	-3	-37
Greece	128	+5	-8	-75

Commodities

	Close	Day	4 Weeks	End 22
% Change				
Brent Oil	81.68	+2.13	-6.56	-4.92
West Texas Oil	76.09	+2.19	-6.80	-5.08
Gold \$	2040.9	+1.35	+2.93	+11.87

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