

## 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.

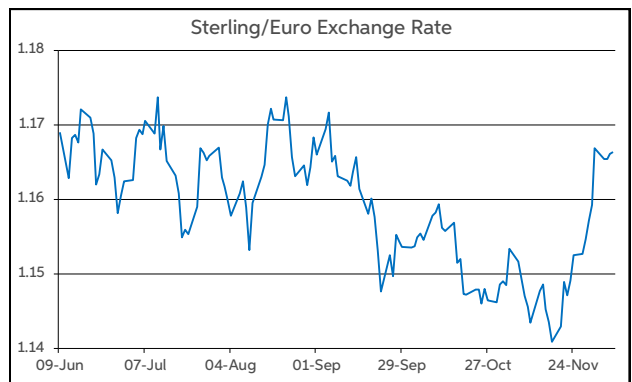
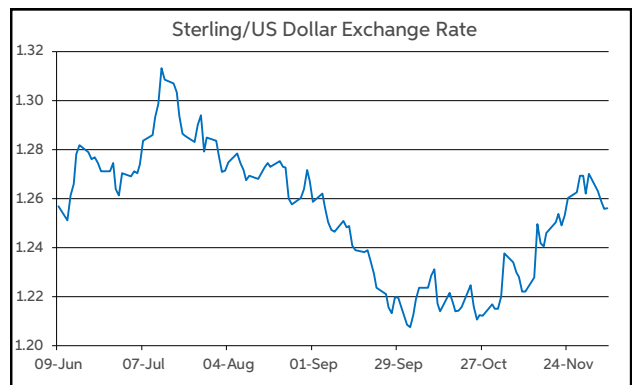
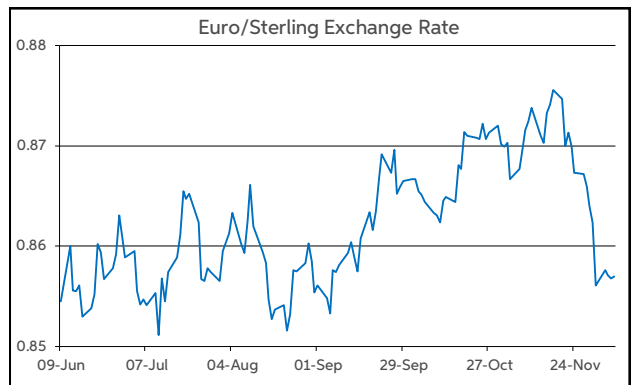
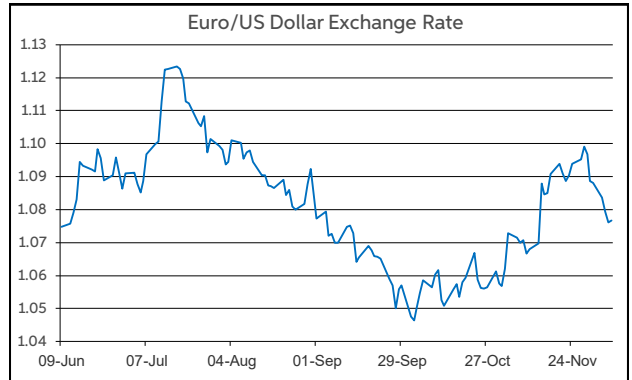
Data-wise, there was a sparse schedule yesterday. In Europe, the only release of note was October retail sales. The headline number missed slightly to the downside of expectations. Thus, it suggests a muted performance in consumer spending at the start of Q4. In the US, the ADP employment number also 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

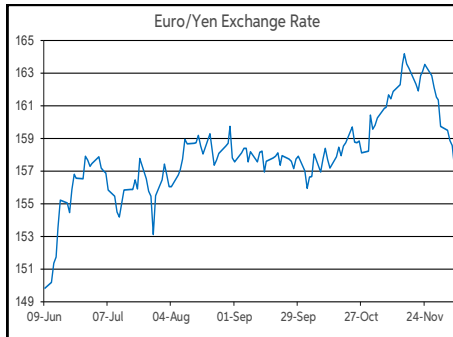
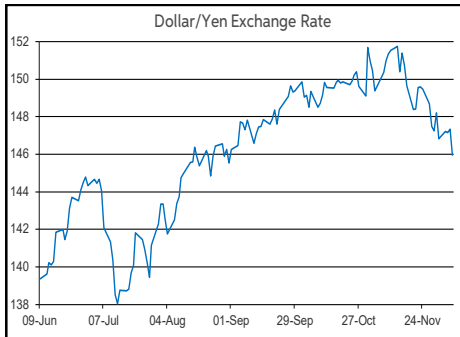
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

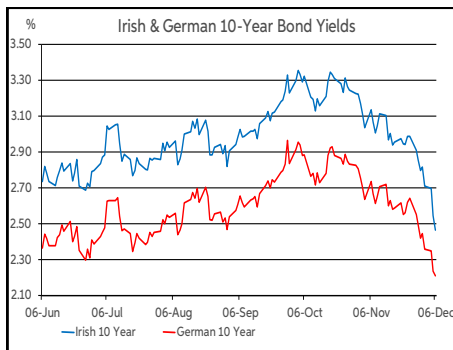
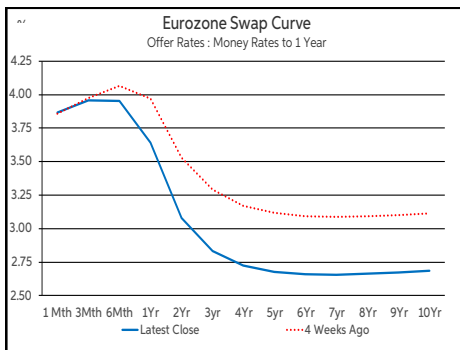
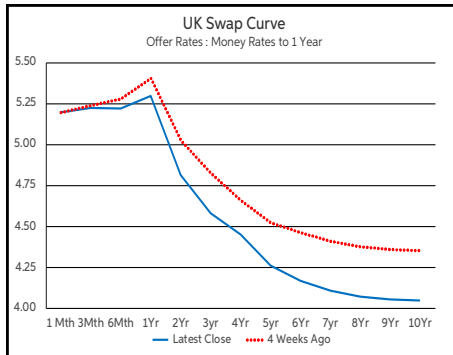
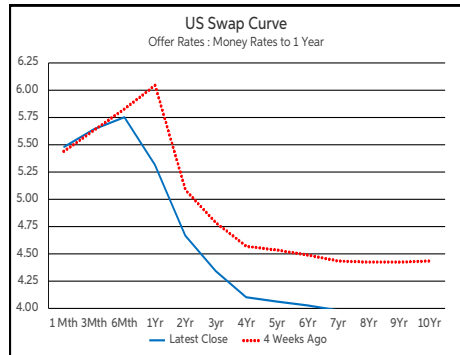
Thursday 07 December 2023  
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8572	GBP/EUR	1.1659	USD/JPY	145.9
EUR/USD	1.0773	GBP/USD	1.2564	USD/CAD	1.3591
EUR/JPY	157.18	GBP/CAD	1.7075	USD/CHF	0.8744
EUR/SEK	11.2764	GBP/NZD	2.0469	USD/CNY	7.1585
EUR/DKK	7.456	GBP/JPY	183.3	USD/BRL	4.9021
EUR/NOK	11.8023	GBP/SEK	13.1503	USD/RUB	92.6
EUR/CHF	0.9422	GBP/DKK	8.6946	USD/INR	83.334
EUR/AUD	1.6429	GBP/NOK	13.7663	AUD/USD	0.6557
EUR/HKD	8.4164	GBP/CHF	1.0987	NZD/USD	0.6137
EUR/CAD	1.4641	GBP/AUD	1.9161		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	4.11	-5	-38	+23
Germany	2.21	-2	-40	-35
UK	3.95	-8	-30	+28
<b>5 Year Swap %</b>				
US	4.06	-5	-43	+6
Eurozone	2.68	-2	-43	-55
UK	4.26	-5	-21	-4
<b>2 Year Swap %</b>				
US	4.66	+2	-38	-1
Eurozone	3.08	+1	-44	-31
UK	4.81	-2	-21	+13
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
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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