

US labour market report the highlight today

There was a positive mood on markets yesterday, as investors continued to digest the Fed decision on Wednesday, to leave monetary policy on hold. A further fall in long-term bond yields also provided a supportive backdrop for risk appetite. US Treasury yields declined by 2-10bps yesterday, with the 10-year now back below 4.7%. The move lower in Treasury yields pulled German Bund and UK Gilt yields 4-11bps lower. Meantime, on equity markets, both the Euro Stoxx 50 and the S&P 500 gained 1.9%.

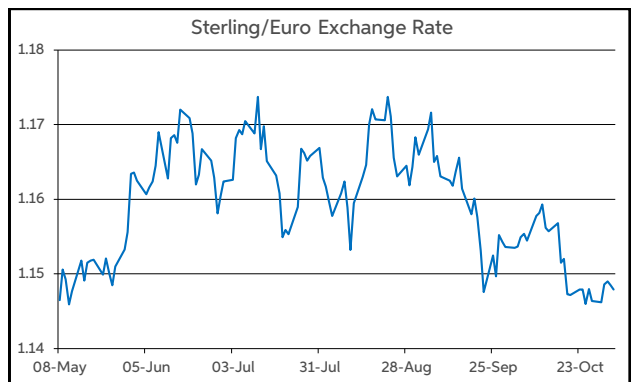
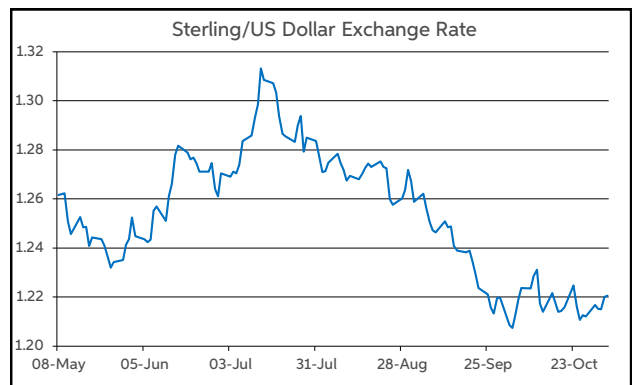
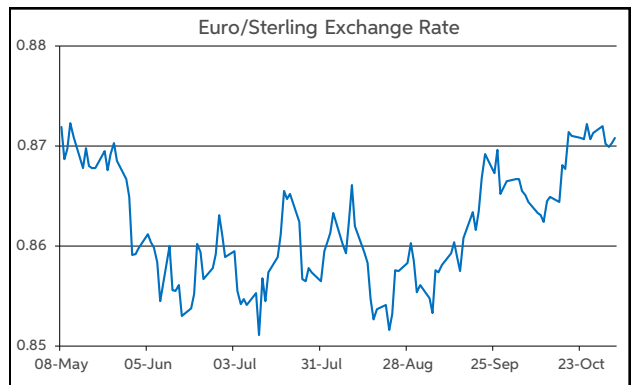
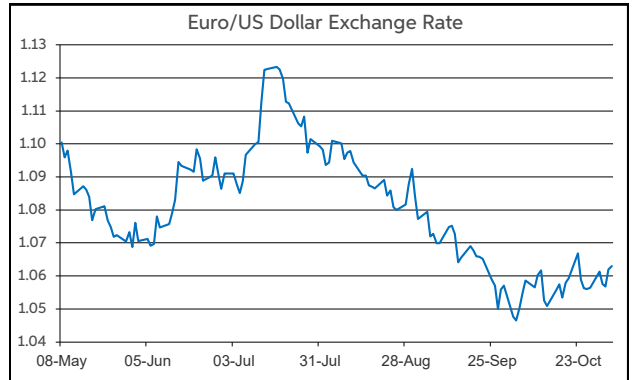
Elsewhere on the monetary policy front, the BoE left interest rates unchanged yesterday, in-line with expectations. However, the BoE maintains a bias to tighten policy further if required. Futures contracts pricing, though, indicates that the market thinks there is only roughly a 25% chance the BoE will hike rates any further.

Currency-wise, the main pairs have been relatively range bound over the past 24 hours. In the initial aftermath of the BoE policy decision, sterling was somewhat firmer. However, it was unable to hold onto all of its gains. Indeed, of the limited moves to register yesterday, the dollar was under some modest downward pressure.

The softer dollar tone is reflected by EUR/USD opening this morning up above the \$1.06 mark. GBP/USD is operating at the \$1.22 handle, having traded to a high of \$1.223 yesterday. Elsewhere, EUR/GBP remains in and around the 87p threshold.

Today, the main release of note will be the US labour market report for October. The consensus is for some softening in labour market conditions, with the pace of payrolls growth slowing (+180k vs. +336k in Sep), and a slight easing in average earnings, to +4.0% y/y. Meantime, the unemployment rate is forecast to remain at 3.8%.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0632	0.34	-0.65
EUR/GBP	0.8708	0.13	-1.54
GBP/USD	1.2208	0.22	0.92
GBP/EUR	1.1478	-0.13	1.56
USD/JPY	150.24	-0.14	14.59
EUR/JPY	159.74	0.19	13.86

* 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	5.44	5.65	5.60	5.14	4.66
EUR	4.50	3.89	3.95	3.96	3.54	3.18
GBP	5.25	5.18	5.23	5.25	5.11	4.66

All rates quoted are indicative market rates

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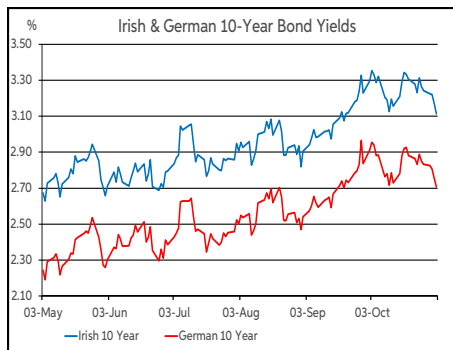
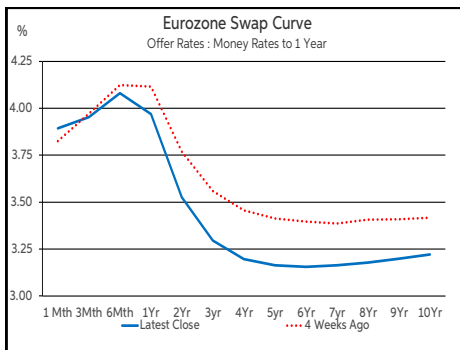
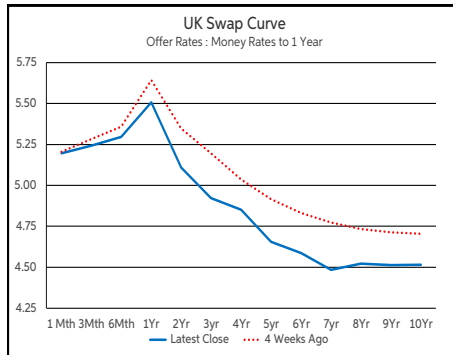
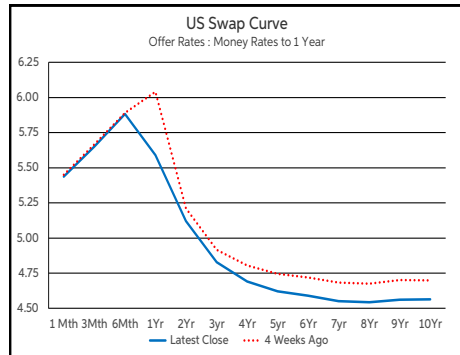
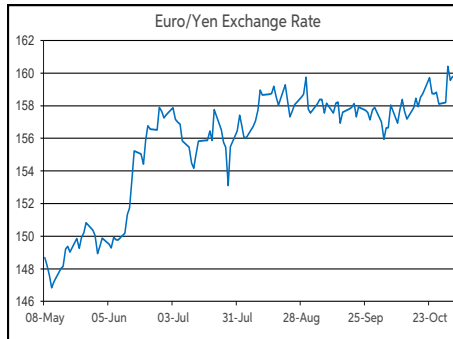
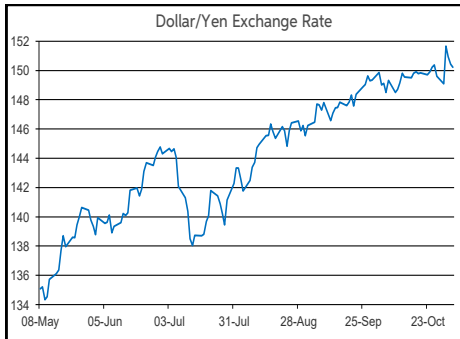
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Friday 03 November 2023
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8708	GBP/EUR	1.1478	USD/JPY	150.24
EUR/USD	1.0632	GBP/USD	1.2208	USD/CAD	1.3732
EUR/JPY	159.74	GBP/CAD	1.6765	USD/CHF	0.905
EUR/SEK	11.8017	GBP/NZD	2.0651	USD/CNY	7.3124
EUR/DKK	7.4621	GBP/JPY	183.41	USD/BRL	4.9539
EUR/NOK	11.8385	GBP/SEK	13.5473	USD/RUB	93.62
EUR/CHF	0.9625	GBP/DKK	8.5668	USD/INR	83.249
EUR/AUD	1.65	GBP/NOK	13.586	AUD/USD	0.6443
EUR/HKD	8.3205	GBP/CHF	1.1051	NZD/USD	0.5909
EUR/CAD	1.4601	GBP/AUD	1.8945		



Debt Markets				
	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.66	-7	-6	+78
Germany	2.71	-5	-17	+15
UK	4.39	-11	-16	+72
5 Year Swap %				
US	4.62	-2	-9	+62
Eurozone	3.16	-3	-24	-7
UK	4.66	-10	-26	+35
2 Year Swap %				
US	5.12	+2	-5	+45
Eurozone	3.53	-1	-23	+14
UK	5.11	-5	-23	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-1	+0	-15
Belgium	63	-3	-6	-0
France	60	-3	+1	+5
Italy	185	-7	-17	-29
Spain	105	-3	-7	-4
Portugal	69	-1	-7	-35
Greece	137	-4	-11	-66

Commodities				
	Close	Day	4 Weeks	End 22
Brent Oil	86.85	+2.62	+3.31	+1.09
West Texas Oil	83.04	+2.46	+0.90	+3.59
Gold \$	1985.5	+0.17	+9.09	+8.83

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