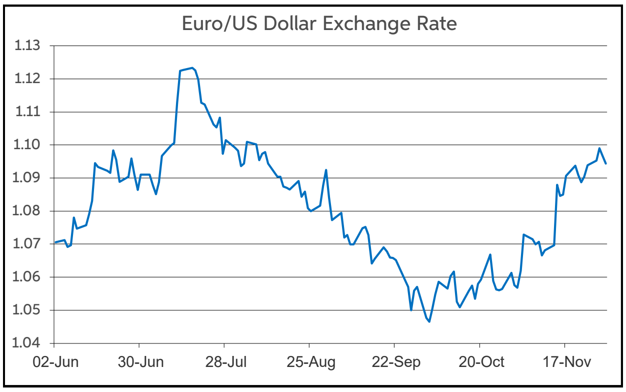
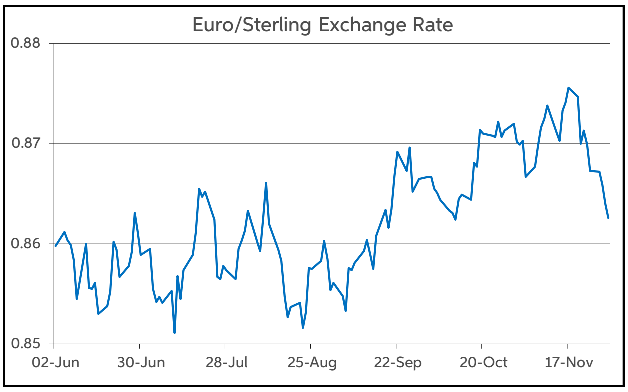
Morning Comment

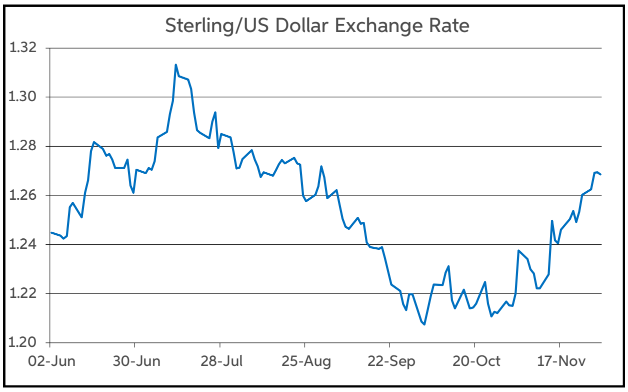
AIB Treasury Economic Research Unit

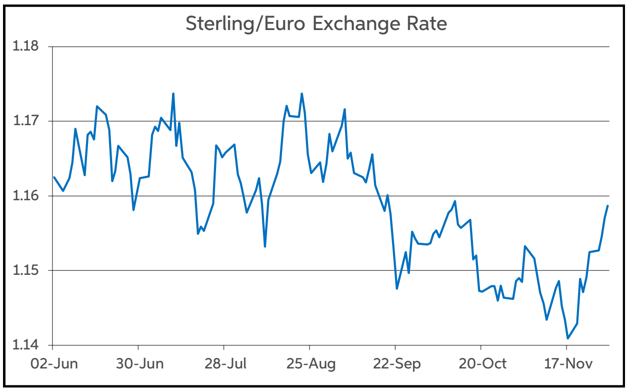
Thursday 30 November 2023
07:52 am

US & Eurozone inflation data due today









The mixed mood on markets continued yesterday, despite German inflation falling by more than anticipated, and US GDP being revised higher in Q3. On equity markets, the Euro Stoxx 50 gained 0.5%. Meantime, on Wall Street, the S&P 500 inched down by 0.1%.

Data-wise, the flash estimate of German HICP showed inflation eased to 2.3% in November (vs. 2.6% f'cast). Meanwhile, US GDP was revised higher to 5.2% annualised in Q3 from 4.9% previously. Elsewhere, on the data front, the Eurozone EC sentiment indices printed broadly in-line with expectations, remaining at subdued levels in November.

On the currency front, the euro was under some downward pressure following the release of the German inflation data. At the same time, the dollar was holding a slightly firmer tone in the initial aftermath of the release of the revised reading of GDP. Overall the single currency lost between 0.3-0.5% versus the dollar and sterling yesterday.

As trading gets underway this morning, EUR/USD opens below the midpoint of the $1.09-1.10 corridor. EUR/GBP is operating back in the lower half of 86-87p. Meantime, GBP/USD is changing hands in the top half of the $1.26-1.27 band.

Turning to the day ahead, the main releases of note will be updates on inflation in the Eurozone and US. Eurozone flash HICP inflation is forecast to decline to 2.7% in November, while the core rate is projected to fall to 3.9%. Similarly, the consensus is for both headline and core-PCE inflation to ease to 3% and 3.5%, respectively, in the US. The data pose some event risk for the euro and the dollar.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

		% Change	
		Day *	End 2022
EUR/USD	1.0944	-0.53	2.26
EUR/GBP	0.8626	-0.32	-2.46
GBP/USD	1.2682	-0.24	4.84
GBP/EUR	1.1589	0.32	2.53
USD/JPY	147.12	0.00	12.21
EUR/JPY	161.03	-0.53	14.78

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.46	5.65	5.37	4.80	4.24
EUR	4.50	3.85	3.96	3.84	3.32	2.90
GBP	5.25	5.19	5.23	5.16	4.93	4.38

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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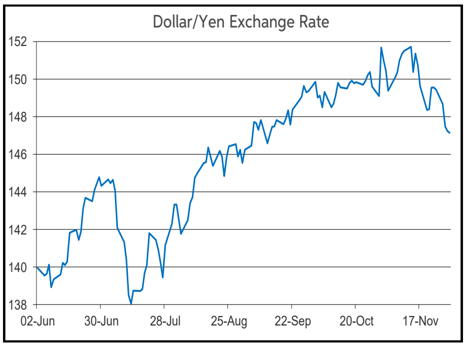
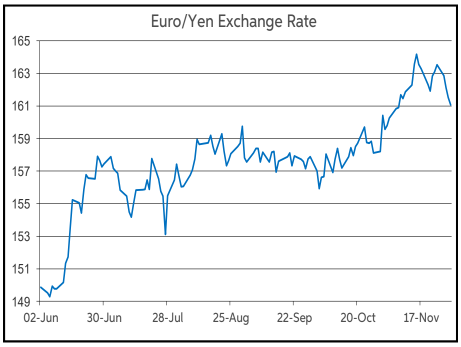
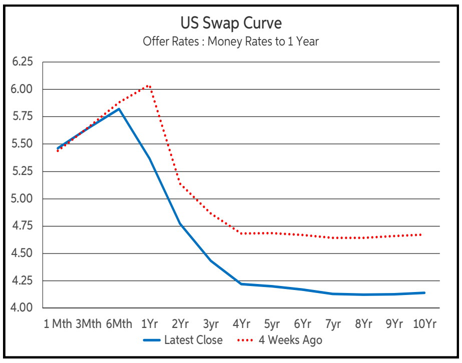
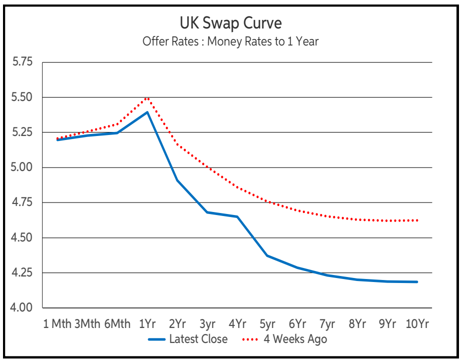
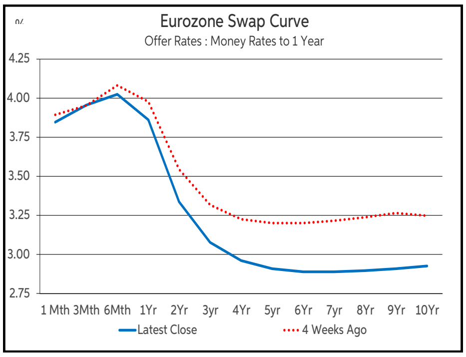
Euro		Sterling		Dollar	
EUR/GBP	0.8626	GBP/EUR	1.1589	USD/JPY	147.12
EUR/USD	1.0944	GBP/USD	1.2682	USD/CAD	1.3592
EUR/JPY	161.03	GBP/CAD	1.724	USD/CHF	0.8735
EUR/SEK	11.3604	GBP/NZD	2.0558	USD/CNY	7.1318
EUR/DKK	7.4557	GBP/JPY	186.59	USD/BRL	4.9055
EUR/NOK	11.6962	GBP/SEK	13.1642	USD/RUB	88.485
EUR/CHF	0.9561	GBP/DKK	8.6381	USD/INR	83.341
EUR/AUD	1.6496	GBP/NOK	13.5507		
EUR/HKD	8.5436	GBP/CHF	1.1079	AUD/USD	0.6632
EUR/CAD	1.4877	GBP/AUD	1.9121	NZD/USD	0.6168

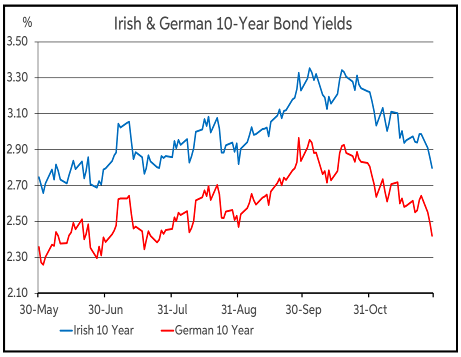












Debt Markets

		Change bps		
	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	4.26	-7	-48	+38
Germany	2.42	-7	-33	-14
UK	4.10	-7	-40	+43
Ireland	2.83	-6	-38	-32
Belgium	3.03	-8	-38	-17
France	2.99	-7	-39	-12
Italy	4.17	-9	-50	-53
Spain	3.43	-7	-41	-23
Portugal	3.11	-6	-35	-50
Greece	3.64	-13	-52	-95
5 Year Swap %				
US	4.20	-6	-44	+20
Eurozone	2.91	-7	-28	-32
UK	4.37	-9	-38	+7
2 Year Swap %				
US	4.77	-7	-33	+9
Eurozone	3.34	-7	-20	-5
UK	4.91	-7	-25	+23
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+1	-4	-18
Belgium	61	-0	-5	-3
France	57	+0	-6	+2
Italy	175	-2	-17	-39
Spain	100	-0	-8	-9
Portugal	68	+1	-1	-36
Greece	122	-6	-19	-81

Commodities

		% Change		
	Close	Day	4 Weeks	End 22
Brent Oil	83.1	+1.74	-1.81	-3.27
West Texas Oil	77.56	+1.93	-4.31	-3.24
Gold $	2044.6	+0.18	+3.15	+12.07

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