

## Jobs and inflation data in focus this week

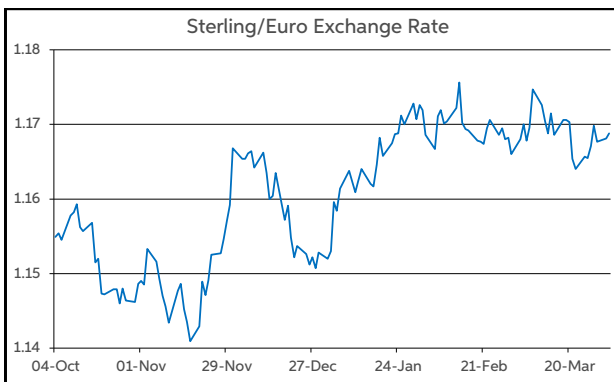
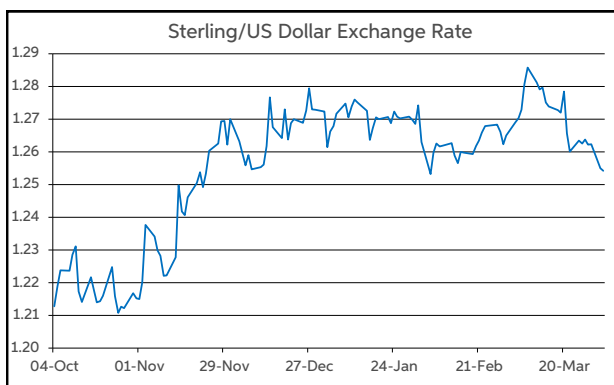
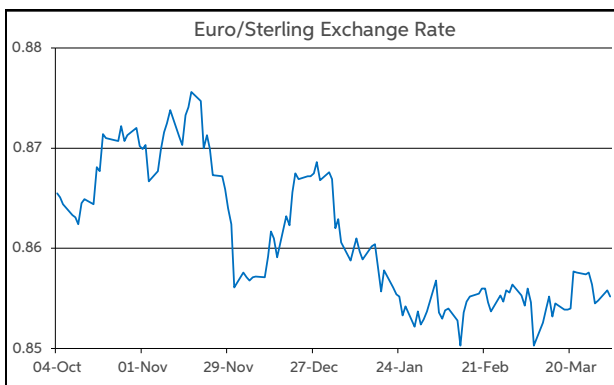
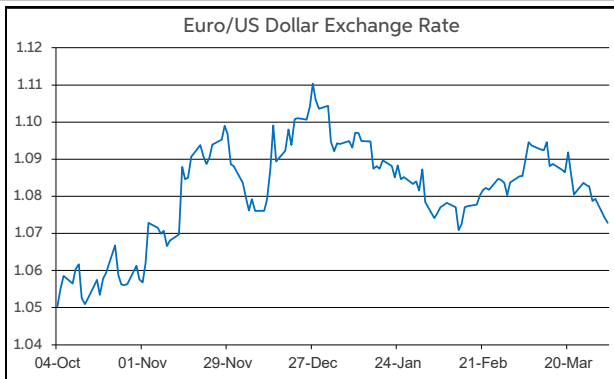
As the second quarter gets underway, it is useful to look back over Q1. From a macro viewpoint, US data suggests the world's largest economy registered solid growth, albeit slower versus H2'23. Eurozone data tended to surprise to the upside of expectations, but remained consistent with subdued levels of economic activity. Meanwhile, UK survey data indicated some improvement in Q1 after the economy entered a technical recession in Q4'23.

On the monetary policy front, the Fed, ECB and BoE kept policy on hold during Q1. They emphasised a data dependent approach to their policy deliberations. They are waiting for further signs that underlying inflation, which remains sticky, is on a sustained downward trajectory towards its 2% target, to give them confidence that it is appropriate to start cutting rates. Against this backdrop, market rate expectations firmed over the course of Q1. There is around 50bps less of rate cuts now envisaged compared to what futures contracts were pricing in January. The market sees the ECB depo rate at 3% by end year, the Fed funds rate near 4.6% and the BoE official rate at 4.50%.

From a FX perspective, the dollar continued to hold the upper hand in Q1. EUR/USD tended to trade in the lower half of a \$1.07-1.10 range. GBP/USD finished the quarter below \$1.27 having started the year above this threshold. Meanwhile, EUR/GBP spent most of the period confined to the 85-86p corridor. Elsewhere, the yen was notably weaker. While the BoJ finally hiked rates, its guidance remained dovish. USD/JPY traded to a 34-year high, at ¥151.97.

Looking ahead to this week, there are some key releases due. In the US, we get payroll data for March. Meanwhile, in the Eurozone, the focus will be on the flash reading of HICP inflation for March.

**John Fahey, Senior Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2023 |
| EUR/USD                  | 1.0728 | -0.54    | -2.79    |
| EUR/GBP                  | 0.8551 | 0.13     | -1.35    |
| GBP/USD                  | 1.2541 | -0.67    | -1.48    |
| GBP/EUR                  | 1.1686 | -0.13    | 1.37     |
| USD/JPY                  | 151.7  | 0.22     | 7.54     |
| EUR/JPY                  | 162.77 | -0.31    | 4.59     |

\* 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         | 5.56  | 5.32       | 4.89 | 4.39 |
| EUR                    | 4.50      | 3.86         | 3.89  | 3.59       | 3.15 | 2.73 |
| GBP                    | 5.25      | 5.18         | 5.16  | 4.86       | 4.63 | 4.08 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Tuesday 02 April 2024  
07:25 am



## Euro

|         |         |
|---------|---------|
| EUR/GBP | 0.8551  |
| EUR/USD | 1.0728  |
| EUR/JPY | 162.78  |
| EUR/SEK | 11.5773 |
| EUR/DKK | 7.4592  |
| EUR/NOK | 11.7407 |
| EUR/CHF | 0.9727  |
| EUR/AUD | 1.6523  |
| EUR/HKD | 8.3972  |
| EUR/CAD | 1.4569  |

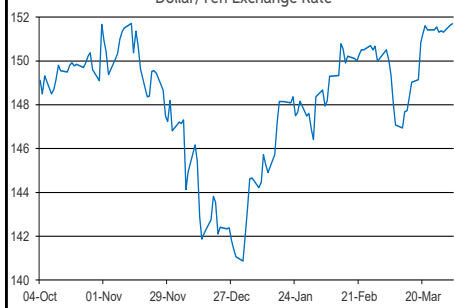
## Sterling

|         |        |
|---------|--------|
| GBP/EUR | 1.1686 |
| GBP/USD | 1.2541 |
| GBP/CAD | 1.703  |
| GBP/NZD | 2.1086 |
| GBP/JPY | 190.26 |
| GBP/SEK | 13.537 |
| GBP/DKK | 8.7191 |
| GBP/NOK | 13.726 |
| GBP/CHF | 1.1372 |
| GBP/AUD | 1.9321 |

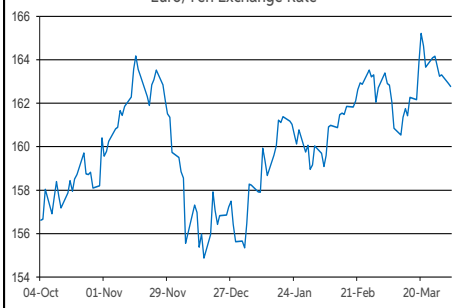
## Dollar

|         |         |
|---------|---------|
| USD/JPY | 151.71  |
| USD/CAD | 1.3577  |
| USD/CHF | 0.9066  |
| USD/CNY | 7.2344  |
| USD/BRL | 5.0546  |
| USD/RUB | 92.4325 |
| USD/INR | 83.359  |
| AUD/USD | 0.649   |
| NZD/USD | 0.5946  |

Dollar/Yen Exchange Rate

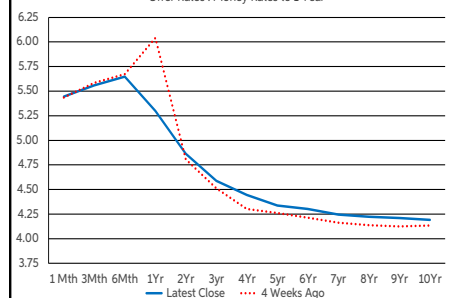


Euro/Yen Exchange Rate



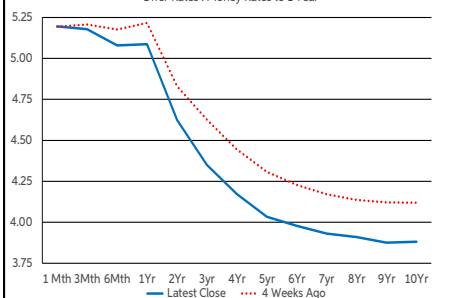
US Swap Curve

Offer Rates : Money Rates to 1 Year



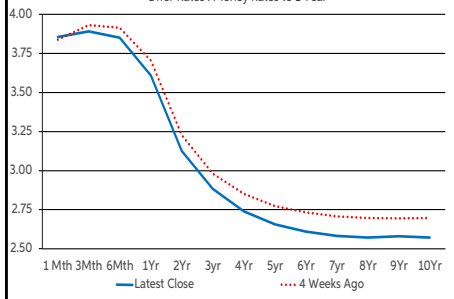
UK Swap Curve

Offer Rates : Money Rates to 1 Year

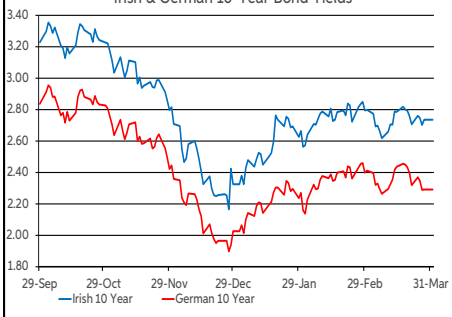


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

|  | Close | Change bps |         |        |
|--|-------|------------|---------|--------|
|  |       | Day        | 4 Weeks | End 23 |
| 10 Year Yield %                                  |       |            |         |        |
| US   | 4.32  | +11        | +10     | +45    |
| Germany  | 2.29  | +0         | -10     | +27    |
| UK   | 3.93  | -1         | -20     | +39    |
| Ireland  | 2.76  | +3         | -5      | +38    |
| Belgium  | 2.88  | +1         | -9      | +20    |
| France   | 2.80  | +2         | -7      | +25    |
| Italy  | 3.68  | +6         | -15     | -2     |
| Spain  | 3.15  | +2         | -12     | +16    |
| Portugal   | 3.00  | +3         | -4      | +21    |
| Greece   | 3.29  | +1         | -10     | +21    |
| 5 Year Swap %                                    |       |            |         |        |
| US   | 4.34  | +9         | +12     | +55    |
| Eurozone   | 2.66  | -0         | -11     | +23    |
| UK   | 4.03  | -2         | -23     | +38    |
| 2 Year Swap %                                    |       |            |         |        |
| US   | 4.86  | +8         | +10     | +53    |
| Eurozone   | 3.13  | -1         | -9      | +33    |
| UK   | 4.62  | +0         | -20     | +36    |
| 10 Year Government Bond Spreads to Benchmark bps |       |            |         |        |
| Ireland  | 47    | +3         | +6      | +11    |
| Belgium  | 59    | +0         | +2      | -7     |
| France   | 51    | +1         | +3      | -2     |
| Italy  | 138   | +6         | -4      | -29    |
| Spain  | 86    | +2         | -2      | -10    |
| Portugal   | 71    | +2         | +7      | -5     |
| Greece   | 99    | +1         | +0      | -6     |

## Commodities

|                | % Change |       |         |        |
|----------------|----------|-------|---------|--------|
|                | Close    | Day   | 4 Weeks | End 23 |
| Brent Oil      | 87.42    | -0.07 | +5.58   | +13.47 |
| West Texas Oil | 71.65    | -0.17 | -1.90   | -1.27  |
| Gold \$        | 2250.4   | +0.81 | +6.40   | +9.10  |

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