

Sterling softens slightly

Investor sentiment was holding a positive tone yesterday, amid a relatively quiet start to the week on financial markets. The Euro Stoxx 50 gained 0.4% on the day. Meantime on Wall Street, the S&P 500 rose by 0.9%. On bond markets, US Treasury and German Bund yields declined by 1-4bps, while UK Gilt yields fell by 1-10bps along the curve.

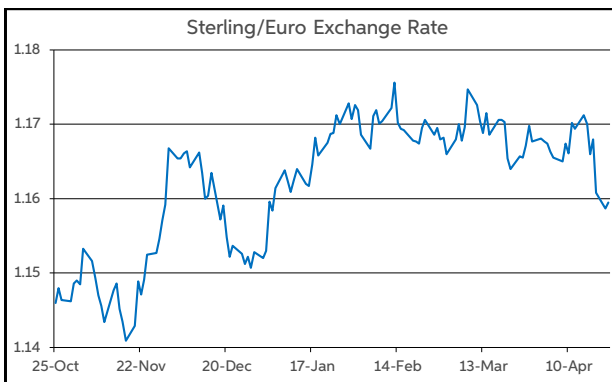
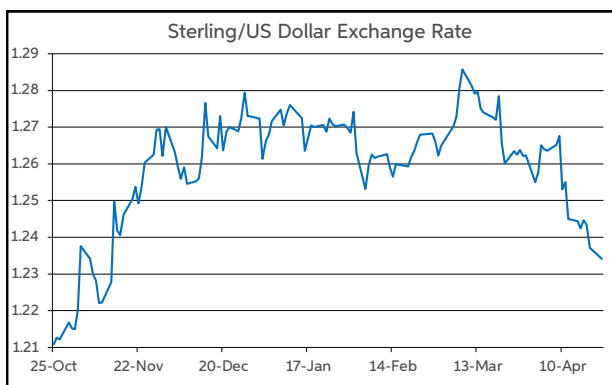
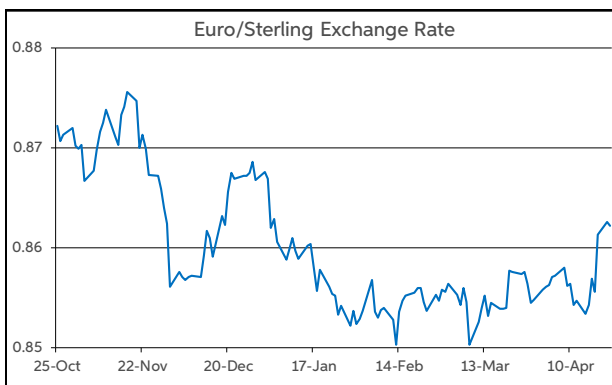
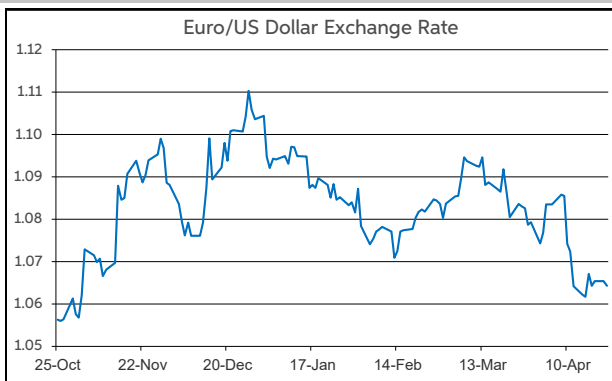
The more pronounced move lower in UK Gilts yields coincided with a modest softening in UK futures contracts. Current pricing is consistent with circa 55bps worth of easing by year end (compared to 50bps previously). Markets also see around a 60% chance of a first UK rate cut in June. However, there was no obvious catalyst for the softening in UK market rate expectations yesterday.

On the currency front, amid the softening in UK futures, sterling remained under some downward pressure. The pound edged 0.2-0.4% lower versus the euro and the dollar. Elsewhere, the euro was on the back-foot also.

In level terms, EUR/GBP opens this morning in the lower half of the 86-87p range. GBP/USD is operating down below the midpoint of the \$1.23-1.24 corridor. Meanwhile, EUR/USD is changing hands close to the halfway mark of the \$1.06-1.07 trading band. USD/JPY remains in the top half of ¥154-155.

Turning to the day ahead, the main release of note will be the flash reading of the PMIs for April in the main advanced economies. The Eurozone and US PMIs are forecast to improve marginally, while the UK readings are expected to be little changed. However, barring any major surprises, the data may not impact on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0643	-0.20	-3.56
EUR/GBP	0.8622	0.14	-0.53
GBP/USD	1.234	-0.36	-3.06
GBP/EUR	1.159	-0.14	0.53
USD/JPY	154.74	0.02	9.70
EUR/JPY	164.74	-0.16	5.85

* 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	5.43	5.59	5.47	5.16	4.69
EUR	4.50	3.84	3.89	3.65	3.29	2.87
GBP	5.25	5.18	5.15	4.91	4.81	4.32

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

Tuesday 23 April 2024
07:40 am



Euro

EUR/GBP	0.8622
EUR/USD	1.0643
EUR/JPY	164.74
EUR/SEK	11.5991
EUR/DKK	7.4606
EUR/NOK	11.7117
EUR/CHF	0.9716
EUR/AUD	1.6495
EUR/HKD	8.3425
EUR/CAD	1.4585

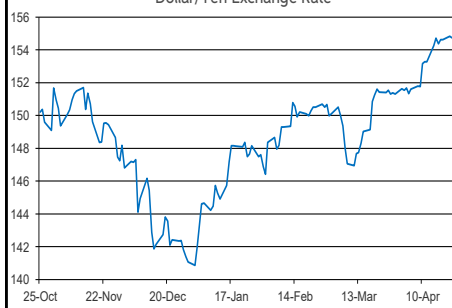
Sterling

GBP/EUR	1.159
GBP/USD	1.234
GBP/CAD	1.691
GBP/NZD	2.0863
GBP/JPY	190.95
GBP/SEK	13.4451
GBP/DKK	8.6481
GBP/NOK	13.576
GBP/CHF	1.1263
GBP/AUD	1.9125

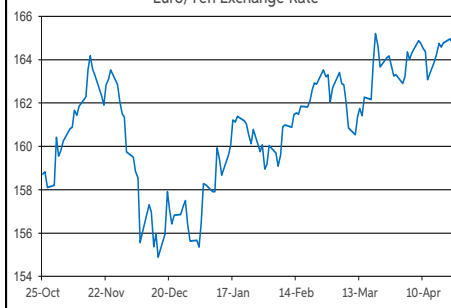
Dollar

USD/JPY	154.74
USD/CAD	1.37
USD/CHF	0.9126
USD/CNY	7.2454
USD/BRL	5.1658
USD/RUB	93.3725
USD/INR	83.3675
AUD/USD	0.6452
NZD/USD	0.5913

Dollar/Yen Exchange Rate

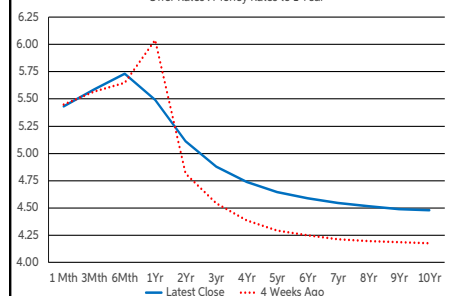


Euro/Yen Exchange Rate



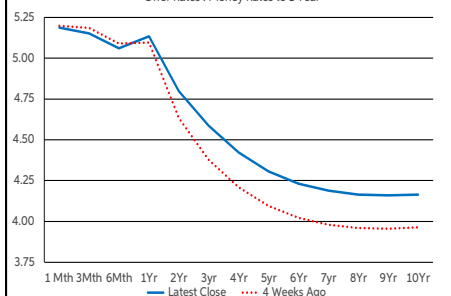
US Swap Curve

Offer Rates : Money Rates to 1 Year



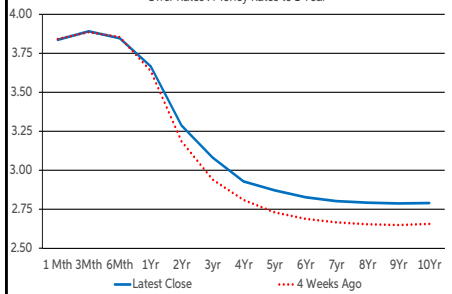
UK Swap Curve

Offer Rates : Money Rates to 1 Year

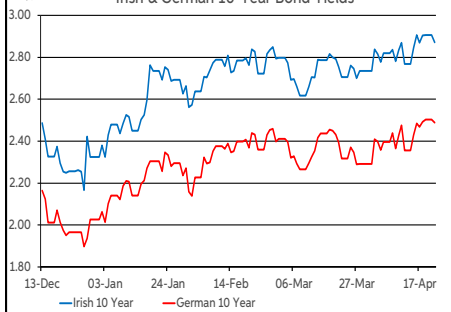


Eurozone Swap Curve

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	4.62	+1	+37	+76
Germany	2.49	-1	+12	+46
UK	4.21	-2	+22	+67
Ireland	2.88	-4	+9	+52
Belgium	3.05	-2	+11	+36
France	2.99	-2	+14	+43
Italy	3.82	-8	+12	+12
Spain	3.26	-4	+5	+27
Portugal	3.14	-4	+9	+35
Greece	3.48	-1	+20	+40
5 Year Swap %				
US	4.65	-3	+39	+85
Eurozone	2.87	-2	+15	+44
UK	4.31	-5	+22	+65
2 Year Swap %				
US	5.11	-4	+34	+78
Eurozone	3.29	-4	+11	+49
UK	4.80	-6	+17	+53
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-3	-3	+5
Belgium	55	-1	-1	-11
France	50	-1	+2	-3
Italy	133	-7	+1	-35
Spain	77	-3	-6	-19
Portugal	64	-2	-3	-11
Greece	99	-0	+9	-6

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	87	-0.33	+0.29	+12.93
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2326.3	-2.68	+7.13	+12.78

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