

ECB cuts rates by 25bps as expected

As expected, the ECB cut its key interest rates by 25bps yesterday. The Deposit rate is now at 3%. At the press conference, President Lagarde offered little in the way of guidance on the interest rate outlook. However, the meeting statement dropped the reference to keeping policy “sufficiently restrictive”, indicating a more dovish bias on the Governing Council.

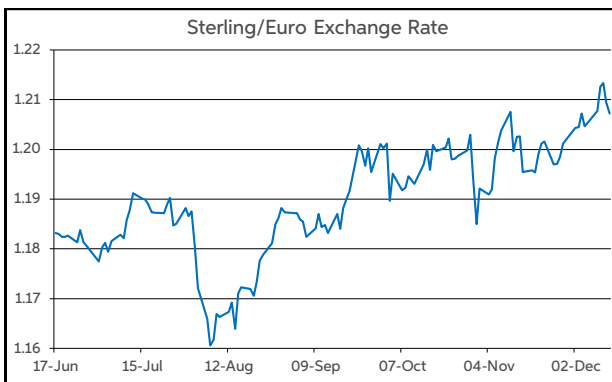
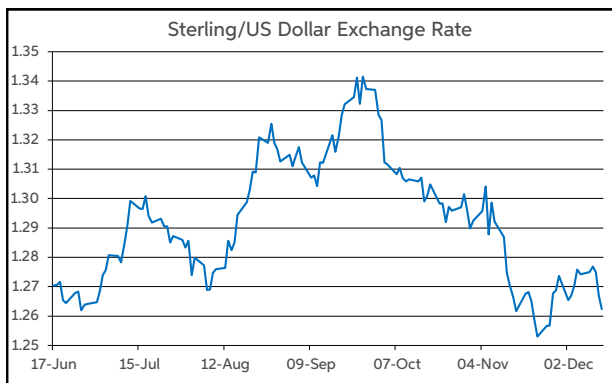
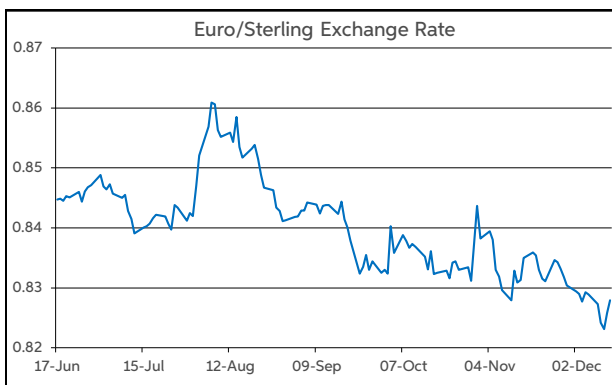
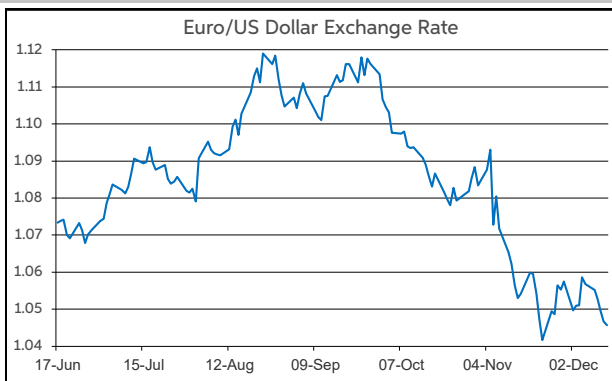
Overall, the initial market reaction to the ECB meeting outcome was limited. Futures contract and the euro were little changed in the immediate aftermath of the announcement. However, futures hardened slightly late in the European session. Current pricing indicates that the market now expects circa 115bps worth of rate cuts in 2025, compared to 125bps previously.

Elsewhere, there was a cautious tone to investor sentiment. The Euro Stoxx 50 edged 0.1% higher, while the S&P 500 shed 0.5%. On bond markets, yields moved higher across the board, with US Treasury, German Bund and UK Gilt yields up by 4-8bps.

Currency-wise, the dollar was in the ascendancy yesterday. As trading gets underway this morning, the stronger dollar is evidenced by EUR/USD opening back near the midpoint of \$1.04-1.05. GBP/USD is operating back in the lower half of \$1.26-1.27. Meanwhile, EUR/GBP is in the top half of the 82-83p range.

Already this morning, the monthly reading of UK GDP for October has printed below the consensus. GDP contracted by 0.1% in the month versus expectations for a 0.1% rise. Sterling has been under some downward pressure following the release. Later today, Eurozone industrial production (Oct) is the only release of note.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0457	-0.47	-5.25
EUR/GBP	0.8279	0.62	-4.49
GBP/USD	1.2624	-1.08	-0.82
GBP/EUR	1.2071	-0.62	4.70
USD/JPY	152.86	0.26	8.37
EUR/JPY	159.85	-0.23	2.71

* 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	4.63	4.38	4.34	4.15	4.29	4.14
EUR	3.15	2.89	2.89	2.35	2.16	2.14
GBP	4.75	4.69	4.63	4.35	4.34	4.11

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

Friday 13 December 2024
07:35 am



Euro

EUR/GBP	0.8279
EUR/USD	1.0457
EUR/JPY	159.85
EUR/SEK	11.5273
EUR/DKK	7.4583
EUR/NOK	11.6836
EUR/CHF	0.934
EUR/AUD	1.642
EUR/HKD	8.1266
EUR/CAD	1.4877

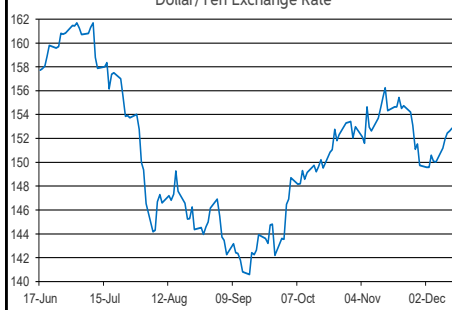
Sterling

GBP/EUR	1.2071
GBP/USD	1.2624
GBP/CAD	1.7963
GBP/NZD	2.1895
GBP/JPY	192.97
GBP/SEK	13.9151
GBP/DKK	9.0034
GBP/NOK	14.1078
GBP/CHF	1.1278
GBP/AUD	1.9824

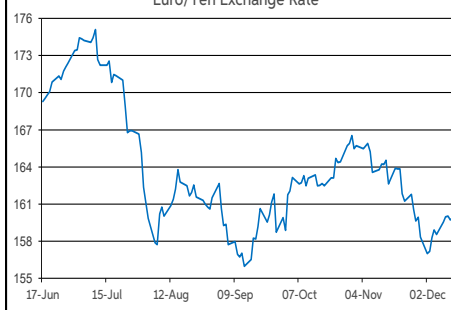
Dollar

USD/JPY	152.86
USD/CAD	1.4228
USD/CHF	0.8932
USD/CNY	7.2786
USD/BRL	5.9971
USD/RUB	103.4
USD/INR	84.805
AUD/USD	0.6365
NZD/USD	0.5763

Dollar/Yen Exchange Rate

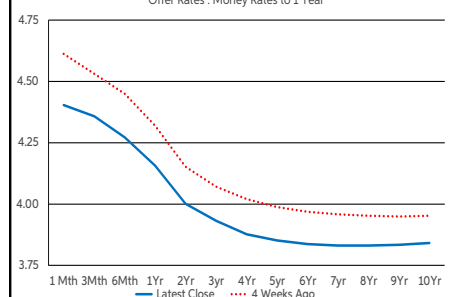


Euro/Yen Exchange Rate



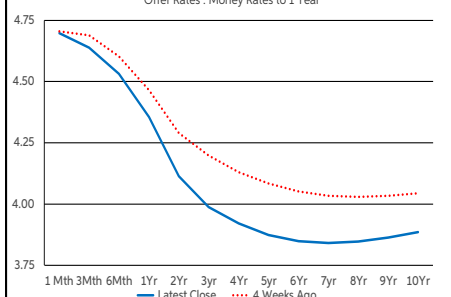
US Swap Curve

Offer Rates : Money Rates to 1 Year



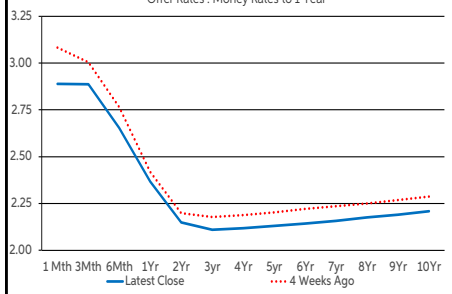
UK Swap Curve

Offer Rates : Money Rates to 1 Year

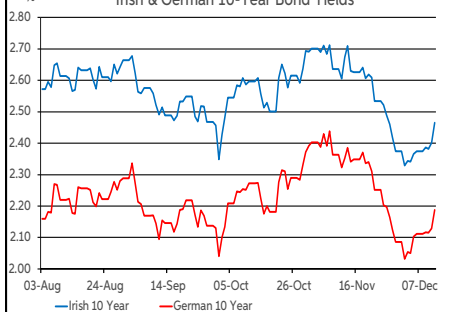


Eurozone Swap Curve

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	+5	-10	+46
Germany	2.19	+6	-15	+16
UK	4.37	+4	-12	+83
Ireland	2.50	+8	-17	+13
Belgium	2.77	+7	-19	+8
France	2.98	+8	-11	+42
Italy	3.34	+14	-21	-36
Spain	2.85	+8	-20	-14
Portugal	2.63	+8	-17	-16
Greece	3.00	+10	-21	-7
5 Year Swap %				
US	4.11	+6	-12	+32
Eurozone	2.13	+7	-6	-30
UK	4.11	+3	-18	+46
2 Year Swap %				
US	4.26	+4	-14	-8
Eurozone	2.15	+6	-4	-65
UK	4.35	+2	-14	+9
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	+2	-1	-3
Belgium	58	+1	-3	-9
France	79	+3	+5	+26
Italy	115	+8	-6	-52
Spain	66	+3	-5	-31
Portugal	44	+3	-2	-32
Greece	81	+4	-6	-24

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	73.41	-0.15	+1.17	-4.71
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2681.3	-1.35	+4.49	+30.00

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.