

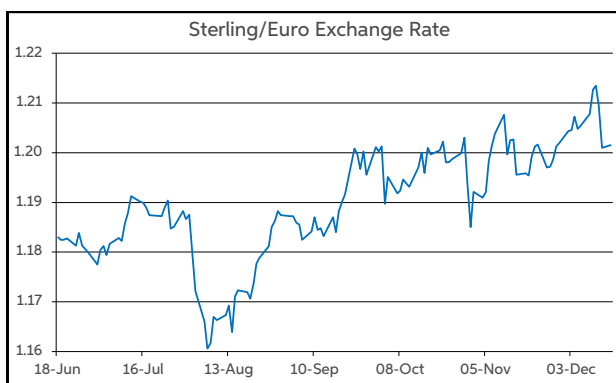
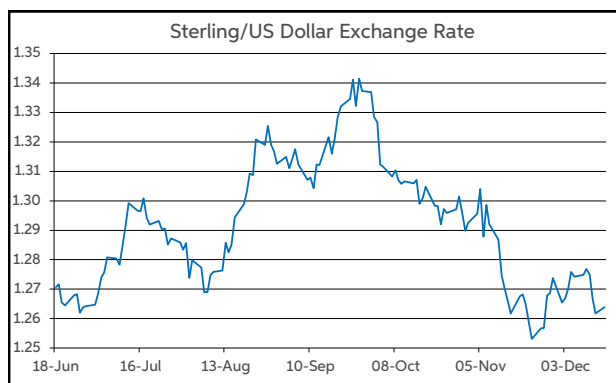
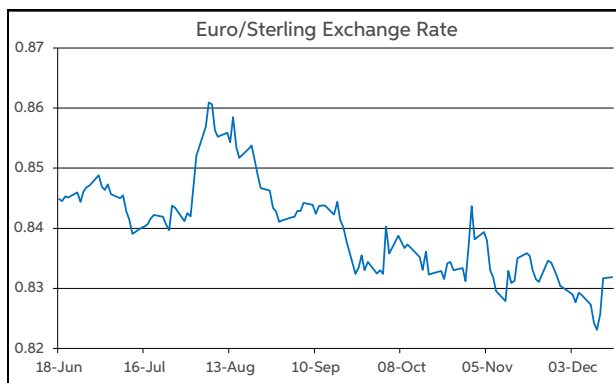
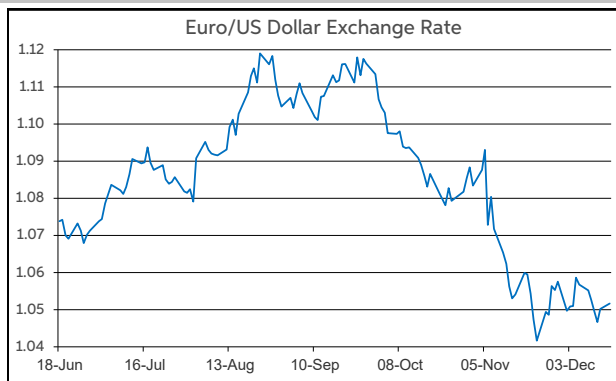
Monetary policy remains in focus this week

Monetary policy was very much in focus for investors last week, with a raft of central bank policy meetings. This included the ECB who, as expected, cut rates by 25bps. It also adopted a more dovish bias in its communications. However, despite this, market rate expectations for ECB rates actually firmed somewhat (c.10bps). Futures contracts are now pricing in around 115bps of policy easing in 2025. This suggests the market had been anticipating stronger dovish guidance from the ECB. Instead, President Lagarde continued to emphasise “data-dependency” and would not pre-commit to future rate cuts.

Currency-wise, the dollar generally held the upper hand last week amid weakness in other currencies. The euro was on the defensive in the lead up to the ECB meeting. However, it saw no major reaction in the aftermath. Elsewhere, sterling’s recent momentum subsided on Friday following weaker than forecast GDP data. Meanwhile, the Japanese yen was under sustained pressure amid uncertainty as to whether the BoJ will hike rates this week. In level terms, all of the above is reflected in EUR/USD opening this morning just above \$1.05 with GBP/USD trading in the lower half of \$1.26-1.27. EUR/GBP is back above 83p, having registered a YTD low of 82.26p last week. USD/JPY is up in ¥153-154 territory.

Ahead this week, monetary policy will remain in focus with another plethora of central bank meetings. Aside from the aforementioned BoJ, the US Fed (25bps cut expected) and BoE (no rate change) provide some event risk for their respective currencies. The data calendar is packed for the last full trading week of the year. Some of the highlights include flash PMIs, US retail sales, core-PCE as well as UK CPI and labour market updates.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0517	0.51	-4.70
EUR/GBP	0.832	0.73	-4.01
GBP/USD	1.2638	-0.19	-0.71
GBP/EUR	1.2014	-0.72	4.18
USD/JPY	153.62	0.49	8.90
EUR/JPY	161.6	1.00	3.84

* 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	4.37	4.34	4.17	4.33	4.20
EUR	3.15	2.87	2.84	2.36	2.21	2.19
GBP	4.75	4.67	4.61	4.34	4.42	4.20

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

Monday 16 December 2024
07:29 am



Euro

EUR/GBP	0.832
EUR/USD	1.0517
EUR/JPY	161.6
EUR/SEK	11.534
EUR/DKK	7.4578
EUR/NOK	11.717
EUR/CHF	0.9366
EUR/AUD	1.6503
EUR/HKD	8.1768
EUR/CAD	1.496

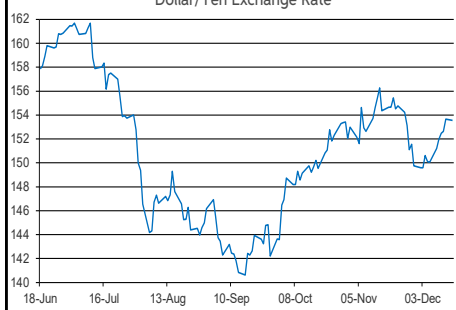
Sterling

GBP/EUR	1.2014
GBP/USD	1.2638
GBP/CAD	1.7972
GBP/NZD	2.1851
GBP/JPY	194.14
GBP/SEK	13.861
GBP/DKK	8.9626
GBP/NOK	14.072
GBP/CHF	1.1256
GBP/AUD	1.9823

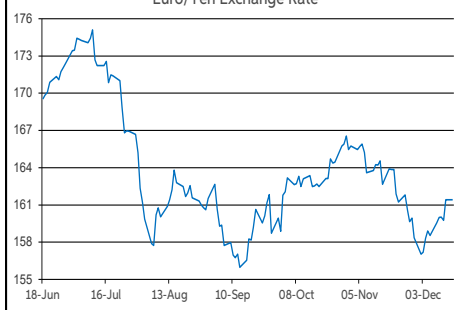
Dollar

USD/JPY	153.62
USD/CAD	1.4222
USD/CHF	0.8902
USD/CNY	7.2808
USD/BRL	6.0458
USD/RUB	104.4955
USD/INR	84.825
AUD/USD	0.6373
NZD/USD	0.578

Dollar/Yen Exchange Rate

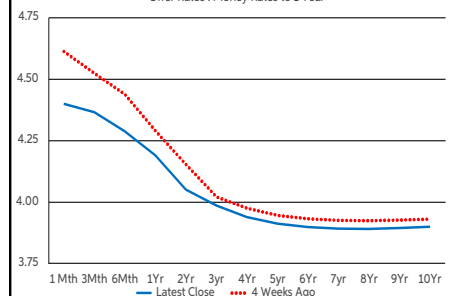


Euro/Yen Exchange Rate



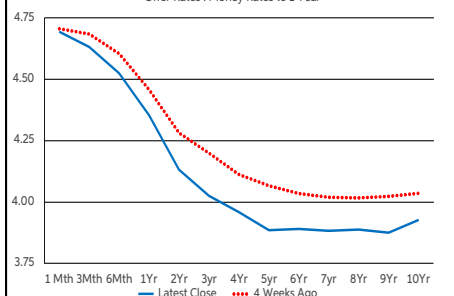
US Swap Curve

Offer Rates : Money Rates to 1 Year



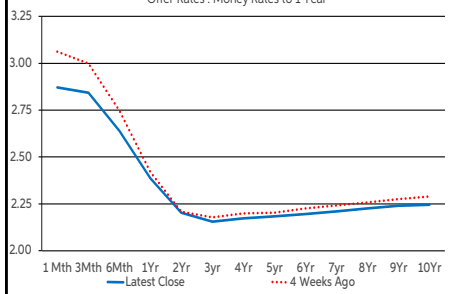
UK Swap Curve

Offer Rates : Money Rates to 1 Year

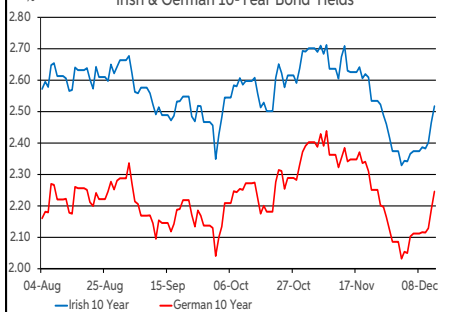


Eurozone Swap Curve

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	4.40	+8	-3	+54
Germany	2.25	+6	-10	+22
UK	4.41	+5	-6	+88
Ireland	2.55	+5	-12	+18
Belgium	2.84	+7	-10	+15
France	3.03	+6	-5	+48
Italy	3.39	+5	-17	-31
Spain	2.92	+7	-13	-7
Portugal	2.71	+9	-9	-7
Greece	3.06	+5	-15	-2
5 Year Swap %				
US	4.16	+5	-5	+36
Eurozone	2.18	+5	-2	-25
UK	4.17	+6	-10	+52
2 Year Swap %				
US	4.31	+6	-4	-2
Eurozone	2.20	+5	+0	-59
UK	4.38	+3	-10	+12
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	-1	-2	-4
Belgium	59	+1	+0	-7
France	79	+0	+5	+26
Italy	114	-1	-7	-53
Spain	67	+1	-3	-29
Portugal	47	+3	+1	-29
Greece	81	-1	-5	-24

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	74.49	+1.47	+4.86	-3.31
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2648.4	-1.23	+3.40	+28.40

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