

## Dollar softens slightly as risk appetite firms

There was a firmer tone to risk appetite on financial markets yesterday. The Euro Stoxx 50 registered a 0.3% gain, while, on Wall Street, the S&P 500 finished the day up 0.6%. In terms of fixed income, US Treasury, German Bund and UK Gilts yields declined by 2-10bps. Elsewhere, oil prices continued to rise, with Brent crude up above \$79 per barrel.

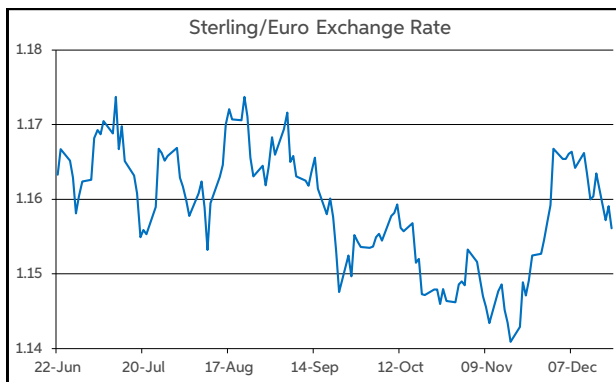
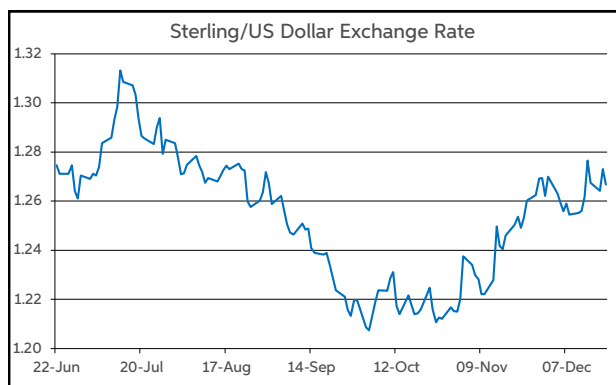
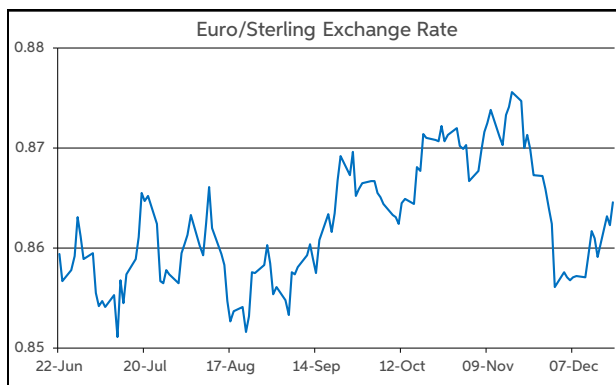
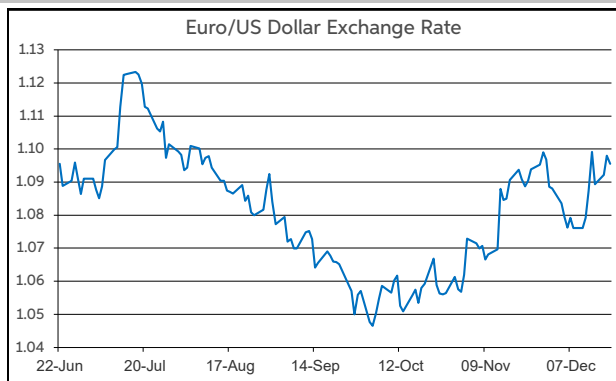
Currency-wise, the yen stayed on the defensive throughout the European session, as markets continued to digest the outcome of the BoJ policy decision. Meanwhile, the dollar was on the back-foot as well, amid the firmer tone to risk appetite. The greenback came under renewed downward pressure also, following some dovish remarks from Fed officials. However, overnight both the yen and the dollar recouped most of their losses.

In level terms, the slightly weaker dollar sees EUR/USD open this morning above the midpoint of \$1.09-1.10. GBP/USD is operating in the top half of the \$1.26-1.27 corridor, having been up near the midpoint of \$1.27-1.28 yesterday. EUR/GBP is at the halfway mark of 86-87p. Elsewhere, USD/JPY remains between ¥143-144.

Already this morning, UK CPI inflation data for November have printed well below the consensus. The headline rate fell to 3.9%, and the core rate to 5.1%, versus expectations for 4.4% and 5.6%. Sterling has softened in early trading following the release.

Later today, the Conference Board measure of US consumer confidence is forecast to rise in December. Similarly, the flash reading of Eurozone consumer confidence is also projected to move higher in December. On the monetary policy front, remarks from ECB and Fed officials will be of interest.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0955	0.26	2.36
EUR/GBP	0.8647	0.16	-2.23
GBP/USD	1.2667	0.07	4.71
GBP/EUR	1.1559	-0.16	2.28
USD/JPY	143.55	0.03	9.49
EUR/JPY	157.27	0.29	12.10

\* 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	5.47	5.63	5.46	4.48	3.91
EUR	4.50	3.86	3.94	3.48	2.90	2.47
GBP	5.25	5.19	5.23	4.93	4.52	3.87

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

Wednesday 20 December 2023  
07:22 am



## Euro

EUR/GBP	0.8647
EUR/USD	1.0955
EUR/JPY	157.27
EUR/SEK	11.1509
EUR/DKK	7.456
EUR/NOK	11.2626
EUR/CHF	0.9428
EUR/AUD	1.6195
EUR/HKD	8.5515
EUR/CAD	1.4624

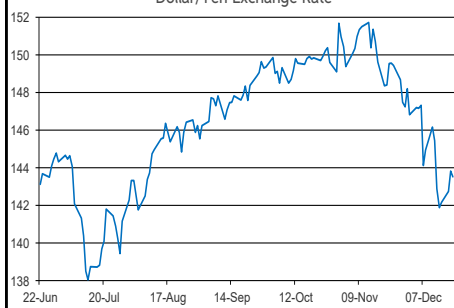
## Sterling

GBP/EUR	1.1559
GBP/USD	1.2667
GBP/CAD	1.6909
GBP/NZD	2.0172
GBP/JPY	181.83
GBP/SEK	12.8937
GBP/DKK	8.6196
GBP/NOK	13.016
GBP/CHF	1.0903
GBP/AUD	1.8723

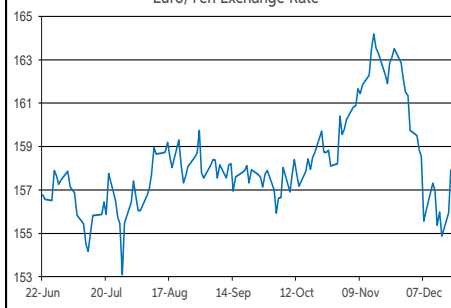
## Dollar

USD/JPY	143.55
USD/CAD	1.3347
USD/CHF	0.8605
USD/CNY	7.1372
USD/BRL	4.8637
USD/RUB	90.125
USD/INR	83.138
AUD/USD	0.6764
NZD/USD	0.6276

Dollar/Yen Exchange Rate

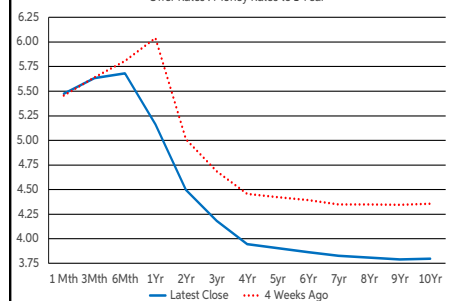


Euro/Yen Exchange Rate



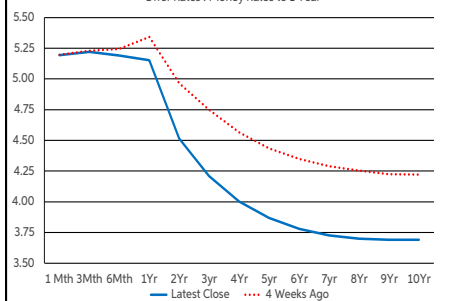
US Swap Curve

Offer Rates : Money Rates to 1 Year



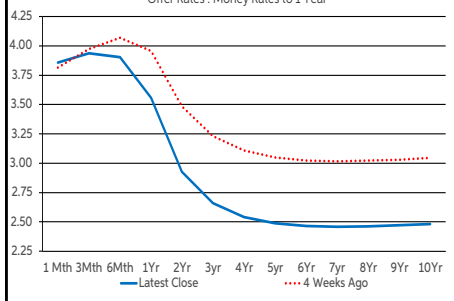
UK Swap Curve

Offer Rates : Money Rates to 1 Year

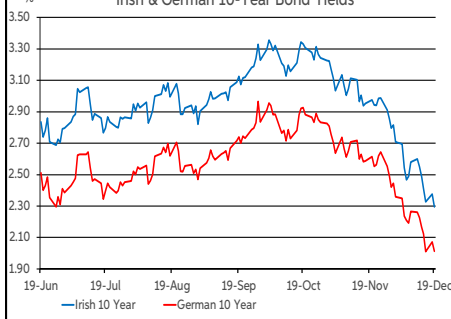


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.93	-0	-47	+5
Germany	2.02	-6	-54	-55
UK	3.66	-4	-45	-1
Ireland	2.32	-7	-64	-82
Belgium	2.65	-8	-52	-55
France	2.52	-9	-60	-59
Italy	3.64	-13	-68	-106
Spain	2.96	-10	-60	-70
Portugal	2.73	-10	-50	-87
Greece	3.17	-4	-61	-142
5 Year Swap %				
US	3.90	-2	-48	-9
Eurozone	2.49	-4	-55	-74
UK	3.87	-5	-56	-43
2 Year Swap %				
US	4.50	-3	-48	-18
Eurozone	2.93	-3	-55	-46
UK	4.51	-3	-45	-17
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	-2	-10	-28
Belgium	63	-3	+2	-1
France	51	-3	-6	-4
Italy	163	-7	-14	-52
Spain	94	-4	-6	-15
Portugal	71	-4	+4	-33
Greece	116	+2	-7	-87

## Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	79.23	+1.64	-3.91	-7.78
West Texas Oil	69	+0.03	-9.61	-13.92
Gold \$	2040.1	+0.65	+2.09	+11.82

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