

Over and out for 2024

Monetary policy was front and centre last week. Most notably, the Fed delivered a “hawkish cut”, lowering rates by 25bps to 4.25-4.50% but indicating a slower pace of easing in 2025. Elsewhere, the BoE and the BoJ both left policy on hold as expected.

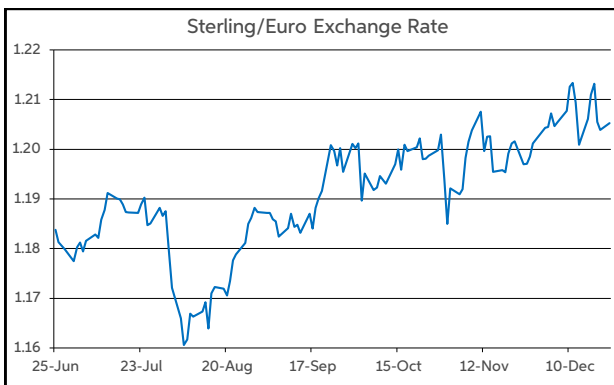
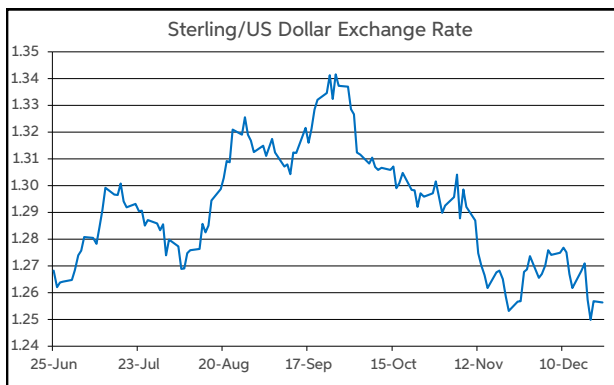
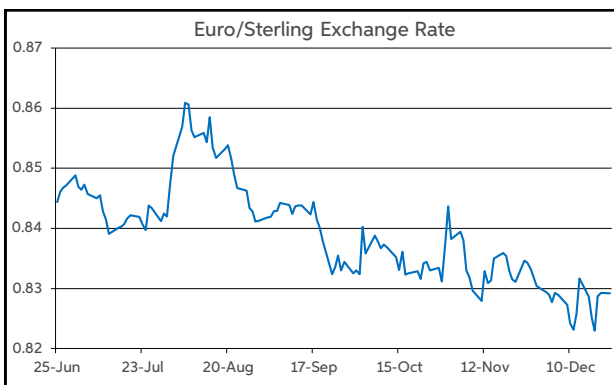
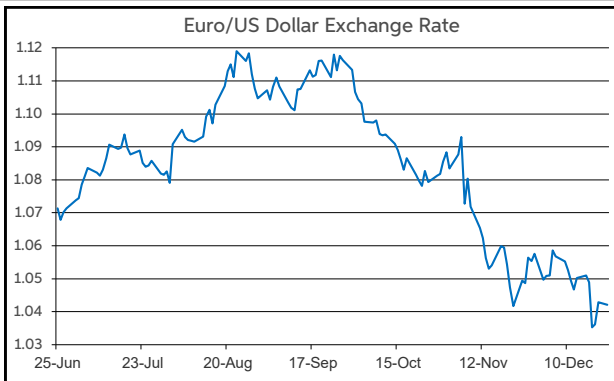
Data-wise, a busy schedule included updates on inflation in the US, UK and Eurozone. In the US, core-PCE printed a touch lower than the consensus, remaining at 2.8% in November (vs. 2.9% f'cast). Meantime, Eurozone headline and core HICP inflation were revised down slightly to 2.2% and 2.7% in November. UK headline and core CPI inflation rose to 2.6% and 3.5% in November, broadly in-line with expectations. UK wage inflation was stronger than anticipated though, rising to +5.2% in the three months to October.

Against this backdrop, there was some volatility on forex and interest rate markets. Overall, US and UK futures are firmer on the week. Current pricing is for 40bps of policy easing from the Fed in 2025, compared to 50bps last Monday. Like-wise, rate cuts worth circa 60bps are priced-in for the UK, down from 70bps last week.

Currency-wise, the dollar was in the ascendancy. At the same time, sterling registered some gains versus the yen. EUR/GBP opens this morning in top half of the 82-83p range. EUR/USD is down in the bottom half of the \$1.04-1.05 corridor. GBP/USD is below the \$1.26 mark. USD/JPY is north of the ¥156 handle, up from near ¥153 this time last Monday.

Finally, this is our last Morning Comment of 2024. Our next publication will be on Thursday, 2nd January 2025. We would like to take this opportunity to wish all of our readers a Merry Christmas, and a safe and prosperous 2025.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0421	0.53	-5.57
EUR/GBP	0.8292	-0.08	-4.34
GBP/USD	1.2563	0.63	-1.30
GBP/EUR	1.2051	0.08	4.53
USD/JPY	156.72	-0.20	11.10
EUR/JPY	163.31	0.32	4.93

* 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	4.38	4.34	4.32	4.21	4.42	4.34
EUR	3.15	2.80	2.77	2.37	2.20	2.24
GBP	4.75	4.69	4.63	4.43	4.47	4.25

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 23 December 2024
07:47 am



Euro

EUR/GBP	0.8292
EUR/USD	1.0421
EUR/JPY	163.31
EUR/SEK	11.5038
EUR/DKK	7.4589
EUR/NOK	11.8088
EUR/CHF	0.9319
EUR/AUD	1.6661
EUR/HKD	8.097
EUR/CAD	1.4981

Sterling

GBP/EUR	1.2051
GBP/USD	1.2563
GBP/CAD	1.806
GBP/NZD	2.2226
GBP/JPY	196.89
GBP/SEK	13.8601
GBP/DKK	8.9915
GBP/NOK	14.2315
GBP/CHF	1.1233
GBP/AUD	2.0086

Dollar

USD/JPY	156.72
USD/CAD	1.438
USD/CHF	0.8941
USD/CNY	7.2989
USD/BRL	6.0793
USD/RUB	101.8
USD/INR	85.075
AUD/USD	0.6251
NZD/USD	0.5649

Dollar/Yen Exchange Rate

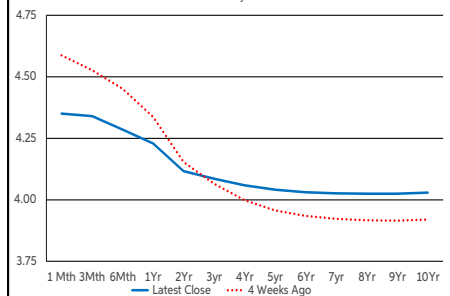


Euro/Yen Exchange Rate



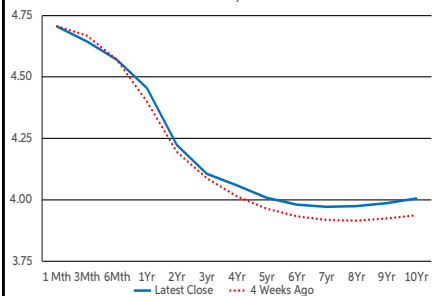
US Swap Curve

Offer Rates : Money Rates to 1 Year



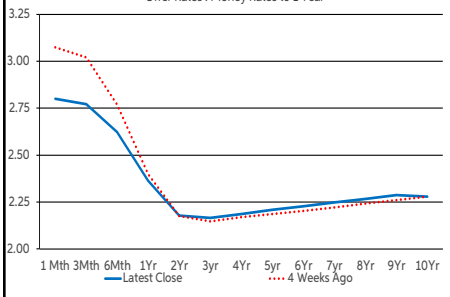
UK Swap Curve

Offer Rates : Money Rates to 1 Year

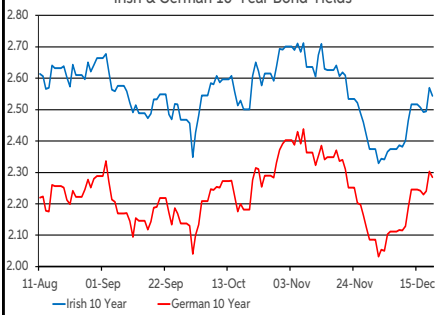


Eurozone Swap Curve

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	4.52	-5	+11	+66
Germany	2.29	-2	+3	+26
UK	4.51	-7	+12	+97
5 Year Swap %				
US	4.30	-5	+10	+51
Eurozone	2.21	-1	+3	-22
UK	4.25	-7	+6	+59
2 Year Swap %				
US	4.38	-2	-3	+4
Eurozone	2.18	-3	+1	-62
UK	4.48	-3	+8	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	-0	-4	-6
Belgium	60	-0	-2	-6
France	80	-1	+0	+27
Italy	116	-0	-9	-51
Spain	69	-0	-3	-27
Portugal	49	+0	+1	-27
Greece	88	+0	-1	-17

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	72.94	+0.08	-2.97	-5.32
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2620.8	+1.04	-3.38	+27.06

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