

US payrolls round out a busy week

The BoE left monetary policy unchanged yesterday, in line with market expectations. However, the BoE removed its tightening bias, reflecting the central bank's assessment that inflation risks have become more balanced. However, at the press conference, Governor Bailey noted that the BoE is "not yet at a point where we can lower interest rates". The market reaction to the meeting was muted. Overall, futures contracts show that markets expect the BoE to cut rates by circa 105bps this year, beginning in June.

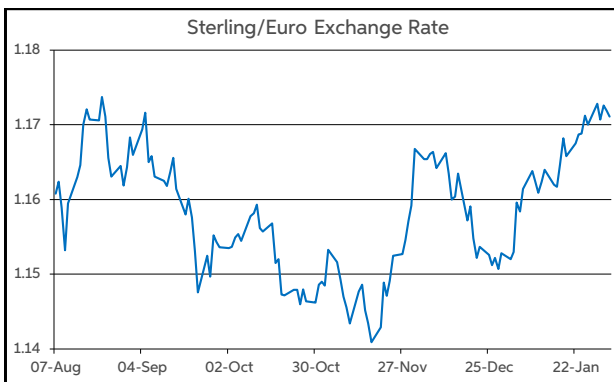
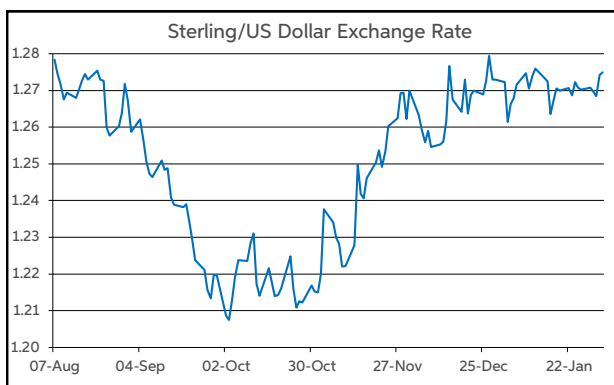
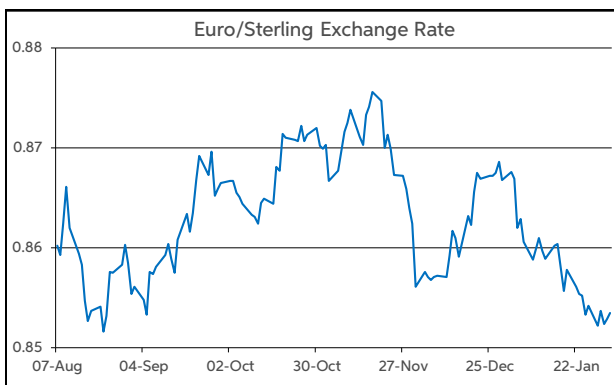
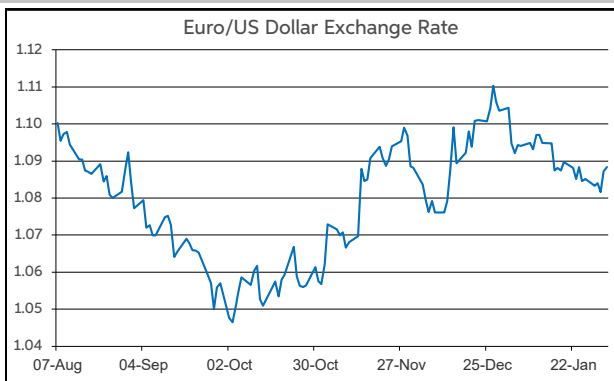
Data-wise, Eurozone flash HICP inflation eased to 2.8% in January, matching the consensus. Core inflation though printed at 3.3%, marginally above the 3.2% forecast. Elsewhere, the latest US weekly initial jobless claims figure jumped to 224k (vs. 214k f'cast). Meantime, the manufacturing ISM rose to 49.1 (vs. 47.0 f'cast). However, the data had a negligible impact on market sentiment.

Currency-wise, the dollar handed back some of its gains from the day before. The move coincided with a marginal softening in US futures contracts. Overall the greenback shed circa 0.7% against the euro and sterling. Meanwhile, on bond markets, benchmark sovereign yields were 2-5bps lower across the board.

As trading gets underway this morning, EUR/USD opens up in the top half of the \$1.08-1.09 range. GBP/USD is up at the midpoint of \$1.27-1.28. Elsewhere, EUR/GBP remains in the lower half 85-86p.

Today, the main release of note will be the US labour market report for January. The forecast is for payrolls to rise by 180k in the month (compared to 216k previously). The unemployment rate is projected to rise slightly to 3.8% from 3.7%, while average earnings growth is expected to remain unchanged, at an elevated +4.1% y/y.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0884	0.77	-1.38
EUR/GBP	0.8536	0.12	-1.52
GBP/USD	1.2749	0.66	0.16
GBP/EUR	1.1712	-0.12	1.55
USD/JPY	146.54	-0.22	3.88
EUR/JPY	159.51	0.55	2.49

* 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	5.44	5.58	4.99	4.39	3.87
EUR	4.50	3.88	3.91	3.47	2.91	2.56
GBP	5.25	5.18	5.20	4.83	4.49	3.90

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

Friday 02 February 2024
07:37 am



Euro

EUR/GBP	0.8536
EUR/USD	1.0884
EUR/JPY	159.51
EUR/SEK	11.2979
EUR/DKK	7.4537
EUR/NOK	11.357
EUR/CHF	0.9326
EUR/AUD	1.6501
EUR/HKD	8.5094
EUR/CAD	1.4556

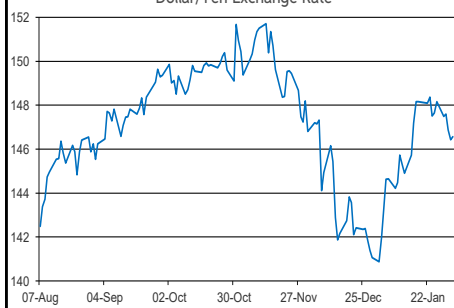
Sterling

GBP/EUR	1.1712
GBP/USD	1.2749
GBP/CAD	1.7052
GBP/NZD	2.073
GBP/JPY	186.82
GBP/SEK	13.233
GBP/DKK	8.7308
GBP/NOK	13.3
GBP/CHF	1.0925
GBP/AUD	1.9331

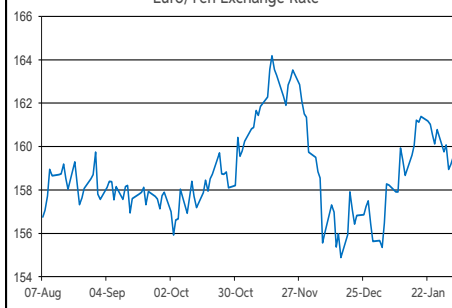
Dollar

USD/JPY	146.54
USD/CAD	1.3374
USD/CHF	0.8568
USD/CNY	7.1792
USD/BRL	4.9163
USD/RUB	90.6525
USD/INR	82.848
AUD/USD	0.6595
NZD/USD	0.615

Dollar/Yen Exchange Rate

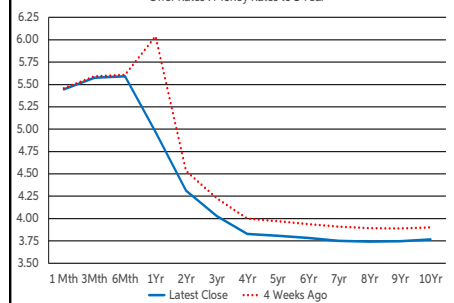


Euro/Yen Exchange Rate



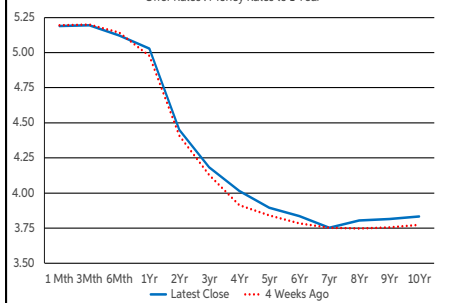
US Swap Curve

Offer Rates : Money Rates to 1 Year



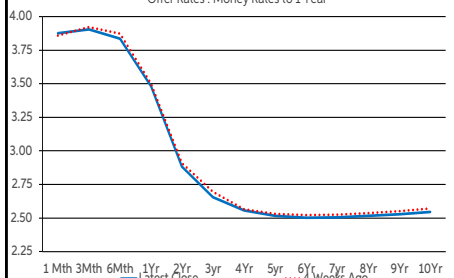
UK Swap Curve

Offer Rates : Money Rates to 1 Year

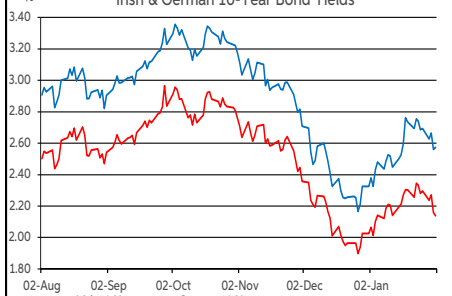


Eurozone Swap Curve

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	3.88	-4	-12	+2
Germany	2.14	-2	+3	+11
UK	3.75	-5	+2	+21
Ireland	2.61	+1	+16	+23
Belgium	2.75	-2	-2	+7
France	2.65	-2	-1	+9
Italy	3.72	-1	-8	+2
Spain	3.08	-1	-3	+9
Portugal	2.87	-1	-0	+8
Greece	3.25	+1	-3	+17
5 Year Swap %				
US	3.81	-4	-12	+2
Eurozone	2.52	+0	-1	+9
UK	3.90	-2	+6	+24
2 Year Swap %				
US	4.31	-2	-18	-2
Eurozone	2.88	+2	-1	+9
UK	4.45	+1	+5	+19
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+3	+12	+12
Belgium	61	+1	-5	-4
France	51	+1	-4	-2
Italy	158	+1	-12	-9
Spain	94	+1	-6	-2
Portugal	73	+2	-4	-3
Greece	111	+3	-6	+6

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.7	-3.68	+1.43	+2.15
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2054.9	+0.87	+0.57	-0.37

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