

## BoE expected to cut by 25bps today

It was a relatively calm day across financial markets yesterday, amid a limited macro calendar. On equity markets, the Euro Stoxx 50 edged marginally higher by 0.1%, helped in part by some upbeat corporate earnings reports. Similarly, the S&P 500 rallied late on to register a 0.4% gain on the day.

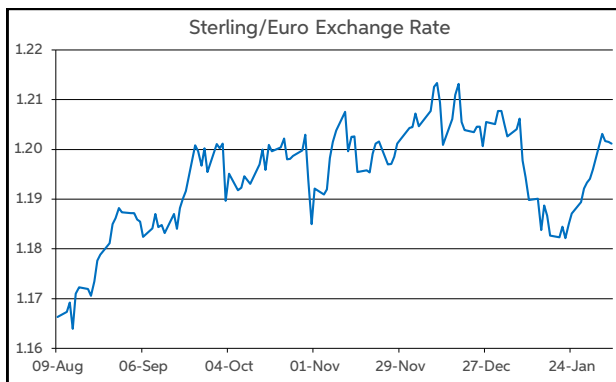
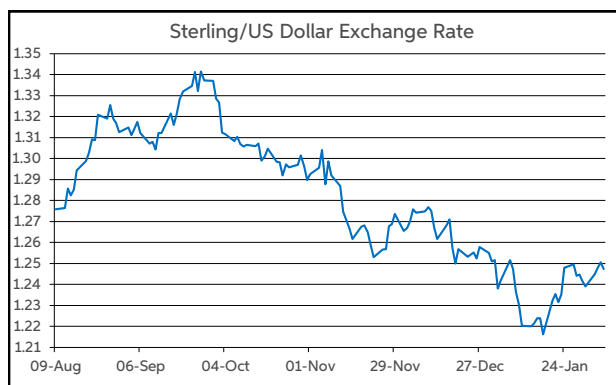
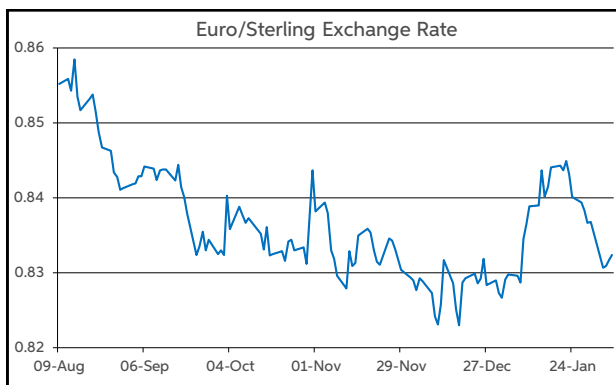
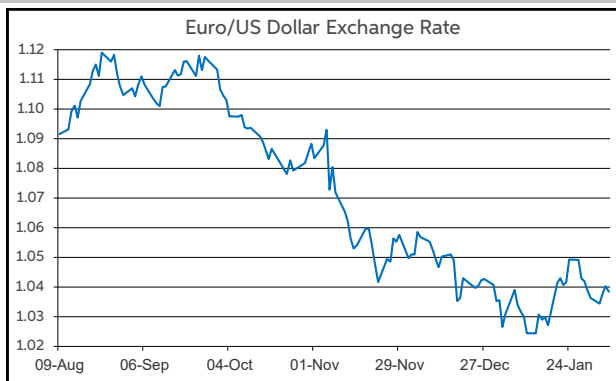
Data-wise, the US non-manufacturing ISM printed below the consensus, dropping to 52.8 in January from 54.0 (and vs. 54.2 f'cast). Meantime, in terms of US monetary policy, Richmond Fed President Barkin struck a dovish tone, noting that his baseline "leans" towards further rate cuts. However, Barkin also echoed remarks from other officials, who have argued for a wait-and-see approach to rate cuts, given the uncertainty regarding US trade/fiscal policy currently.

Nevertheless, Barkin's comments coincided with a slight softening in US futures contracts. Meanwhile, overnight US Treasury yields fell sharply on the back of the Trump administration's first Treasury Quarterly Refunding announcement, which was broadly in-line with the previous administration's projections.

Currency-wise, the dollar was on the defensive for most of yesterday's European session but it recouped its losses overnight. This sees EUR/USD start today in the top half of \$1.03-1.04, little changed from 24 hours ago. GBP/USD remains between \$1.24-1.25. EUR/GBP is in the lower half of the 83-84p range.

Turning to the day ahead, the focus will be on the BoE monetary policy announcement. In recent weeks, UK futures contracts have softened and expectations are now for a 25bps rate cut. The post-meeting press conference will also garner attention.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0385	0.09	0.31
EUR/GBP	0.8324	0.05	0.62
GBP/USD	1.2473	0.07	-0.30
GBP/EUR	1.2009	-0.05	-0.61
USD/JPY	152.61	-0.53	-2.91
EUR/JPY	158.49	-0.46	-2.62

\* 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	4.30	4.29	4.17	4.34	4.27
EUR	2.90	2.61	2.54	2.30	2.21	2.24
GBP	4.75	4.45	4.45	4.20	4.25	4.10

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

Thursday 06 February 2025  
07:42 am



## Euro

EUR/GBP	0.8324
EUR/USD	1.0385
EUR/JPY	158.49
EUR/SEK	11.3401
EUR/DKK	7.4605
EUR/NOK	11.6919
EUR/CHF	0.938
EUR/AUD	1.6577
EUR/HKD	8.0843
EUR/CAD	1.491

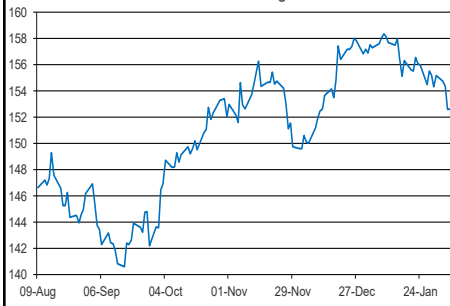
## Sterling

GBP/EUR	1.2009
GBP/USD	1.2473
GBP/CAD	1.7905
GBP/NZD	2.2024
GBP/JPY	190.35
GBP/SEK	13.6228
GBP/DKK	8.9589
GBP/NOK	14.0449
GBP/CHF	1.1267
GBP/AUD	1.9904

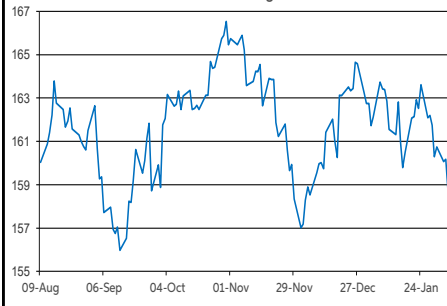
## Dollar

USD/JPY	152.61
USD/CAD	1.4357
USD/CHF	0.9029
USD/CNY	7.2842
USD/BRL	5.8039
USD/RUB	96.5
USD/INR	87.537
AUD/USD	0.6263
NZD/USD	0.5661

Dollar/Yen Exchange Rate

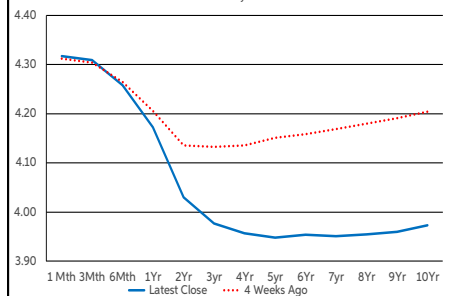


Euro/Yen Exchange Rate



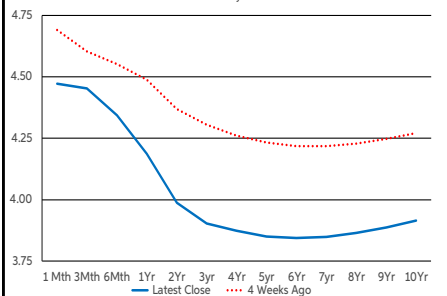
US Swap Curve

Offer Rates : Money Rates to 1 Year



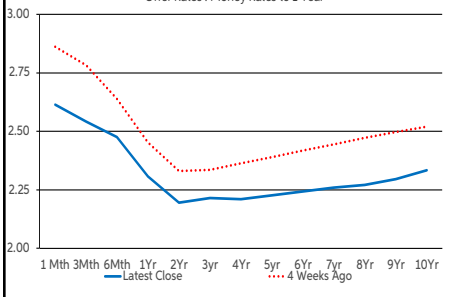
UK Swap Curve

Offer Rates : Money Rates to 1 Year

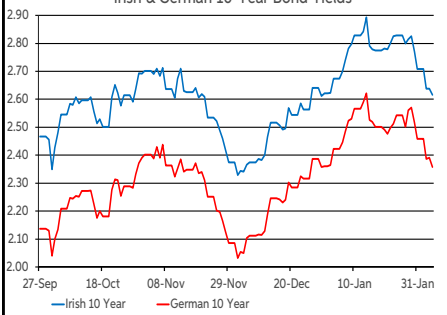


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.42	-9	-27	-16
Germany	2.36	-3	-16	-0
UK	4.44	-9	-36	-14
Ireland	2.64	-3	-16	-1
Belgium	2.95	-4	-17	-4
France	3.07	-4	-28	-12
Italy	3.45	-5	-24	-7
Spain	3.03	-3	-17	-3
Portugal	2.88	-3	-12	+3
Greece	3.25	-6	-8	-0
5 Year Swap %				
US	4.21	-7	-18	-8
Eurozone	2.22	-0	-16	-2
UK	4.09	-6	-38	-19
2 Year Swap %				
US	4.28	-3	-8	-5
Eurozone	2.19	+1	-14	-1
UK	4.24	-3	-36	-25
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	+1	+0	-1
Belgium	59	-0	-1	-3
France	71	-1	-12	-12
Italy	109	-1	-7	-7
Spain	67	+0	-1	-3
Portugal	52	+0	+4	+3
Greece	89	-3	+9	+0

## Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	74.61	-2.09	-2.04	-0.04
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2865.1	+0.81	+7.63	+9.20

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