

## BoE cuts, softer sterling, US payrolls today

The main focus for markets yesterday in terms of scheduled macro events was the first Bank of England policy setting meeting of 2025. The BoE cut rates by 25bps to 4.50%. The 25bps rate cut was in line with market expectations.

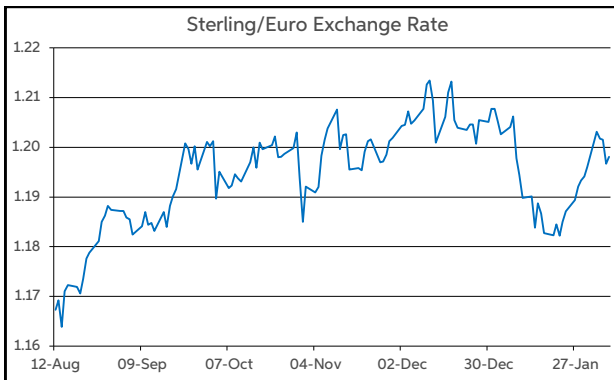
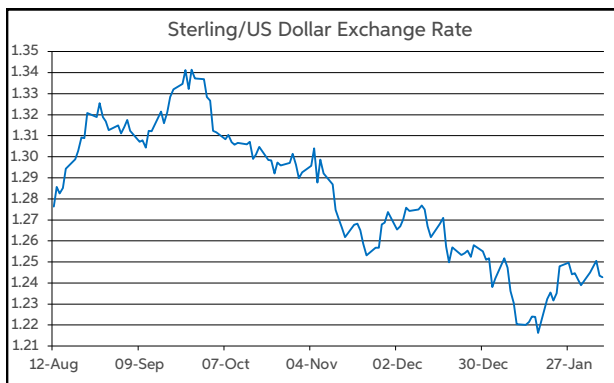
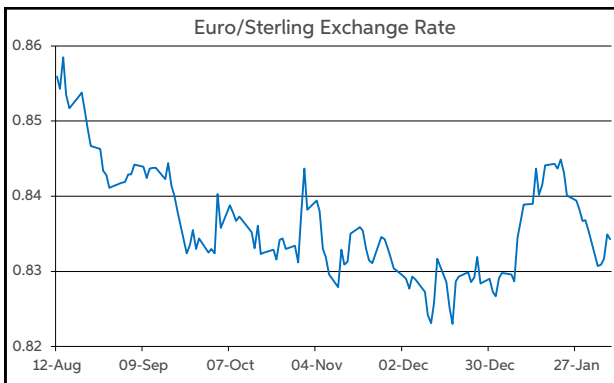
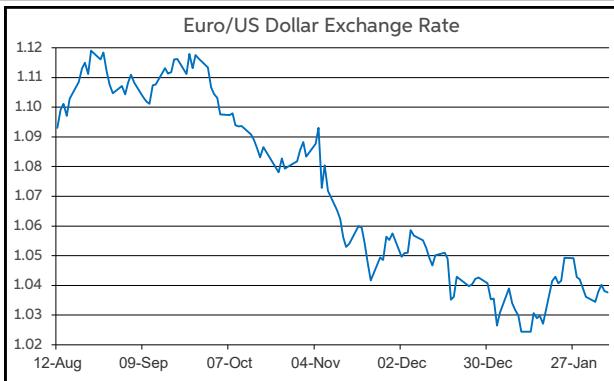
However, the voting breakdown prompted a reaction on UK/sterling markets. The vote split was 7:2, with the two dissenters preferring a 50bps cut. Even more noteworthy was the fact that one of these was Catherine Mann, who was previously regarded as being 'hawkish' on interest rates. Overall though, looking through the noise generated by the vote split, the clear message from the BoE is for a "gradual" and "careful" approach to additional policy easing.

In terms of the aforementioned market reaction, UK futures contracts softened by around 10bps in the immediate aftermath of the BoE policy announcement/minutes. The market is now attaching a higher probability that UK official rates will fall below 4% by the end of this year.

On the currency front, sterling found itself on the defensive following the BoE meeting, giving up some ground to both the dollar and the euro. In level terms, GDP/USD opens this morning in the lower end of the \$1.24-1.25 band. EUR/GBP is trading in and around the midpoint of 83-84p. Elsewhere, EUR/USD continues to operate in the upper half of \$1.03-1.04.

Ahead today, there is some event risk for the dollar with the market spotlight shifting to the US macro diary. The US schedule features a raft of labour market updates for January, including the always eagerly anticipated payrolls number.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0376	-0.09	0.22
EUR/GBP	0.8343	0.28	0.85
GBP/USD	1.2428	-0.44	-0.66
GBP/EUR	1.1975	-0.28	-0.84
USD/JPY	151.83	-0.39	-3.40
EUR/JPY	157.56	-0.47	-3.19

\* 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	4.31	4.30	4.18	4.36	4.29
EUR	2.90	2.62	2.53	2.30	2.19	2.22
GBP	4.75	4.45	4.42	4.15	4.25	4.14

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 07 February 2025  
07:17 am



## Euro

EUR/GBP	0.8343
EUR/USD	1.0376
EUR/JPY	157.56
EUR/SEK	11.3112
EUR/DKK	7.4614
EUR/NOK	11.6283
EUR/CHF	0.9407
EUR/AUD	1.6505
EUR/HKD	8.0822
EUR/CAD	1.4851

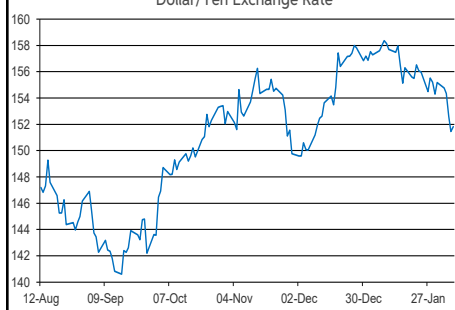
## Sterling

GBP/EUR	1.1975
GBP/USD	1.2428
GBP/CAD	1.7785
GBP/NZD	2.1884
GBP/JPY	188.69
GBP/SEK	13.5519
GBP/DKK	8.9349
GBP/NOK	13.936
GBP/CHF	1.1264
GBP/AUD	1.9763

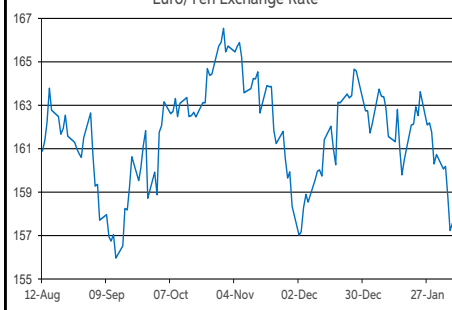
## Dollar

USD/JPY	151.83
USD/CAD	1.4309
USD/CHF	0.9064
USD/CNY	7.2871
USD/BRL	5.7617
USD/RUB	97.4
USD/INR	87.435
AUD/USD	0.6285
NZD/USD	0.5675

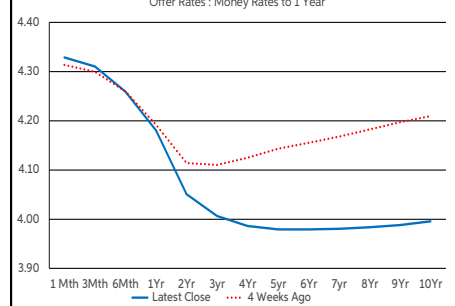
Dollar/Yen Exchange Rate



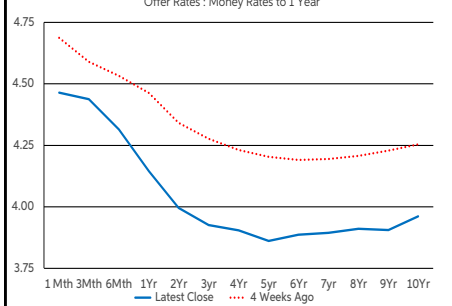
Euro/Yen Exchange Rate



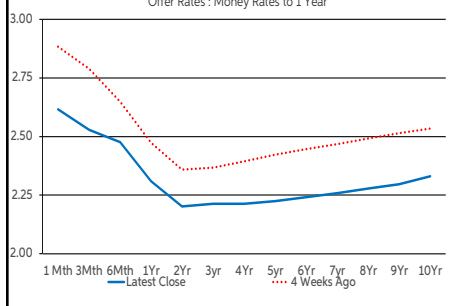
US Swap Curve  
Offer Rates : Money Rates to 1 Year



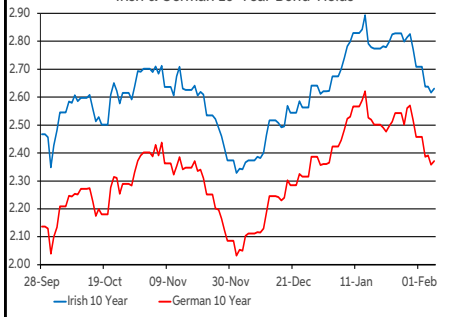
UK Swap Curve  
Offer Rates : Money Rates to 1 Year



Eurozone Swap Curve  
Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.44	+2	-24	-14
Germany	2.37	+1	-16	+1
UK	4.49	+5	-33	-9
Ireland	2.66	+2	-17	+1
Belgium	2.95	+0	-20	-3
France	3.09	+2	-30	-11
Italy	3.45	-0	-26	-7
Spain	3.03	+0	-19	-3
Portugal	2.89	+1	-13	+3
Greece	3.24	-1	-11	-1
<b>5 Year Swap %</b>				
US	4.24	+3	-14	-5
Eurozone	2.21	-0	-20	-2
UK	4.14	+5	-32	-15
<b>2 Year Swap %</b>				
US	4.31	+2	-6	-3
Eurozone	2.19	+1	-16	+0
UK	4.24	+0	-33	-25
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	28	+0	-1	-0
Belgium	58	-1	-4	-4
France	72	+0	-14	-12
Italy	107	-2	-11	-9
Spain	66	-1	-3	-4
Portugal	51	-1	+3	+2
Greece	87	-2	+5	-2

## Commodities

	Close	Day	4 Weeks	End 24
Brent Oil	74.29	-0.43	-3.42	-0.47
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2856.5	-0.30	+6.98	+8.87

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