

## US CPI inflation in focus

The positive tone to investor sentiment from last week carried over into yesterday's European session. Amid a sparse data schedule, trading conditions remained benign. Against this backdrop, the Euro Stoxx 50 gained 0.6%. However, on Wall Street, the mood soured late on, with the S&P 500 inching down by 0.1%.

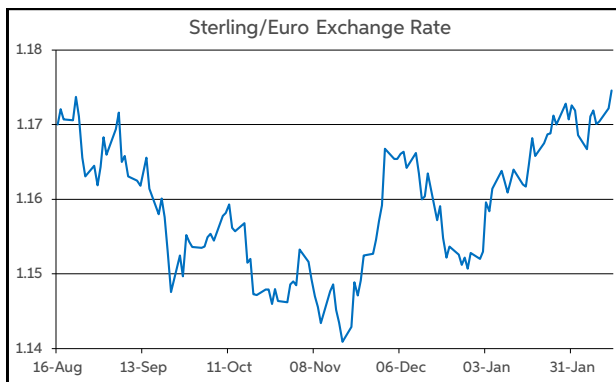
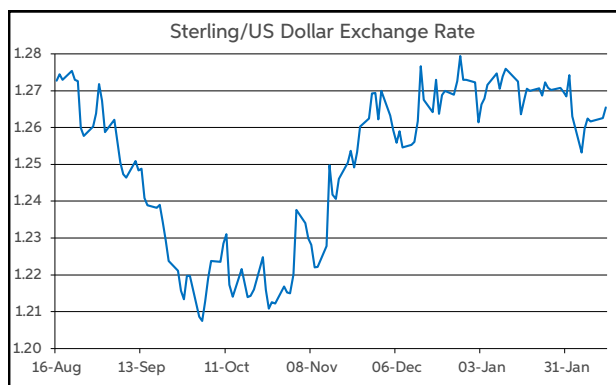
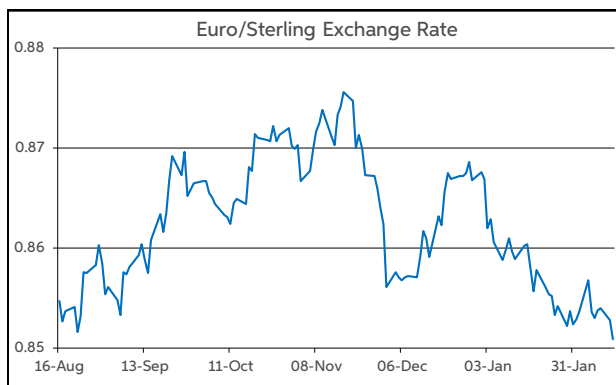
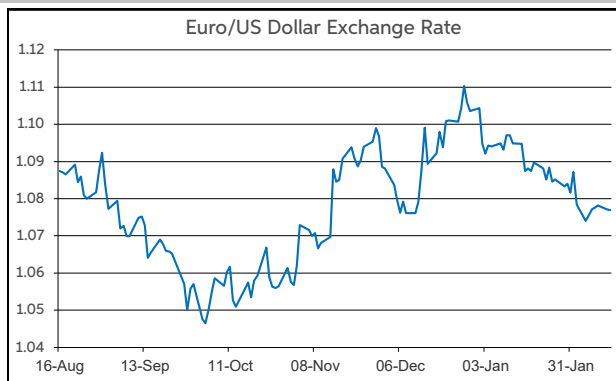
On bond markets, yields drifted marginally lower across the board. Benchmark sovereign yields declined by 1-3bps in the US, UK and Eurozone. However, there were no obvious catalysts for these moves. Elsewhere, Brent crude remained at \$82 per barrel.

Currency-wise, the main FX pairs were confined to very tight ranges yesterday. Of the limited price action to register, the euro was under some slight downward pressure overnight. In level terms, this sees EUR/USD open this morning in the top half of \$1.07-1.08. EUR/GBP is operating back near to the 85p threshold. Elsewhere, GBP/USD is at the midpoint of the \$1.26-1.27 corridor.

Already today, UK labour market data have been released. The unemployment rate fell to 3.8% in December (vs. 4% f'cast). At the same time, average earnings growth slowed to +5.8% y/y in Q4, above the 5.6% consensus. Overall, the data indicate that the UK labour market remains quite tight. Sterling has been holding a firmer tone in early trading following the release.

For the remainder of the day, the main focus will be on US CPI inflation data for January. Both the headline and core rates are projected to decline. The latter is expected to fall to 3.7% from 3.9%, while the former is forecast to drop to 2.9% from 3.4%. The data pose some event risk for the dollar. In the Eurozone, the German ZEW (February) will garner some interest.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.077	-0.18	-2.41
EUR/GBP	0.8511	-0.39	-1.81
GBP/USD	1.265	0.18	-0.62
GBP/EUR	1.1741	0.39	1.84
USD/JPY	149.53	0.22	6.00
EUR/JPY	161.08	0.05	3.50

\* 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	5.57	5.15	4.63	4.17
EUR	4.50	3.84	3.89	3.59	3.09	2.75
GBP	5.25	5.18	5.21	5.00	4.76	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

Tuesday 13 February 2024  
07:37 am



## Euro

EUR/GBP	0.851
EUR/USD	1.077
EUR/JPY	161.07
EUR/SEK	11.2231
EUR/DKK	7.4551
EUR/NOK	11.3143
EUR/CHF	0.9472
EUR/AUD	1.6519
EUR/HKD	8.4212
EUR/CAD	1.4487

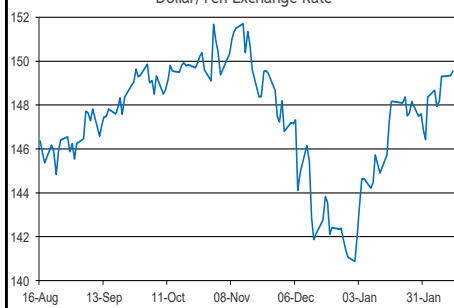
## Sterling

GBP/EUR	1.1742
GBP/USD	1.2651
GBP/CAD	1.7018
GBP/NZD	2.0716
GBP/JPY	189.18
GBP/SEK	13.1817
GBP/DKK	8.7556
GBP/NOK	13.2867
GBP/CHF	1.1128
GBP/AUD	1.9407

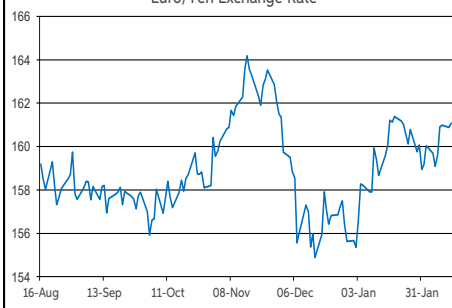
## Dollar

USD/JPY	149.54
USD/CAD	1.345
USD/CHF	0.8794
USD/CNY	7.1929
USD/BRL	4.9536
USD/RUB	91.145
USD/INR	83.015
AUD/USD	0.6517
NZD/USD	0.6105

Dollar/Yen Exchange Rate

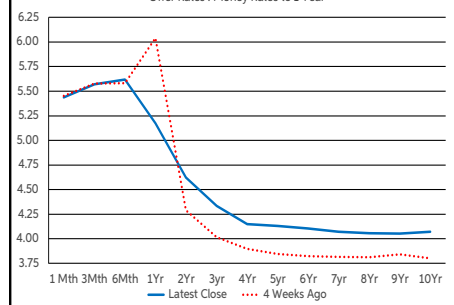


Euro/Yen Exchange Rate



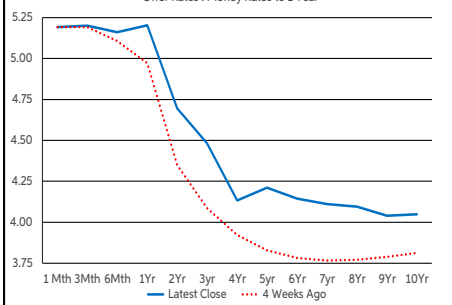
US Swap Curve

Offer Rates : Money Rates to 1 Year



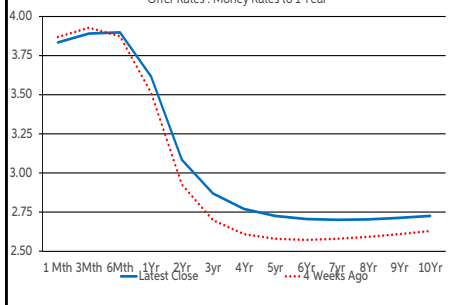
UK Swap Curve

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	4.18	+0	+24	+31
Germany	2.37	-1	+17	+34
UK	4.06	-3	+26	+52
Ireland	2.81	-3	+28	+43
Belgium	2.97	-4	+13	+29
France	2.86	-3	+13	+31
Italy	3.91	-6	+10	+21
Spain	3.32	-5	+17	+33
Portugal	3.08	-2	+15	+30
Greece	3.41	-3	+8	+33
5 Year Swap %				
US	4.13	+0	+33	+34
Eurozone	2.73	-3	+16	+30
UK	4.21	-4	+39	+56
2 Year Swap %				
US	4.62	+2	+37	+29
Eurozone	3.09	-3	+17	+29
UK	4.70	-5	+35	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-2	+12	+9
Belgium	61	-2	-4	-5
France	50	-2	-4	-3
Italy	155	-5	-7	-13
Spain	96	-3	+0	-1
Portugal	72	-1	-2	-4
Greece	104	-2	-9	-1

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	82	-0.23	+4.93	+6.44
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2019.8	-0.22	-1.69	-2.08

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