

## Sterling on the defensive

Investor sentiment was holding a positive tone yesterday on both sides of the Atlantic. Having suffered some losses the day before, the Euro Stoxx 50 gained 0.4%, while the S&P 500 rebounded by 1%. On bond markets, US Treasury and German Bund yields fell by 4-7bps. UK Gilt yields declined by a larger 8-12bps, following the release of better than anticipated UK inflation data for January.

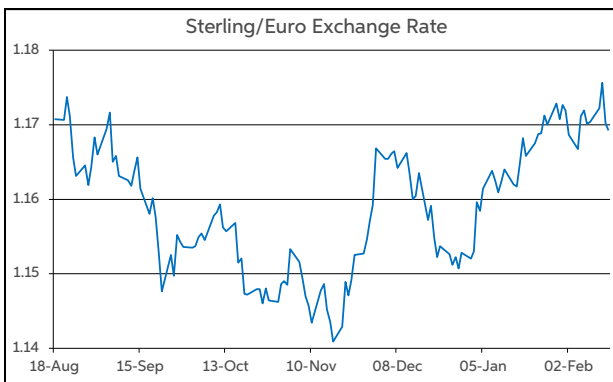
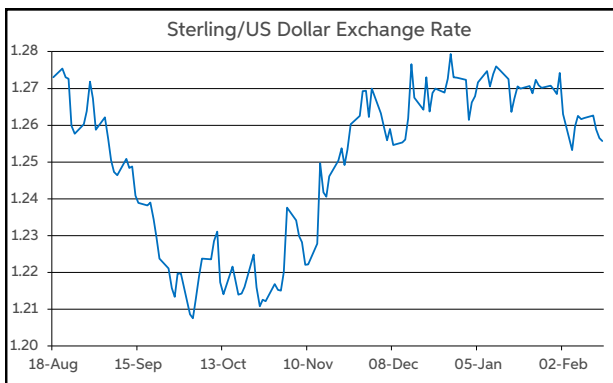
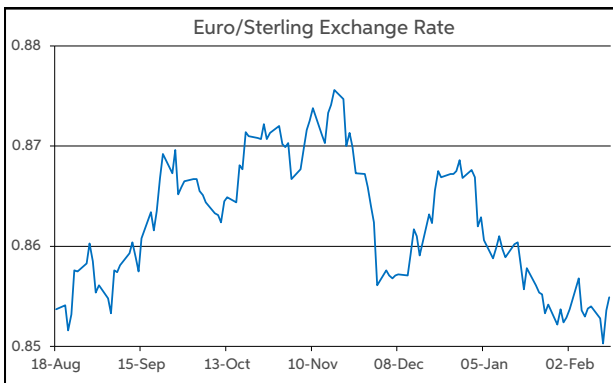
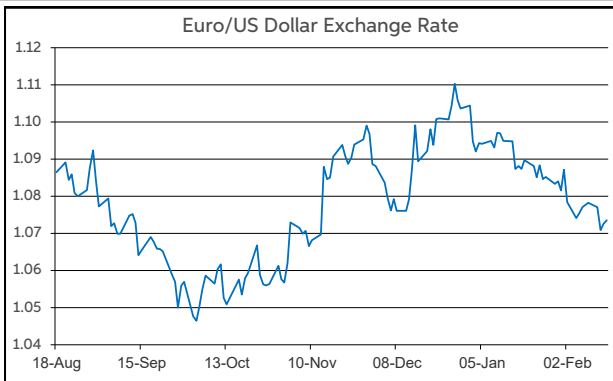
Meanwhile, Eurozone industrial production rose by 2.6% in December (vs. -0.2% f'cast), largely owing to a 23.5% jump in Irish industrial output in the month. At the same time, the second reading of GDP confirmed that the Eurozone economy stagnated in Q4. However, employment rose by 0.3% in Q4 (vs. 0.2% f'cast), indicating that labour market conditions remained solid.

On the currency front, the larger fall in UK yields compared to elsewhere weighed on sterling. The pound lost around 0.5% against the euro and dollar yesterday. At the same time EUR/USD briefly traded at a fresh year-to-date low, just below \$1.07.

As trading gets underway this morning, EUR/USD is operating in the lower half of the \$1.07-1.08 range. EUR/GBP is changing hands at the midpoint of the 85-86p corridor. Meantime, GBP/USD is back near the halfway mark of the \$1.25-1.26 band.

Already today, UK GDP data for December and Q4 have been released. GDP declined by 0.1% in the month. Overall, GDP contracted by 0.3% in the quarter, meaning the UK entered a shallow technical recession in H2 2023. The data have coincided with some additional downward pressure on to sterling in early trading. Later today, US retail sales and industrial production (both January) are due.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0739	0.25	-2.69
EUR/GBP	0.8551	0.61	-1.35
GBP/USD	1.2555	-0.37	-1.37
GBP/EUR	1.1689	-0.61	1.37
USD/JPY	150.1	-0.27	6.41
EUR/JPY	161.17	-0.05	3.56

\* 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	5.59	5.26	4.73	4.27
EUR	4.50	3.86	3.90	3.62	3.10	2.71
GBP	5.25	5.18	5.21	4.96	4.69	4.19

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 15 February 2024  
07:33 am



## Euro

EUR/GBP	0.8551
EUR/USD	1.0739
EUR/JPY	161.17
EUR/SEK	11.286
EUR/DKK	7.4542
EUR/NOK	11.3587
EUR/CHF	0.949
EUR/AUD	1.6531
EUR/HKD	8.3966
EUR/CAD	1.4538

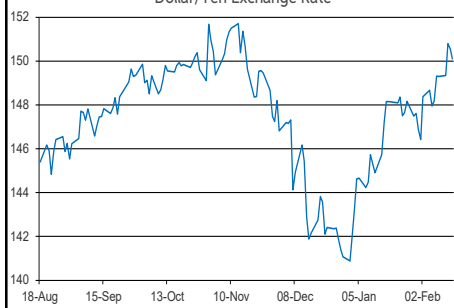
## Sterling

GBP/EUR	1.1689
GBP/USD	1.2555
GBP/CAD	1.7001
GBP/NZD	2.0619
GBP/JPY	188.45
GBP/SEK	13.1949
GBP/DKK	8.715
GBP/NOK	13.2807
GBP/CHF	1.1098
GBP/AUD	1.933

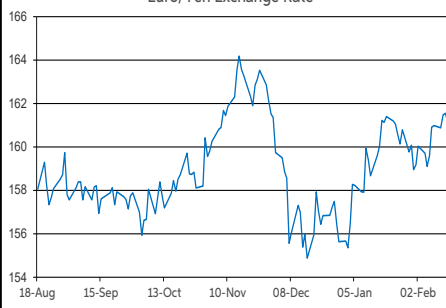
## Dollar

USD/JPY	150.1
USD/CAD	1.3541
USD/CHF	0.8838
USD/CNY	7.1929
USD/BRL	4.9735
USD/RUB	91.5425
USD/INR	82.995
AUD/USD	0.6494
NZD/USD	0.6087

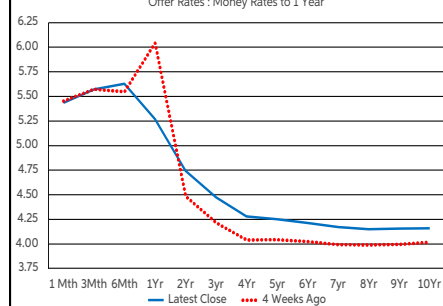
Dollar/Yen Exchange Rate



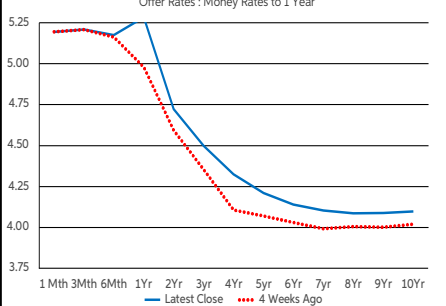
Euro/Yen Exchange Rate



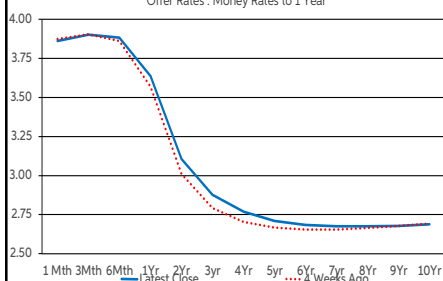
US Swap Curve  
Offer Rates : Money Rates to 1 Year



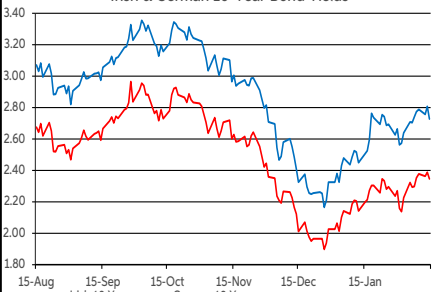
UK Swap Curve  
Offer Rates : Money Rates to 1 Year



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
<b>10 Year Yield %</b>				
US	4.26	-6	+16	+40
Germany	2.35	-4	+7	+32
UK	4.05	-11	+6	+51
Ireland	2.77	-8	+15	+38
Belgium	2.93	-7	+1	+25
France	2.83	-6	+1	+27
Italy	3.86	-8	-6	+16
Spain	3.27	-7	+2	+28
Portugal	3.04	-6	+1	+25
Greece	3.41	-1	+3	+33
<b>5 Year Swap %</b>				
US	4.25	-8	+25	+46
Eurozone	2.71	-7	+5	+28
UK	4.21	-8	+19	+56
<b>2 Year Swap %</b>				
US	4.74	-7	+30	+41
Eurozone	3.11	-4	+11	+31
UK	4.72	-13	+14	+46
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	-4	+8	+6
Belgium	58	-2	-7	-7
France	48	-2	-6	-5
Italy	151	-4	-13	-16
Spain	92	-3	-6	-4
Portugal	69	-1	-7	-7
Greece	106	+3	-5	+1

## Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	81.6	-1.41	+4.78	+5.92
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	1992.4	+0.01	-0.66	-3.40

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