

EUR/USD up above \$1.08

There was a risk-off tone to investor sentiment yesterday, as US markets re-opened following a long weekend. The Euro Stoxx 50 inched down by 0.1%. On Wall Street, the S&P 500 fell by 0.6%. In terms of fixed income, benchmark sovereign yields declined by 2-7bps in the US, UK and Eurozone. Meantime, oil prices fell by over 1.0%, with Brent crude back near \$82 per barrel.

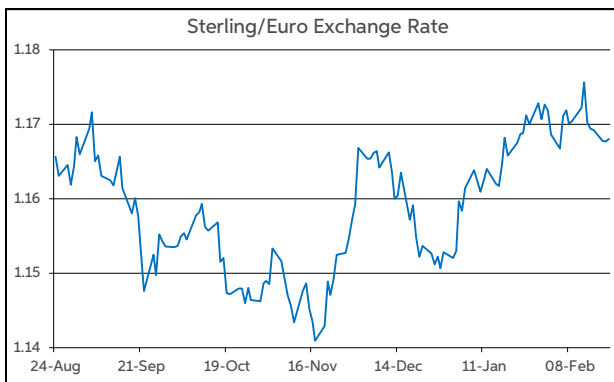
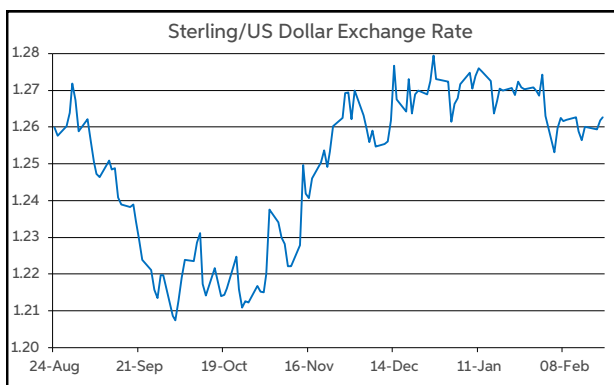
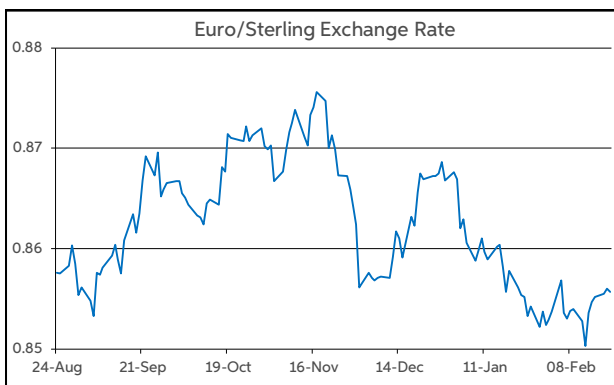
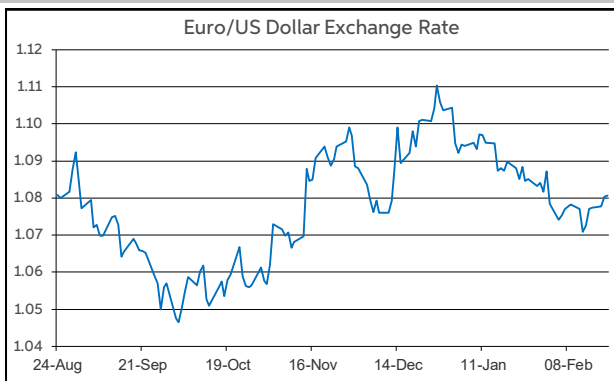
Currency-wise, the dollar was under some downward pressure. The greenback shed 0.3-0.4% against the euro, sterling and yen. The weaker dollar tone coincided with a marginal softening in US rate expectations. Overall, markets are pricing in circa 95bps of rate cuts in the US by year end, starting in June.

Elsewhere, UK market rate expectations softened slightly, as BoE Governor Bailey struck a dovish tone at the Treasury Select Committee. Governor Bailey noted that the BoE does not need "inflation to come back to target before we (the BoE) cut interest rates". Futures contracts are currently pricing in around 75bps of rate cuts in the UK by year end. From a Eurozone perspective, the market continues to price in rate cuts worth 105bps by year end.

As trading gets underway this morning, the weaker dollar sees EUR/USD open above the \$1.08 threshold. GBP/USD is operating north of the \$1.26 mark also. Meanwhile, EUR/GBP remains at the midpoint of 85-86p.

Today, the flash reading of Eurozone consumer confidence for February is due. The index is forecast to improve modestly, but it is unlikely to impact the euro. After the European close, the latest Fed FOMC meeting minutes will garner attention. Remarks from Fed officials Bostic and Bowman beforehand will also be in focus.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0811	0.42	-2.04
EUR/GBP	0.856	0.05	-1.25
GBP/USD	1.2629	0.37	-0.79
GBP/EUR	1.1677	-0.05	1.26
USD/JPY	150.03	-0.26	6.36
EUR/JPY	162.25	0.17	4.25

* 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	5.43	5.58	5.26	4.75	4.29
EUR	4.50	3.85	3.93	3.66	3.16	2.77
GBP	5.25	5.18	5.19	4.96	4.72	4.22

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

Wednesday 21 February 2024
07:18 am



Euro

EUR/GBP	0.856
EUR/USD	1.0811
EUR/JPY	162.25
EUR/SEK	11.1905
EUR/DKK	7.4546
EUR/NOK	11.3282
EUR/CHF	0.9527
EUR/AUD	1.6467
EUR/HKD	8.4556
EUR/CAD	1.4607

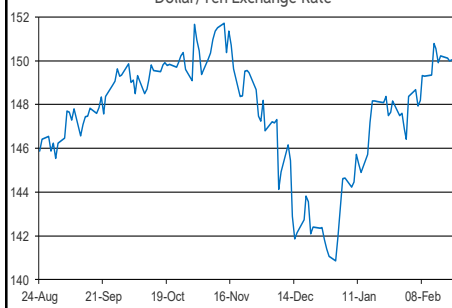
Sterling

GBP/EUR	1.1677
GBP/USD	1.2629
GBP/CAD	1.7064
GBP/NZD	2.0395
GBP/JPY	189.47
GBP/SEK	13.0689
GBP/DKK	8.7066
GBP/NOK	13.2336
GBP/CHF	1.1128
GBP/AUD	1.9236

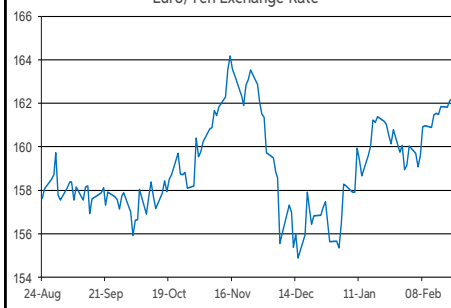
Dollar

USD/JPY	150.03
USD/CAD	1.351
USD/CHF	0.881
USD/CNY	7.1863
USD/BRL	4.9275
USD/RUB	92.37
USD/INR	82.905
AUD/USD	0.6565
NZD/USD	0.619

Dollar/Yen Exchange Rate

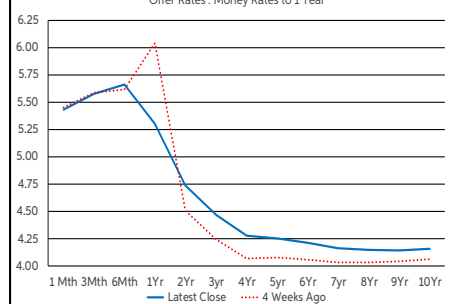


Euro/Yen Exchange Rate



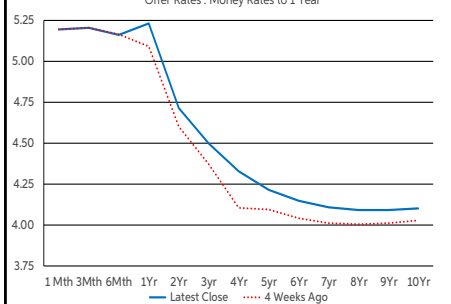
US Swap Curve

Offer Rates : Money Rates to 1 Year



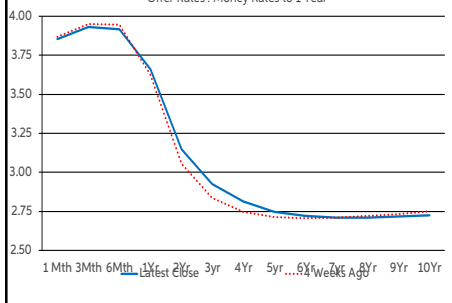
UK Swap Curve

Offer Rates : Money Rates to 1 Year

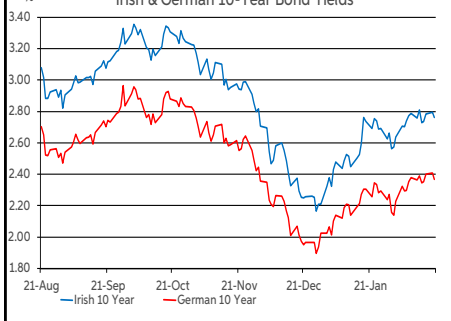


Eurozone Swap Curve

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	4.28	-1	+14	+41
Germany	2.37	-4	+2	+34
UK	4.04	-7	+6	+50
Ireland	2.80	-3	-0	+42
Belgium	2.95	-5	+0	+27
France	2.85	-4	+0	+29
Italy	3.87	-4	-6	+17
Spain	3.28	-4	+1	+29
Portugal	3.04	-3	-4	+25
Greece	3.36	-4	-3	+29
5 Year Swap %				
US	4.25	-3	+22	+46
Eurozone	2.75	-3	+4	+32
UK	4.22	-1	+17	+57
2 Year Swap %				
US	4.74	-4	+27	+40
Eurozone	3.15	-3	+10	+35
UK	4.71	-7	+12	+45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+1	-2	+8
Belgium	58	-1	-2	-7
France	48	+0	-2	-5
Italy	150	+0	-8	-18
Spain	91	+1	-1	-5
Portugal	67	+1	-6	-9
Greece	99	+0	-5	-6

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.34	-1.46	+3.51	+6.88
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2023.5	+0.29	-0.25	-1.89

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