

Dollar continues to weaken

There was a cautious tone to risk sentiment yesterday in the US. On equity markets, the S&P 500 lost further ground, closing 0.4% lower on the day amid some disappointing corporate earnings reports in the consumer sector. In contrast, the Euro Stoxx 50 was broadly flat on the day, with European market outperforming the US year-to-date.

Data-wise, the calendar was relatively sparse, with US weekly jobless claims broadly in line with expectations, while Eurozone consumer confidence beat expectations, adding to nascent evidence of an upturn in European macro data in recent weeks.

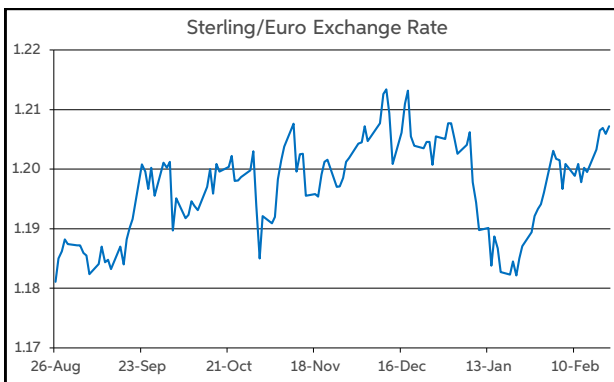
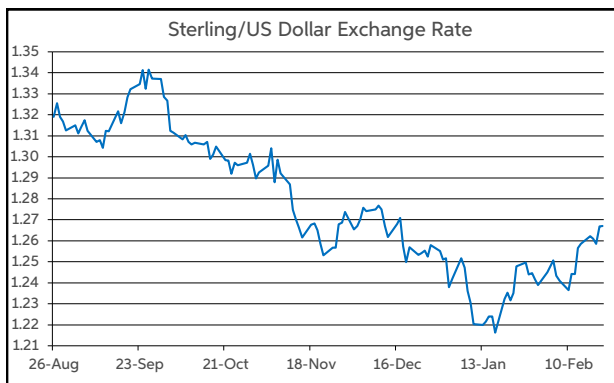
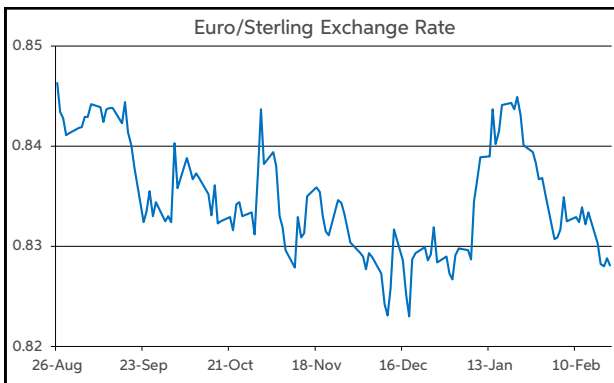
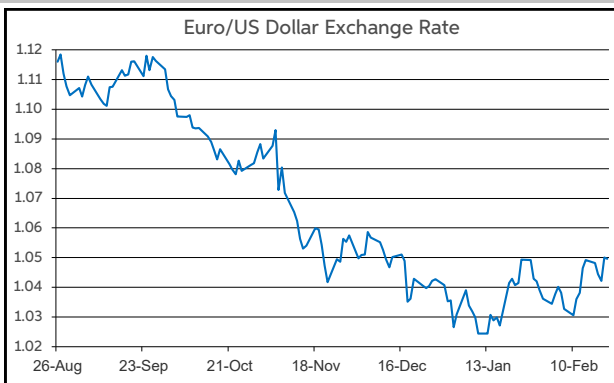
On the monetary policy front, Atlanta Fed President Bostic struck a somewhat dovish tone in media comments, downplaying the risk of a fresh burst of inflation, and indicating an expectation of two further cuts to the fed funds rate this year. However, comments from other members were more cautious on rate cuts.

Against this backdrop, there was little change in market rate expectations. US futures are pricing in c.40bps of cuts by end-2025, while Eurozone futures continue to price in c.75bps of cuts.

On forex markets, the dollar lost ground again. Overall, the dollar lost 0.7% versus the euro and 0.6% against sterling. This is reflected by EUR/USD opening this morning back near \$1.05. GBP/USD is in the top half of the \$1.26-1.27 range, a new YTD high. EUR/GBP remains at the upper end of 82-83p.

Turning to the day ahead, the main release of note will be the flash reading of February PMIs. Already released, UK retail sales beat expectations in January.

David McNamara, Chief Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0496	0.66	1.38
EUR/GBP	0.8281	0.04	0.10
GBP/USD	1.267	0.62	1.27
GBP/EUR	1.2069	-0.04	-0.10
USD/JPY	150.39	0.01	-4.32
EUR/JPY	157.87	0.66	-3.00

* 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	4.31	4.20	4.38	4.33
EUR	2.90	2.64	2.53	2.34	2.28	2.36
GBP	4.50	4.45	4.43	4.19	4.34	4.28

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 21 February 2025
07:20 am



Euro

EUR/GBP	0.8281
EUR/USD	1.0496
EUR/JPY	157.87
EUR/SEK	11.165
EUR/DKK	7.4578
EUR/NOK	11.6551
EUR/CHF	0.9433
EUR/AUD	1.6418
EUR/HKD	8.157
EUR/CAD	1.4884

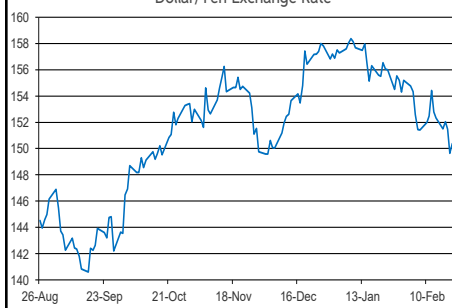
Sterling

GBP/EUR	1.2069
GBP/USD	1.267
GBP/CAD	1.7963
GBP/NZD	2.1995
GBP/JPY	190.56
GBP/SEK	13.4793
GBP/DKK	8.9999
GBP/NOK	14.0707
GBP/CHF	1.1385
GBP/AUD	1.9817

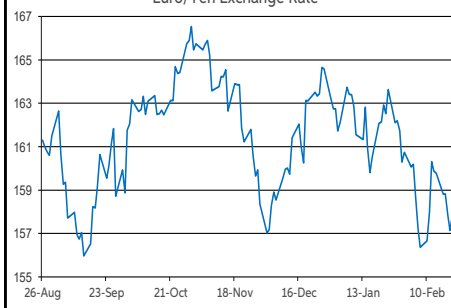
Dollar

USD/JPY	150.39
USD/CAD	1.418
USD/CHF	0.8985
USD/CNY	7.2456
USD/BRL	5.7022
USD/RUB	87.5
USD/INR	86.6725
AUD/USD	0.6391
NZD/USD	0.5758

Dollar/Yen Exchange Rate

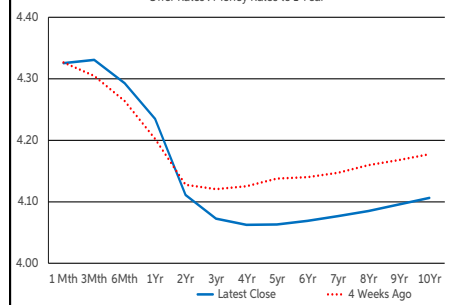


Euro/Yen Exchange Rate



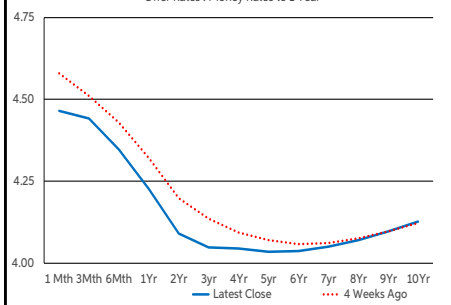
US Swap Curve

Offer Rates : Money Rates to 1 Year



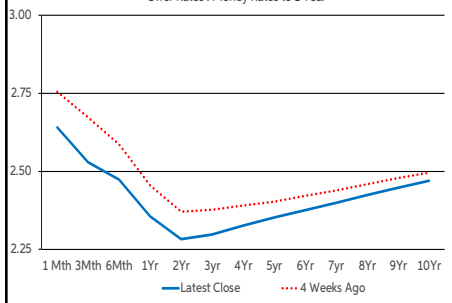
UK Swap Curve

Offer Rates : Money Rates to 1 Year

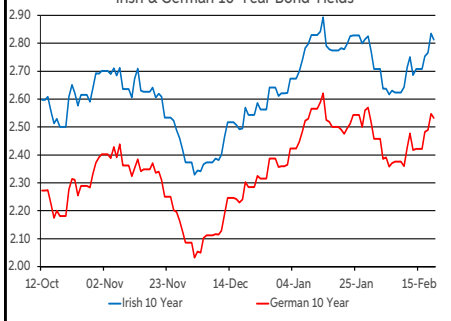


Eurozone Swap Curve

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	4.50	-4	-14	-8
Germany	2.53	-2	+2	+17
UK	4.61	-0	-3	+4
5 Year Swap %				
US	4.32	-2	-6	+3
Eurozone	2.34	-1	-5	+11
UK	4.27	+1	-2	-1
2 Year Swap %				
US	4.37	-1	-1	+3
Eurozone	2.27	-2	-9	+8
UK	4.33	+0	-8	-15
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	-1	-2	+2
Belgium	58	+1	-6	-4
France	74	+5	-4	-9
Italy	109	-0	-4	-7
Spain	67	+0	+1	-3
Portugal	52	+0	+8	+4
Greece	89	-0	-4	+0

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	76.48	+0.58	-2.31	+2.47
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2938.7	+0.21	+6.72	+12.00

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