

Market rate expectations continue to harden

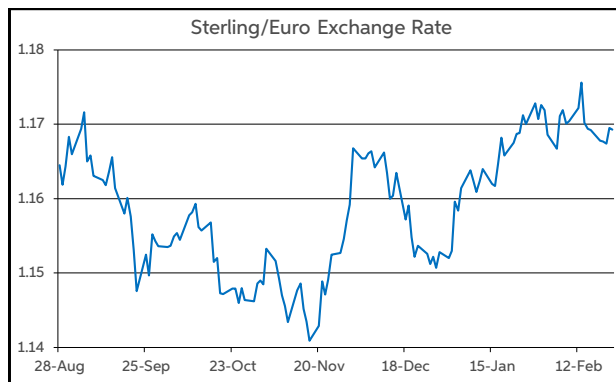
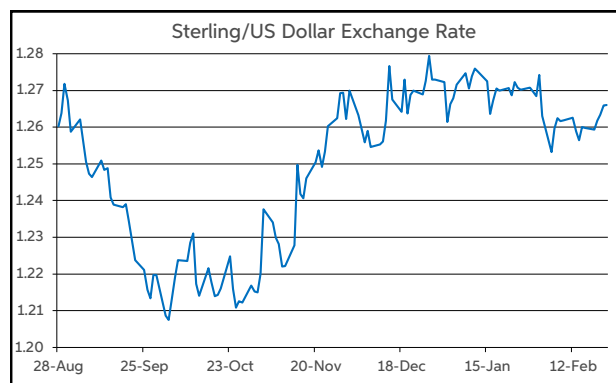
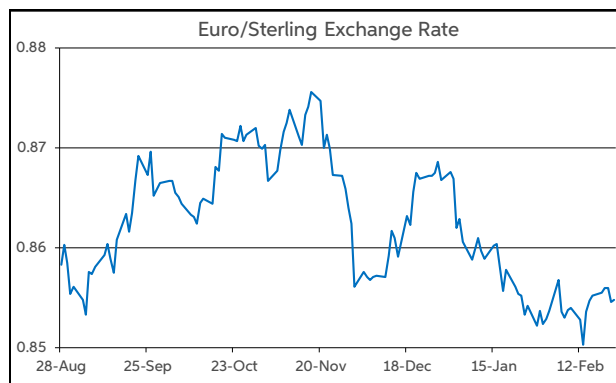
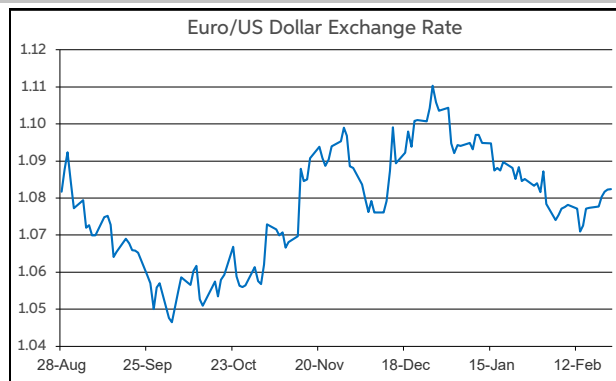
Investor sentiment was holding a positive tone yesterday, supported by some strong Q4 earnings data in the US. The Euro Stoxx 50 gained 1.7%, while the S&P 500 rose by 2.1%. At the same time, market interest rate expectations continued to harden. Current futures pricing is consistent with rate cuts worth 90bps in the Eurozone, 80bps in the US and 60bps in the UK by year end.

A combination of better than anticipated data and hawkish central bank newsflow contributed to the firming in futures contracts yesterday. The flash composite PMIs for February printed above the consensus in the Eurozone and UK, albeit the former remained below the key 50 level. Meantime, the US composite PMI was in expansion mode, while the latest initial jobless claims figures were lower than forecast. On the monetary policy front, the ECB meeting minutes noted that *"the risk of cutting policy rates too early was still seen as outweighing that of cutting too late"*, suggesting an early reversal of last years rate hikes was unlikely.

Currency-wise, the euro was in the ascendancy during the early part of yesterday, with EUR/USD rising to a high of \$1.089. However, the single currency was unable to hold onto its gains. In level terms, EUR/USD opens in the lower half of \$1.08-1.09. GBP/USD is changing hands in the top half of \$1.26-1.27. EUR/GBP is at the midpoint of 85-86p.

Already this morning, data show that UK consumer confidence deteriorated to -21 in February, from -19 (and vs. -18 f'cast). However, sterling has not been impacted by the data. The remainder of today's data schedule is relatively sparse on both sides of the Atlantic. Meantime, remarks from a number of key ECB officials, including President Lagarde will be in focus.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0825	-0.06	-1.91
EUR/GBP	0.8548	-0.21	-1.38
GBP/USD	1.266	0.13	-0.54
GBP/EUR	1.1691	0.21	1.40
USD/JPY	150.56	0.19	6.73
EUR/JPY	163.02	0.14	4.75

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Money Market			Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.58	5.36	4.90	4.39
EUR	4.50	3.89	3.95	3.73	3.28	2.86
GBP	5.25	5.18	5.21	5.02	4.82	4.33

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 23 February 2024
07:42 am



Euro

EUR/GBP	0.8548
EUR/USD	1.0825
EUR/JPY	163.02
EUR/SEK	11.1657
EUR/DKK	7.4541
EUR/NOK	11.3789
EUR/CHF	0.9533
EUR/AUD	1.6477
EUR/HKD	8.4699
EUR/CAD	1.4594

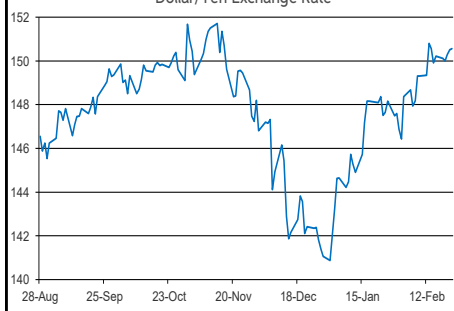
Sterling

GBP/EUR	1.1691
GBP/USD	1.266
GBP/CAD	1.7068
GBP/NZD	2.0422
GBP/JPY	190.61
GBP/SEK	13.0619
GBP/DKK	8.7157
GBP/NOK	13.3056
GBP/CHF	1.1149
GBP/AUD	1.927

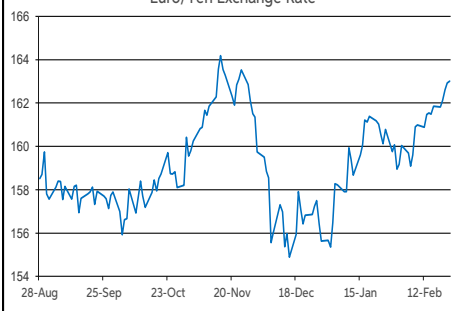
Dollar

USD/JPY	150.56
USD/CAD	1.3477
USD/CHF	0.8804
USD/CNY	7.1981
USD/BRL	4.9639
USD/RUB	93
USD/INR	82.8811
AUD/USD	0.6569
NZD/USD	0.6199

Dollar/Yen Exchange Rate

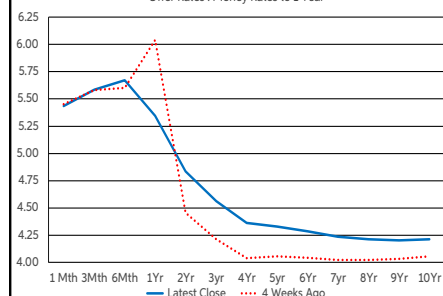


Euro/Yen Exchange Rate



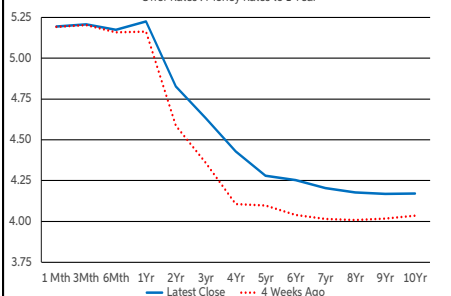
US Swap Curve

Offer Rates : Money Rates to 1 Year



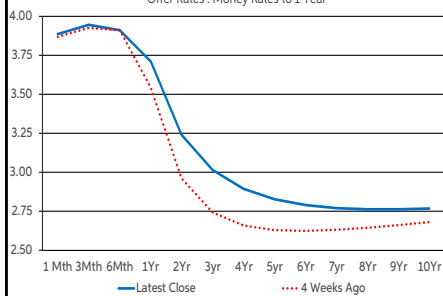
UK Swap Curve

Offer Rates : Money Rates to 1 Year

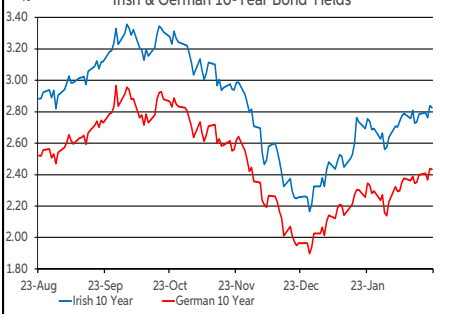


Eurozone Swap Curve

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	4.33	+1	+21	+46
Germany	2.44	-1	+15	+41
UK	4.11	+0	+13	+57
Ireland	2.85	-3	+13	+46
Belgium	3.00	-3	+11	+32
France	2.91	-2	+13	+35
Italy	3.92	-4	+8	+22
Spain	3.34	-2	+14	+35
Portugal	3.10	+1	+9	+31
Greece	3.41	+1	+8	+33
5 Year Swap %				
US	4.33	+2	+31	+54
Eurozone	2.83	+1	+21	+40
UK	4.28	-2	+19	+63
2 Year Swap %				
US	4.83	+2	+42	+50
Eurozone	3.24	+4	+29	+45
UK	4.83	+3	+25	+56
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-3	-3	+6
Belgium	56	-2	-4	-9
France	47	-1	-3	-6
Italy	148	-3	-7	-19
Spain	90	-2	-2	-6
Portugal	66	+2	-6	-10
Greece	97	+2	-7	-8

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	83.67	+0.77	+1.50	+8.61
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2024.1	-0.04	+0.22	-1.87

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