

Euro rises on German election result

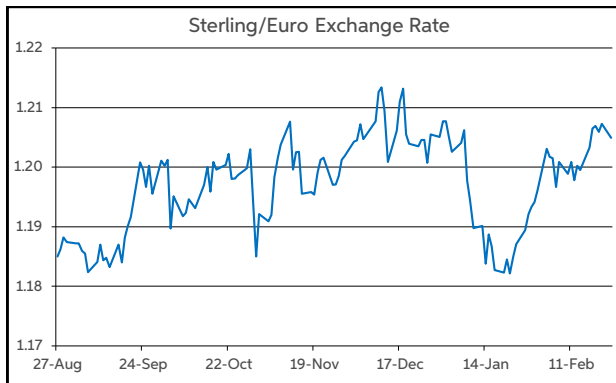
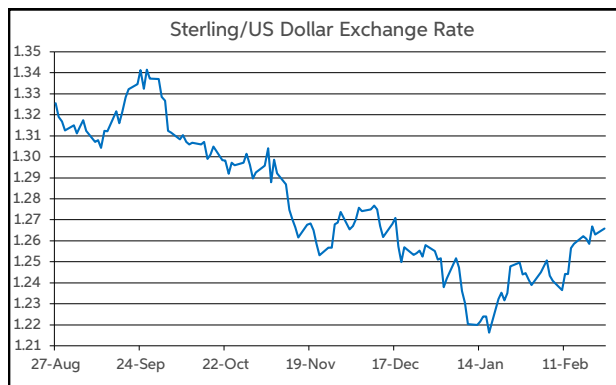
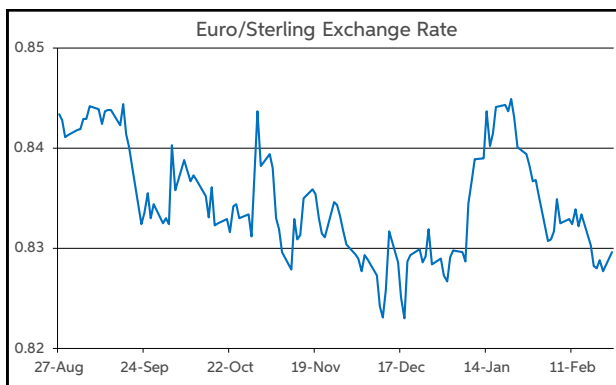
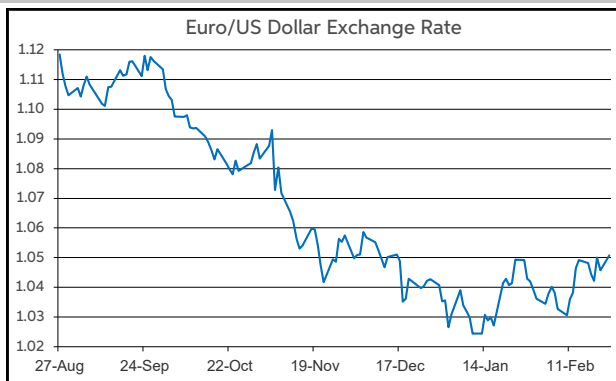
The federal elections in Germany, as expected, yielded a victor in the centre-right CDU/CSU, with Friedrich Merz expected to be the next Chancellor. However, his party just failed to reach the 30% level pre-election polls suggested, while far-right and left parties made strong gains. The incumbent SPD fell to its worst result in nearly 80 years, but may yet end up in Government as the junior partner in a grand coalition.

The result has driven a rally in the euro overnight, rising above \$1.05 against the dollar initially, before slipping back below that threshold, with investors perhaps pricing in some upside growth risk from the change of Government in Europe's largest economy. Alongside the relative calm in the French system following the passing of its fiscal budget recently, the German election means key political risks to the Eurozone outlook have subsided for now.

While much attention has focused on historically spend-thrift German governments, and the potential for a relaxation of the "debt brake" to support higher infrastructure and defence spending, Germany's economy faces deeper issues. Its manufacturing sector has shed output and jobs in recent years, with a structurally higher cost base than competitors in Asia, and a collapse in demand for its goods as Chinese exports, including cars, have surged in recent years.

Turning to the week ahead, the data calendar is relatively quiet on both sides of the Atlantic. In the US, the main release of note will be core-PCE inflation for January. In the Eurozone, inflation data will be released. Most notably, the flash readings of HICP inflation for February in Germany, France, Italy and Spain are all due.

David McNamara, Chief Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0507	0.14	1.49
EUR/GBP	0.8296	0.12	0.28
GBP/USD	1.2659	0.01	1.18
GBP/EUR	1.2046	-0.12	-0.28
USD/JPY	149.47	-0.59	-4.91
EUR/JPY	157.06	-0.45	-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	4.38	4.31	4.32	4.18	4.35	4.29
EUR	2.90	2.60	2.52	2.32	2.25	2.32
GBP	4.50	4.45	4.43	4.20	4.36	4.27

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

Monday 24 February 2025
07:21 am



Euro

EUR/GBP	0.8296
EUR/USD	1.0507
EUR/JPY	157.06
EUR/SEK	11.1466
EUR/DKK	7.4593
EUR/NOK	11.6781
EUR/CHF	0.9421
EUR/AUD	1.6479
EUR/HKD	8.1666
EUR/CAD	1.4904

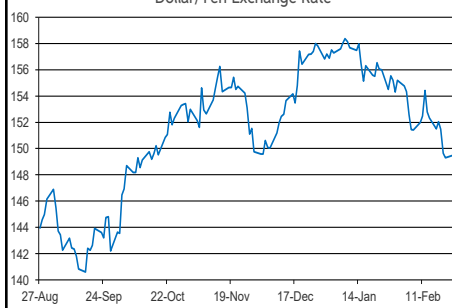
Sterling

GBP/EUR	1.2046
GBP/USD	1.2659
GBP/CAD	1.7956
GBP/NZD	2.1983
GBP/JPY	189.21
GBP/SEK	13.431
GBP/DKK	8.9878
GBP/NOK	14.0708
GBP/CHF	1.1354
GBP/AUD	1.9849

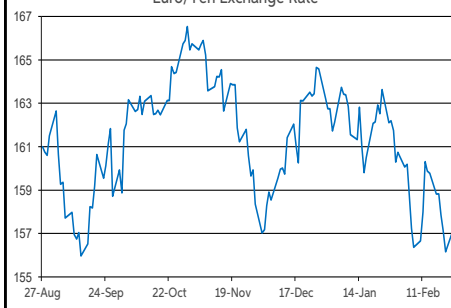
Dollar

USD/JPY	149.47
USD/CAD	1.4186
USD/CHF	0.8966
USD/CNY	7.2442
USD/BRL	5.7295
USD/RUB	88
USD/INR	86.68
AUD/USD	0.6375
NZD/USD	0.5754

Dollar/Yen Exchange Rate

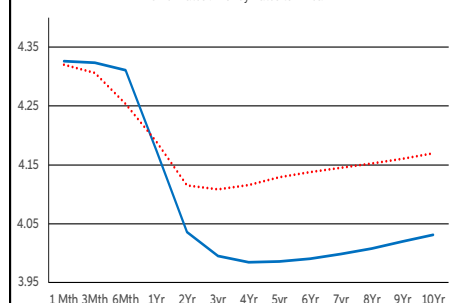


Euro/Yen Exchange Rate



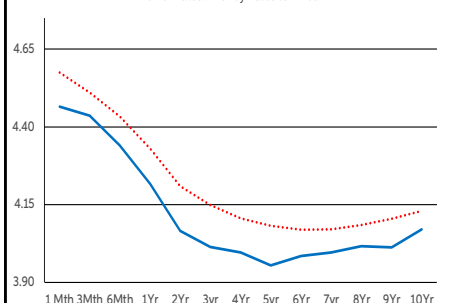
US Swap Curve

Offer Rates : Money Rates to 1 Year



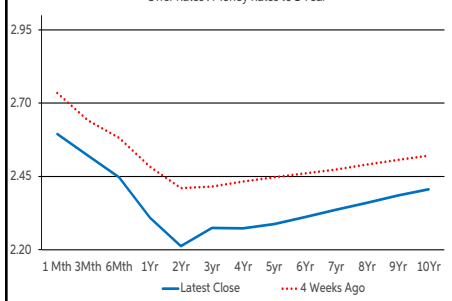
UK Swap Curve

Offer Rates : Money Rates to 1 Year

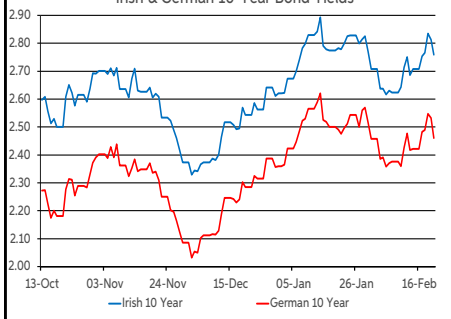


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Day	4 Weeks	End 24
10 Year Yield %				
US	4.42	-8	-20	-16
Germany	2.46	-7	-8	+10
UK	4.57	-4	-6	+0
5 Year Swap %				
US	4.24	-9	-12	-5
Eurozone	2.28	-6	-16	+4
UK	4.24	-3	-6	-4
2 Year Swap %				
US	4.29	-7	-6	-4
Eurozone	2.21	-7	-20	+2
UK	4.32	-2	-11	-17
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	+1	+1	+3
Belgium	60	+2	-4	-2
France	76	+2	-1	-7
Italy	109	+1	-2	-6
Spain	68	+1	+3	-2
Portugal	53	+1	+9	+5
Greece	89	+1	-4	+1

Commodities

	Close	Day	4 Weeks	End 24
Brent Oil				
Brent Oil	74.43	-2.68	-5.18	-0.28
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2936.0	-0.09	+5.94	+11.90

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