

No New Year cheer on markets

Investor sentiment was holding a rather subdued tone throughout the first full trading day of 2024. The Euro Stoxx 50 fell by 0.2%, while on Wall street, the S&P 500 shed 0.6%. In terms of fixed income, yields rose sharply across the board. 10-year German Bund, US Treasury and UK Gilt yields climbed 4-10bps higher.

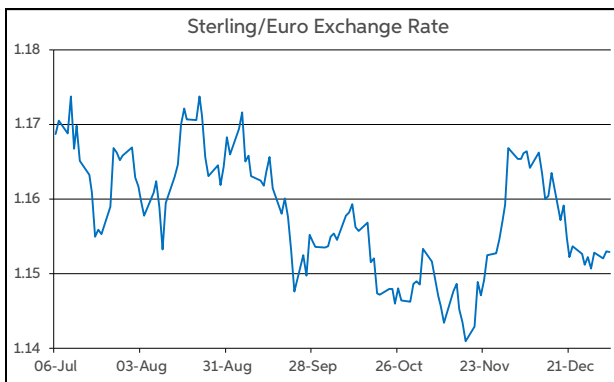
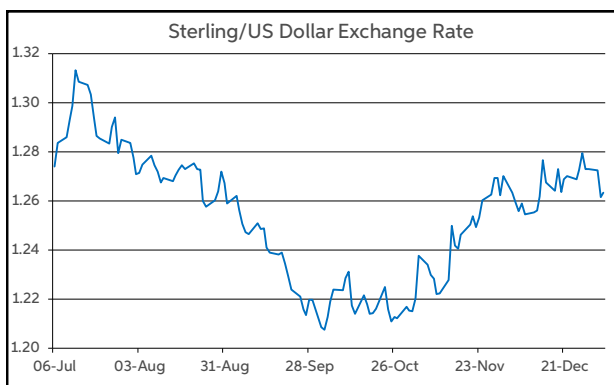
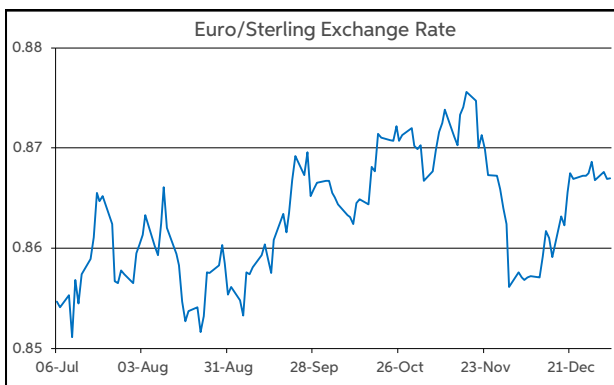
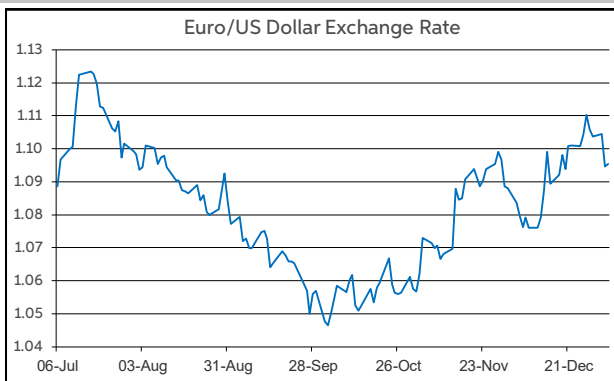
Currency-wise, the dollar was in the ascendancy. Having been on the back foot for much of the festive period, the greenback rose by circa 0.8% against the euro, sterling and yen yesterday. The dollar benefitted from the risk averse backdrop. The yen also benefitted from the softer tone to risk appetite, but it was unable to hold onto its gains overnight.

In level terms, the firmer tone to the dollar is reflected by EUR/USD opening this morning back at the midpoint of the \$1.09-1.10 range. GBP/USD is changing hands below the halfway mark of the \$1.26-1.27 corridor. Elsewhere, EUR/GBP remains in the top half of 86-87p. EUR/JPY is trading in and around the ¥156 handle.

Today, a busy US data schedule includes the manufacturing ISM for December. The index is forecast to stay in contraction territory, but improve slightly to 47.1 from 46.7. Meantime, JOLTS job openings are projected to edge up to 8.85m in November from 8.73m in October.

On the monetary policy front, the release of the latest Fed meeting minutes will garner close attention. Futures contracts softened significantly amid some dovish rhetoric from Chair Powell at the December meeting. Currently, 150bps of rate cuts are priced in before year end. However, barring any major surprises, the data/meeting minutes are unlikely to impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0954	-0.72	-0.74
EUR/GBP	0.8669	0.09	0.01
GBP/USD	1.2632	-0.80	-0.76
GBP/EUR	1.1528	-0.09	-0.01
USD/JPY	142.44	0.79	0.98
EUR/JPY	156.07	0.08	0.28

* 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	5.47	5.59	5.08	4.47	3.91
EUR	4.50	3.85	3.91	3.48	2.86	2.50
GBP	5.25	5.19	5.20	4.74	4.31	3.71

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 03 January 2024
07:49 am



Euro

EUR/GBP	0.8669
EUR/USD	1.0954
EUR/JPY	156.07
EUR/SEK	11.1648
EUR/DKK	7.4555
EUR/NOK	11.3263
EUR/CHF	0.932
EUR/AUD	1.6202
EUR/HKD	8.5571
EUR/CAD	1.4603

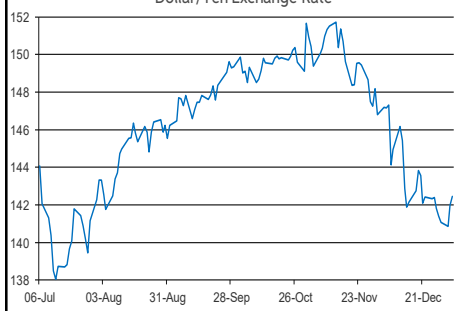
Sterling

GBP/EUR	1.1528
GBP/USD	1.2632
GBP/CAD	1.684
GBP/NZD	2.0169
GBP/JPY	179.93
GBP/SEK	12.8725
GBP/DKK	8.596
GBP/NOK	13.0617
GBP/CHF	1.075
GBP/AUD	1.8689

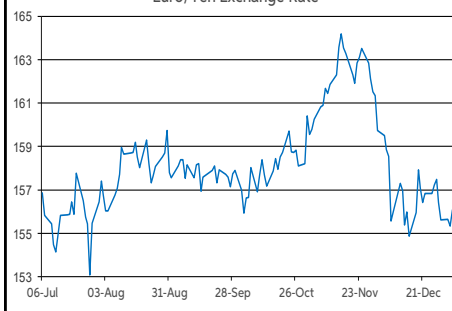
Dollar

USD/JPY	142.44
USD/CAD	1.3329
USD/CHF	0.8508
USD/CNY	7.147
USD/BRL	4.9235
USD/RUB	91.385
USD/INR	83.28
AUD/USD	0.6758
NZD/USD	0.6262

Dollar/Yen Exchange Rate

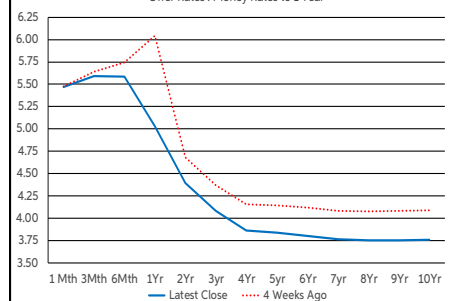


Euro/Yen Exchange Rate



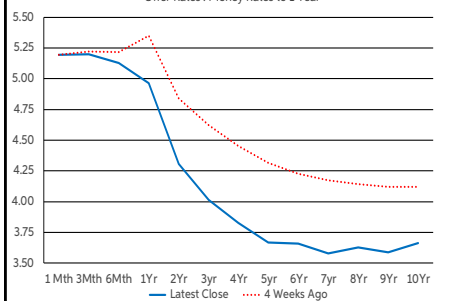
US Swap Curve

Offer Rates : Money Rates to 1 Year



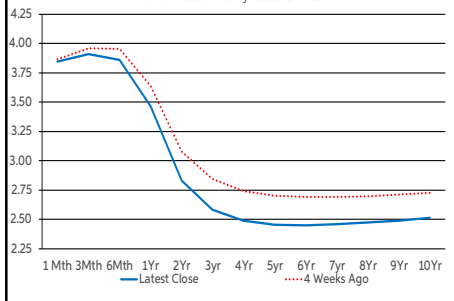
UK Swap Curve

Offer Rates : Money Rates to 1 Year

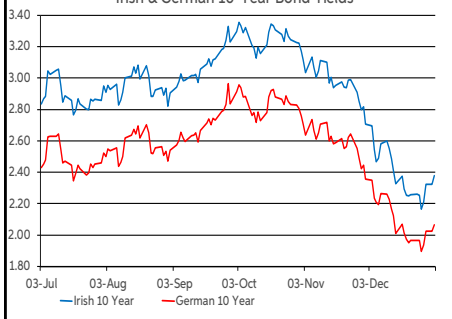


Eurozone Swap Curve

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	3.94	+7	-23	+7
Germany	2.07	+4	-17	+4
UK	3.64	+10	-39	+10
Ireland	2.40	+1	-17	+1
Belgium	2.71	+4	-12	+4
France	2.60	+4	-21	+4
Italy	3.72	+2	-27	+2
Spain	3.03	+4	-23	+4
Portugal	2.81	+2	-12	+2
Greece	3.12	+4	-31	+4
5 Year Swap %				
US	3.84	+5	-26	+5
Eurozone	2.46	+2	-24	+3
UK	3.67	+1	-65	+1
2 Year Swap %				
US	4.40	+6	-24	+6
Eurozone	2.83	+2	-24	+4
UK	4.30	+4	-53	+4
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	-2	-0	-2
Belgium	65	-0	+5	-0
France	53	-0	-3	-0
Italy	165	-2	-10	-2
Spain	96	-0	-5	-0
Portugal	75	-1	+5	-1
Greece	105	+0	-14	+0

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	75.89	-1.49	-1.70	-1.49
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2058.9	-0.18	+1.95	-0.18

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