

EUR/GBP back near 86p

Risk appetite soured further yesterday. Central bank newsflow and ongoing tensions in the Middle East weighed on equity markets. The Euro Stoxx 50 fell sharply by 1.4%, while the S&P 500 declined by 0.8%. On bond markets, trading conditions were choppy, amid some volatility in market rate expectations. Overall, US Treasury and German Bund yields moved 2-5bps lower. Elsewhere, oil prices rose by over 3%, with Brent crude up above \$78 per barrel.

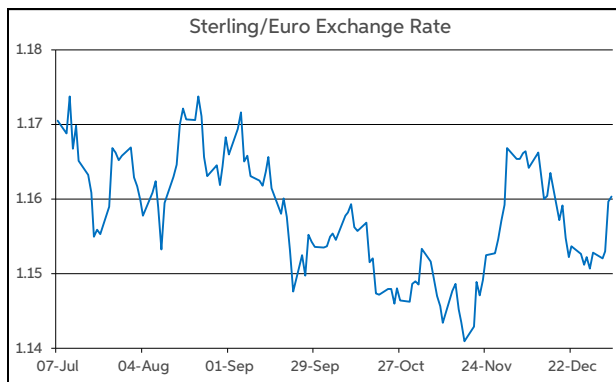
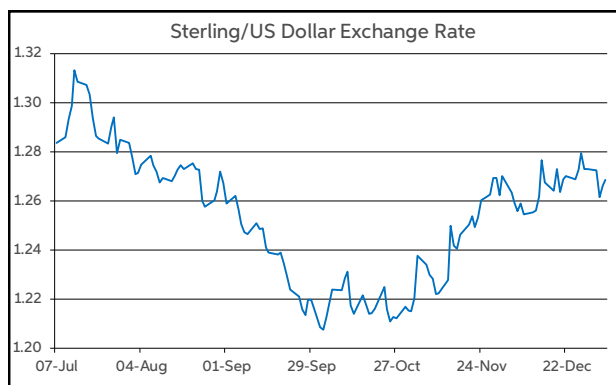
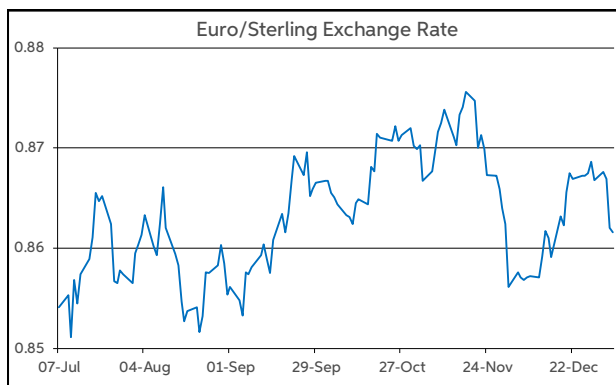
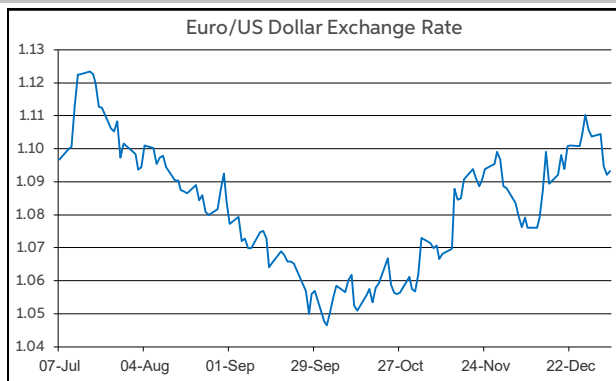
On the monetary policy front, Fed official Barkin noted that there is a risk that US rates may need to be hiked again. However, the Fed FOMC meeting minutes from December were somewhat mixed, containing both dovish and hawkish signals. Data-wise, the US manufacturing ISM printed at 47.4 in December, broadly in line with expectations. Meantime, JOLTS job openings fell to 8.79m in November, down from a revised 8.85m.

US rates were initially firmer yesterday, following the hawkish remarks from Barkin. However, rate expectations softened across the board late on. Against this backdrop, the dollar was on the front-foot throughout the European session, before handing back most of its gains overnight. Elsewhere, sterling was holding a slightly firmer tone, and the yen was on the defensive.

In level terms, EUR/USD opens this morning back in the lower half of \$1.09-1.10. GBP/USD is in the top half \$1.26-1.27. Meanwhile, EUR/GBP is operating back near the 86p threshold.

Today, the main releases of note will be the flash readings of December HICP inflation for a number of Eurozone countries. Notably, the headline German HICP rate is forecast to rise to 3.8% from 2.3%, owing to unfavourable base effects.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0932	-0.17	-0.94
EUR/GBP	0.8618	-0.58	-0.58
GBP/USD	1.2683	0.42	-0.36
GBP/EUR	1.1597	0.58	0.58
USD/JPY	143.43	0.92	1.68
EUR/JPY	156.82	0.76	0.76
* 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	5.46	5.59	5.06	4.41	3.87
EUR	4.50	3.86	3.91	3.42	2.77	2.38
GBP	5.25	5.19	5.20	4.72	4.30	3.69

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

Thursday 04 January 2024
07:31 am



Euro

EUR/GBP	0.8618
EUR/USD	1.0932
EUR/JPY	156.82
EUR/SEK	11.2077
EUR/DKK	7.4578
EUR/NOK	11.2658
EUR/CHF	0.9275
EUR/AUD	1.6188
EUR/HKD	8.538
EUR/CAD	1.4566

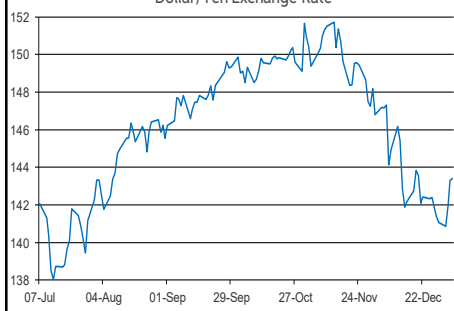
Sterling

GBP/EUR	1.1597
GBP/USD	1.2683
GBP/CAD	1.6898
GBP/NZD	2.0206
GBP/JPY	181.91
GBP/SEK	12.9992
GBP/DKK	8.6498
GBP/NOK	13.07
GBP/CHF	1.076
GBP/AUD	1.8778

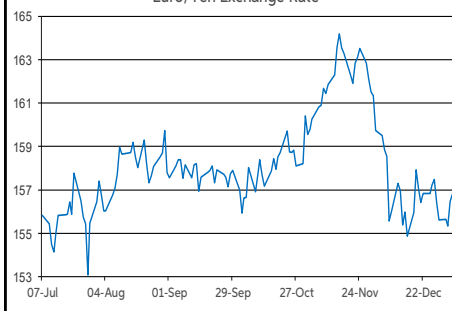
Dollar

USD/JPY	143.43
USD/CAD	1.3324
USD/CHF	0.8482
USD/CNY	7.1501
USD/BRL	4.9198
USD/RUB	91.5775
USD/INR	83.2425
AUD/USD	0.6753
NZD/USD	0.6276

Dollar/Yen Exchange Rate

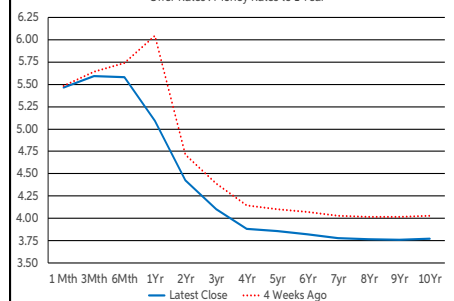


Euro/Yen Exchange Rate



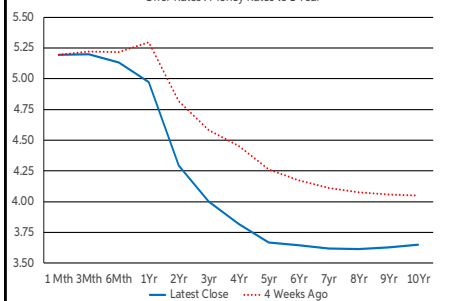
US Swap Curve

Offer Rates : Money Rates to 1 Year



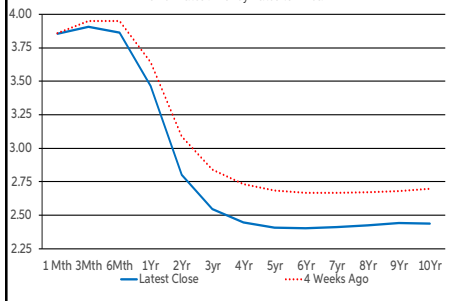
UK Swap Curve

Offer Rates : Money Rates to 1 Year

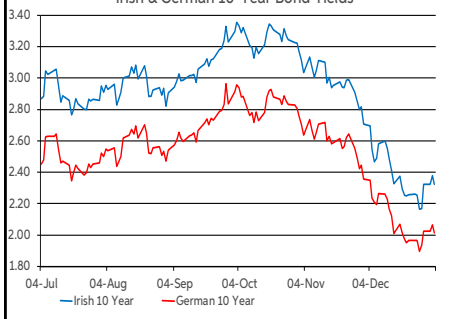


Eurozone Swap Curve

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	3.92	-2	-19	+5
Germany	2.02	-5	-20	-1
UK	3.64	+0	-30	+10
Ireland	2.37	-3	-13	-2
Belgium	2.67	-4	-11	-1
France	2.56	-4	-19	-0
Italy	3.70	-2	-25	+0
Spain	3.00	-3	-21	+1
Portugal	2.79	-2	-9	+0
Greece	3.17	+5	-21	+9
5 Year Swap %				
US	3.86	+0	-21	+7
Eurozone	2.41	-5	-27	-2
UK	3.67	+0	-59	+2
2 Year Swap %				
US	4.42	+1	-25	+9
Eurozone	2.80	-2	-27	+1
UK	4.29	-1	-52	+3
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	+2	+7	-1
Belgium	65	+1	+8	+0
France	54	+1	+1	+1
Italy	168	+3	-5	+1
Spain	98	+2	-1	+2
Portugal	77	+3	+11	+1
Greece	115	+10	-1	+11

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.25	+3.11	+5.32	+1.57
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2040.8	-0.88	+0.78	-1.06

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