

US payrolls and Eurozone flash HICP due today

There was a mixed mood on markets yesterday. The Euro Stoxx 50 registered its first daily gain of 2024, rising by 0.6%. However, at the closing bell on Wall Street, the S&P 500 was down by 0.3%. On bond markets, yields rose across the board. Notably, the move upwards was concentrated at the front-end of the curves amid a firming in market rate expectations. 2-year US Treasury, German Bund and UK Gilt yields climbed 8-15bps higher.

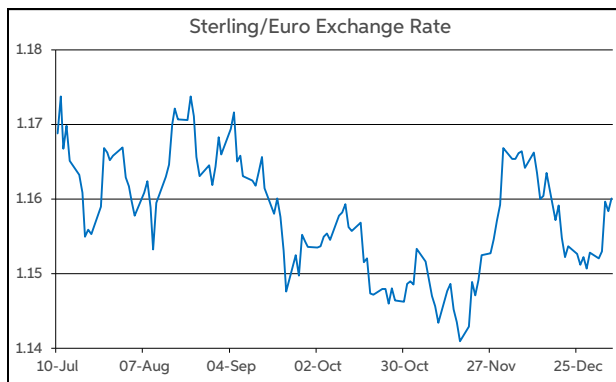
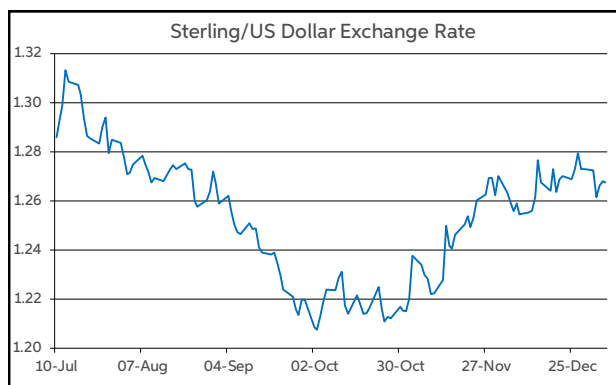
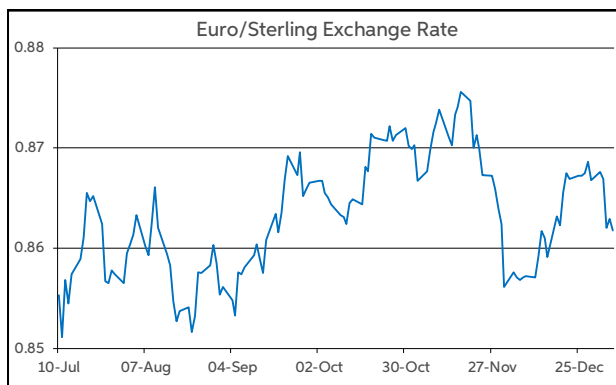
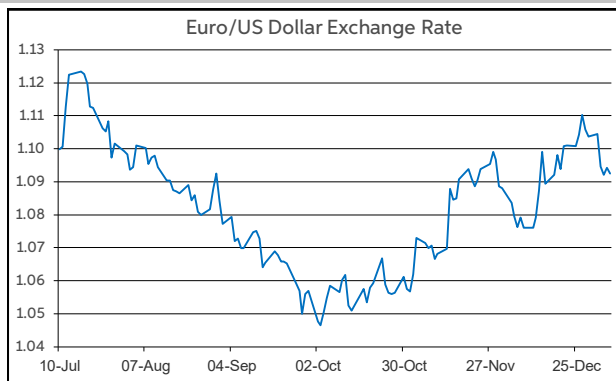
Overall, futures contracts hardened yesterday by 10-15bps, and are now pricing in a lower magnitude of rate cuts in the Eurozone, UK, and US. The move coincided with an upward revision to the UK and Eurozone services PMIs for December, albeit, the latter stayed in contraction mode. Meantime, the flash readings of German and French HICP both increased, but printed in line with expectations.

Currency-wise, the main pairs were confined to quite tight ranges. Of the limited price action to note, the dollar was under some marginal downward pressure. Overnight though, the greenback recouped its losses. Meanwhile, the yen was on the defensive, shedding close to 1%, as short-dated bond yields rose elsewhere.

As trading gets underway this morning, EUR/USD opens in the lower half of \$1.09-1.10. GBP/USD is operating between \$1.26-1.27. Meantime, EUR/GBP remains in the bottom half of 86-87p. The weaker yen sees EUR/JPY at the midpoint of ¥158-159.

Today, the main US release will be the labour market report for December. The consensus is for payrolls to rise by 170k. In the Eurozone, the flash reading of HICP for December is projected to rise from 2.4% to 3%, but the core rate is expected to slow to 3.9% from 4.2%. The data pose event risk for the euro and the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0927	0.02	-0.99
EUR/GBP	0.8616	-0.12	-0.60
GBP/USD	1.2677	0.11	-0.41
GBP/EUR	1.16	0.12	0.60
USD/JPY	145.05	0.89	2.83
EUR/JPY	158.52	0.90	1.86

* 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	5.13	4.52	3.99
EUR	4.50	3.87	3.93	3.52	2.94	2.55
GBP	5.25	5.19	5.20	4.81	4.45	3.85

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 05 January 2024
07:51 am



Euro

EUR/GBP	0.8616
EUR/USD	1.0927
EUR/JPY	158.52
EUR/SEK	11.1884
EUR/DKK	7.4577
EUR/NOK	11.2625
EUR/CHF	0.9309
EUR/AUD	1.6304
EUR/HKD	8.533
EUR/CAD	1.46

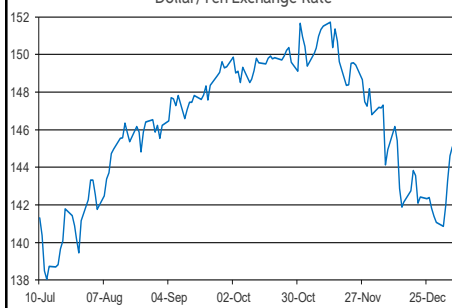
Sterling

GBP/EUR	1.16
GBP/USD	1.2677
GBP/CAD	1.6939
GBP/NZD	2.0359
GBP/JPY	183.88
GBP/SEK	12.9802
GBP/DKK	8.6521
GBP/NOK	13.061
GBP/CHF	1.08
GBP/AUD	1.8917

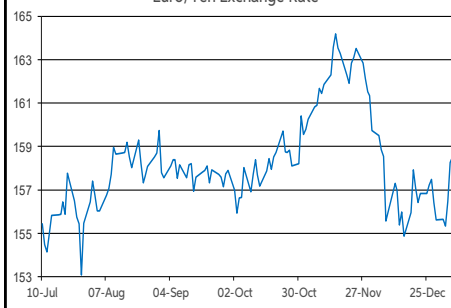
Dollar

USD/JPY	145.05
USD/CAD	1.3361
USD/CHF	0.8518
USD/CNY	7.1647
USD/BRL	4.8968
USD/RUB	91.2275
USD/INR	83.14
AUD/USD	0.67
NZD/USD	0.6225

Dollar/Yen Exchange Rate

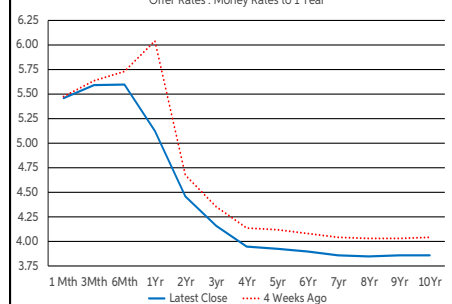


Euro/Yen Exchange Rate



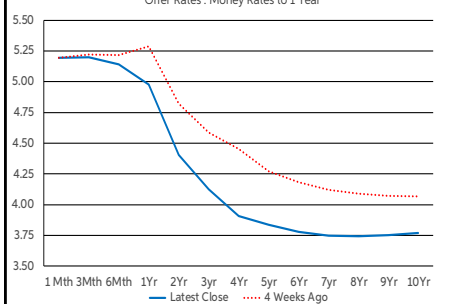
US Swap Curve

Offer Rates : Money Rates to 1 Year



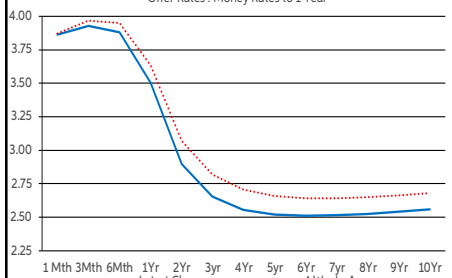
UK Swap Curve

Offer Rates : Money Rates to 1 Year

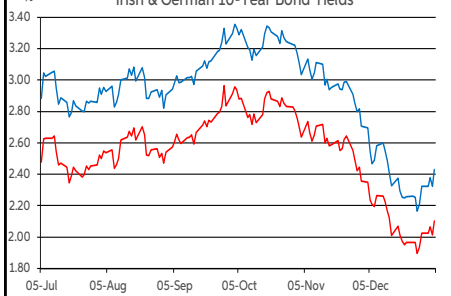


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.00	+8	-15	+14
Germany	2.10	+9	-9	+8
UK	3.73	+9	-24	+19
Ireland	2.46	+9	-6	+7
Belgium	2.77	+9	-1	+9
France	2.65	+10	-8	+10
Italy	3.80	+10	-15	+10
Spain	3.10	+10	-9	+11
Portugal	2.88	+9	-10	+9
Greece	3.27	+10	-11	+20
5 Year Swap %				
US	3.93	+9	-15	+14
Eurozone	2.52	+11	-13	+9
UK	3.84	+17	-43	+18
2 Year Swap %				
US	4.46	+3	-17	+13
Eurozone	2.90	+9	-16	+10
UK	4.40	+11	-41	+14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	+0	+3	-0
Belgium	66	+1	+8	+1
France	55	+1	+2	+2
Italy	170	+1	-5	+2
Spain	100	+2	+0	+4
Portugal	77	+0	-1	+1
Greece	117	+1	-1	+12

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	77.59	-0.84	+4.78	+0.71
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2043.3	+0.12	+0.74	-0.94

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