

US labour market report due this week

There was a mixed mood on markets at the start of 2025. The S&P 500 gained 1.0% over the first two trading days of the year. In contrast, the Euro Stoxx 50 declined by 0.5% during the same period. On bond markets, yields moved higher across the board at the start of the year. Most notably, Eurozone sovereign yields rose sharply by 6-8bps last Friday. In contrast, US Treasury and UK Gilt yields were little changed.

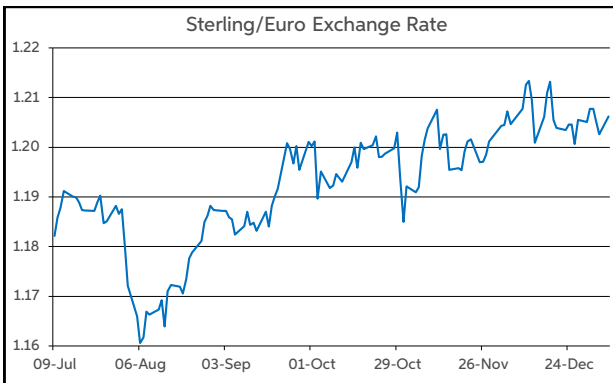
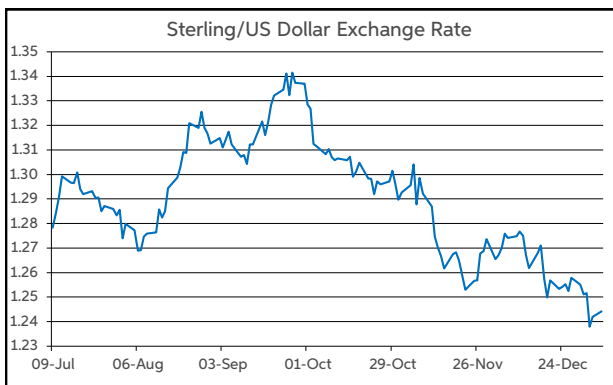
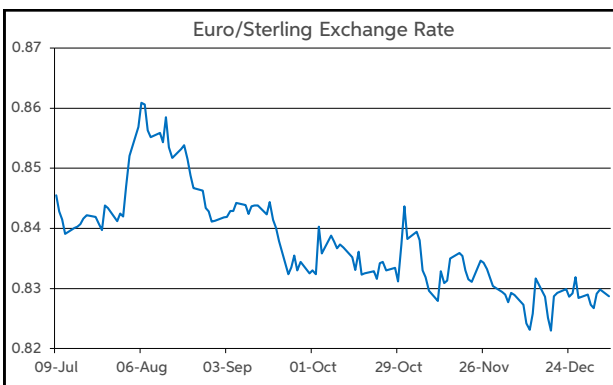
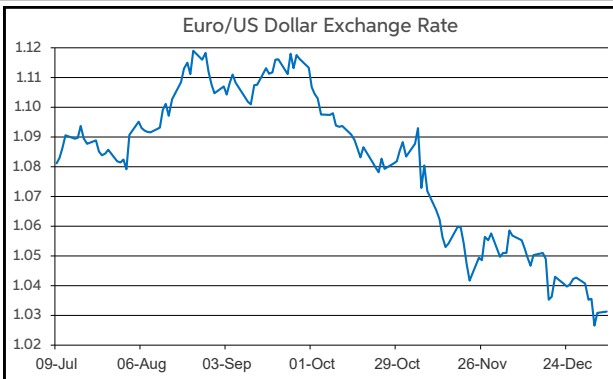
Eurozone yields moved higher amid a modest firming in futures contracts. Market pricing is now consistent with circa 100bps of rate cuts in the Eurozone this year, down from 115bps previously. Elsewhere, US futures contracts also hardened marginally. The market now expects around 40bps of easing in the US in 2025, compared to circa 45bps last week.

Currency-wise, the dollar started the week firmly in the ascendancy. This saw EUR/USD register a two-year low of \$1.0226 last week, while GBP/USD also fell to the midpoint of \$1.23-1.24. However, the dollar handed back some of its gains on Friday. At the same time, the more pronounced firming in Eurozone rate expectations provided a supportive backdrop for the euro.

In level terms, EUR/USD opens this morning up above the \$1.03 threshold. GBP/USD is operating up near the midpoint of the \$1.24-1.25 range. EUR/GBP is changing hands in the top half of the 82-83p corridor.

Turning to the week ahead, the main release of note will be the US labour market report for December. The latest Fed FOMC meeting minutes from will also garner attention. Meantime, in the Eurozone, the flash reading of HICP inflation for December is due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0313	0.41	-0.39
EUR/GBP	0.8285	0.00	0.15
GBP/USD	1.2442	0.40	-0.55
GBP/EUR	1.2062	0.00	-0.14
USD/JPY	157.6	0.19	0.27
EUR/JPY	162.55	0.61	-0.12

* 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	4.30	4.29	4.19	4.41	4.38
EUR	3.15	2.79	2.73	2.40	2.28	2.32
GBP	4.75	4.69	4.59	4.43	4.53	4.34

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 06 January 2025
07:12 am



Euro

EUR/GBP	0.8285
EUR/USD	1.0313
EUR/JPY	162.55
EUR/SEK	11.4383
EUR/DKK	7.4577
EUR/NOK	11.7055
EUR/CHF	0.9379
EUR/AUD	1.6553
EUR/HKD	8.0185
EUR/CAD	1.4844

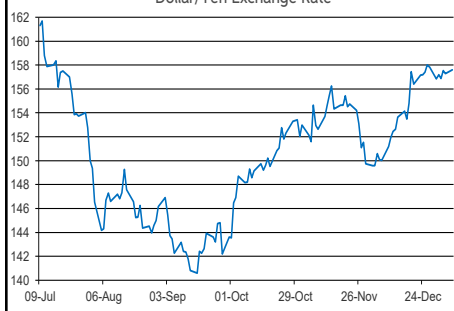
Sterling

GBP/EUR	1.2062
GBP/USD	1.2442
GBP/CAD	1.7908
GBP/NZD	2.2116
GBP/JPY	196.09
GBP/SEK	13.7984
GBP/DKK	8.9956
GBP/NOK	14.115
GBP/CHF	1.1314
GBP/AUD	1.9966

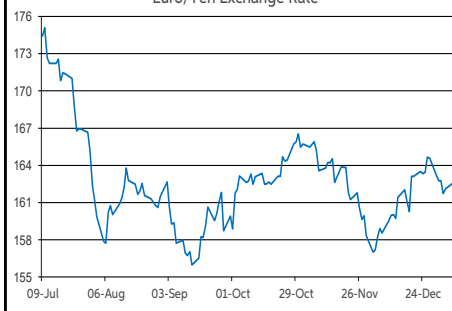
Dollar

USD/JPY	157.6
USD/CAD	1.4394
USD/CHF	0.9094
USD/CNY	7.3289
USD/BRL	6.1811
USD/RUB	107.5
USD/INR	85.8225
AUD/USD	0.6229
NZD/USD	0.5623

Dollar/Yen Exchange Rate

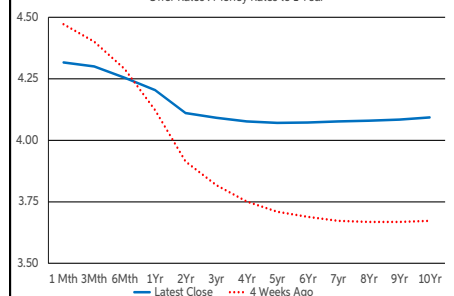


Euro/Yen Exchange Rate



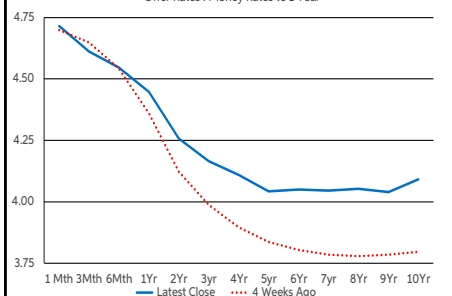
US Swap Curve

Offer Rates : Money Rates to 1 Year



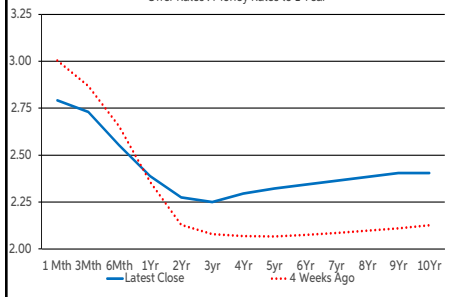
UK Swap Curve

Offer Rates : Money Rates to 1 Year

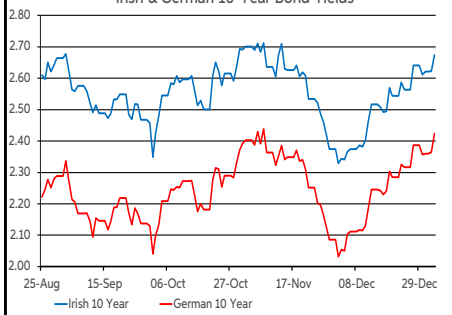


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.60	+2	+44	+2
Germany	2.43	+6	+31	+6
UK	4.60	-0	+32	+2
Ireland	2.71	+6	+31	+6
Belgium	3.07	+8	+40	+8
France	3.29	+7	+41	+9
Italy	3.60	+6	+40	+8
Spain	3.11	+5	+35	+4
Portugal	2.92	+7	+39	+7
Greece	3.23	+2	+34	-2
5 Year Swap %				
US	4.33	+4	+38	+4
Eurozone	2.32	+8	+27	+9
UK	4.31	+0	+22	+3
2 Year Swap %				
US	4.36	+3	+20	+3
Eurozone	2.27	+6	+16	+8
UK	4.49	+0	+14	+1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	29	+0	-0	-0
Belgium	64	+2	+9	+2
France	86	+1	+10	+3
Italy	117	+0	+9	+1
Spain	68	-1	+4	-2
Portugal	49	+1	+8	+0
Greece	81	-4	+2	-8

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	76.51	+0.76	+7.58	+2.51
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2639.1	-0.68	+0.24	+0.58

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