

## EUR/USD above \$1.04

There was a positive tone to investor sentiment at the start of the week, following reports that the incoming Trump administration may pursue a more targeted tariff policy than has previously been mooted. However, president-elect Trump has since denied the reports. Regardless, equity markets moved sharply higher on both sides of the Atlantic amid the newsflow. The Euro Stoxx 50 gained 2.4% while the S&P 500 increased by 0.6% yesterday.

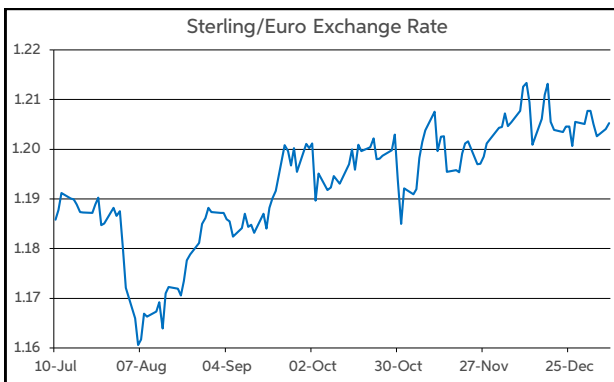
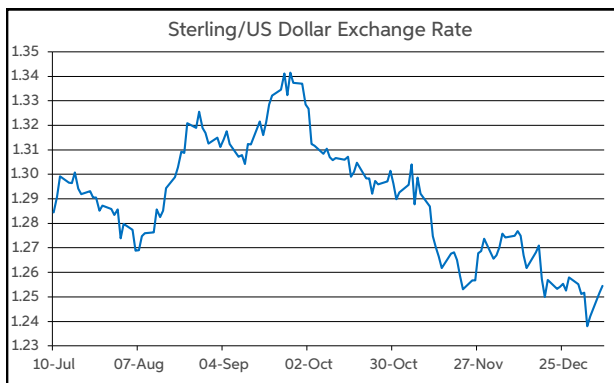
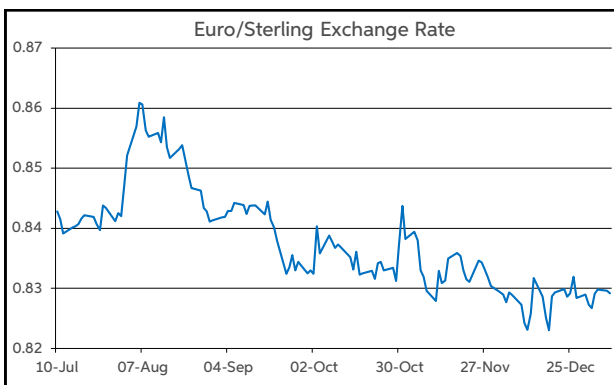
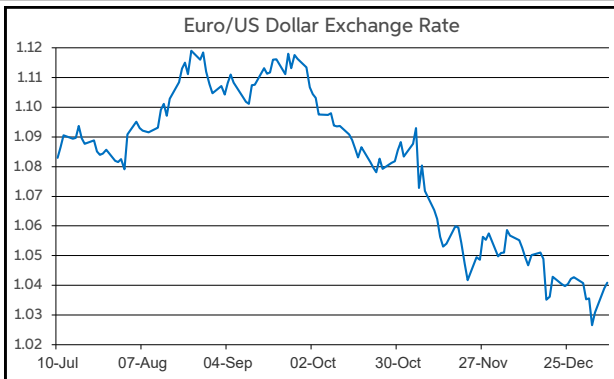
Data-wise, German flash HICP inflation printed above the consensus. The headline rate rose to 2.9% in December (vs. 2.6% f'cast). Meantime, the Eurozone services PMI for December was revised slightly higher from its flash estimate. In contrast, the US and UK readings were amended marginally lower. The Eurozone data coincided with a minor firming in Eurozone futures contracts.

On the currency front, the dollar was on the defensive early-on, largely owing to the aforementioned tariff policy newsflow. However, the greenback recouped some of its losses as Trump took to social media to deny the reports. At the same time, the Eurozone data provided a supportive backdrop for the euro.

As trading gets underway this morning, EUR/USD opens up above the \$1.04 handle, having registered a high of \$1.0437 yesterday. GBP/USD is operating up above the \$1.25 threshold. Meanwhile, EUR/GBP continues to change hands near the 83p mark.

Turning to the day ahead, the flash reading of Eurozone HICP inflation for December is due. The consensus is for the headline rate to rise to 2.4% from 2.2%, while the core rate is projected to stay at 2.7%. In the US, the non-manufacturing ISM for December will feature.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0408	0.97	0.53
EUR/GBP	0.8292	0.04	0.23
GBP/USD	1.2545	0.90	0.27
GBP/EUR	1.2052	-0.04	-0.23
USD/JPY	157.63	-0.10	0.29
EUR/JPY	164.07	0.87	0.81

\* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Money Market			Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	4.38	4.29	4.28	4.18	4.40	4.39
EUR	3.15	2.79	2.73	2.44	2.33	2.36
GBP	4.75	4.69	4.58	4.43	4.51	4.32

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

# Opening Levels

Tuesday 07 January 2025  
07:17 am



## Euro

EUR/GBP	0.8292
EUR/USD	1.0408
EUR/JPY	164.07
EUR/SEK	11.4713
EUR/DKK	7.4588
EUR/NOK	11.7313
EUR/CHF	0.9394
EUR/AUD	1.6595
EUR/HKD	8.0885
EUR/CAD	1.4896

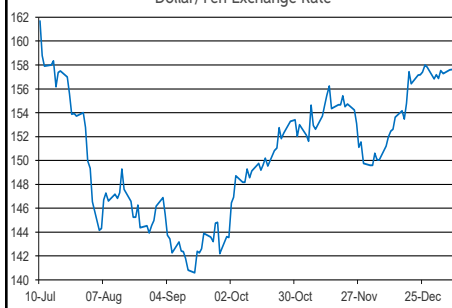
## Sterling

GBP/EUR	1.2052
GBP/USD	1.2545
GBP/CAD	1.7958
GBP/NZD	2.2118
GBP/JPY	197.75
GBP/SEK	13.8142
GBP/DKK	8.9897
GBP/NOK	14.137
GBP/CHF	1.1328
GBP/AUD	2.0001

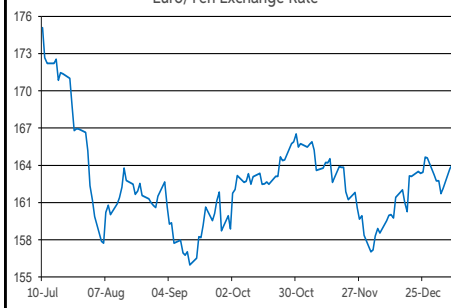
## Dollar

USD/JPY	157.63
USD/CAD	1.4313
USD/CHF	0.9026
USD/CNY	7.3265
USD/BRL	6.1152
USD/RUB	106.4955
USD/INR	85.706
AUD/USD	0.6271
NZD/USD	0.5669

Dollar/Yen Exchange Rate

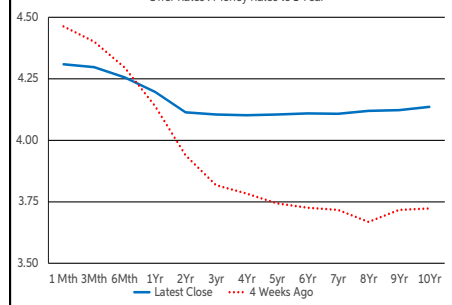


Euro/Yen Exchange Rate



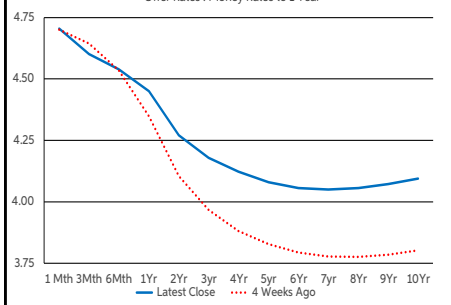
US Swap Curve

Offer Rates : Money Rates to 1 Year



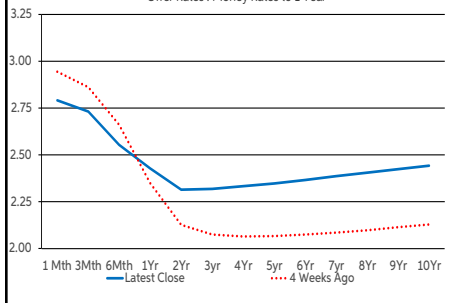
UK Swap Curve

Offer Rates : Money Rates to 1 Year

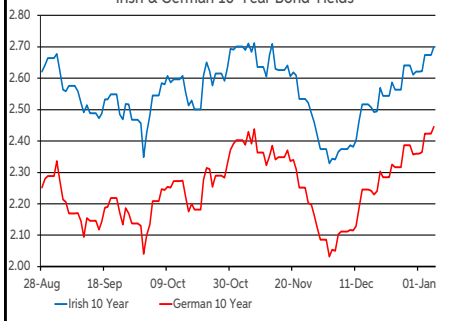


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.62	+2	+42	+4
Germany	2.45	+2	+33	+9
UK	4.61	+2	+34	+4
Ireland	2.73	+2	+31	+8
Belgium	3.04	-3	+39	+5
France	3.26	-3	+39	+7
Italy	3.58	-2	+38	+6
Spain	3.11	-0	+35	+4
Portugal	2.92	-0	+40	+6
Greece	3.26	+3	+37	+1
<b>5 Year Swap %</b>				
US	4.37	+4	+38	+8
Eurozone	2.35	+2	+29	+11
UK	4.32	+1	+26	+3
<b>2 Year Swap %</b>				
US	4.37	+0	+18	+4
Eurozone	2.32	+4	+20	+12
UK	4.51	+1	+18	+2
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	28	-0	-2	-0
Belgium	59	-5	+6	-3
France	81	-5	+6	-2
Italy	113	-4	+5	-3
Spain	66	-2	+2	-4
Portugal	47	-2	+7	-2
Greece	81	+1	+4	-7

## Commodities

	Close	Day	4 Weeks	End 24
<b>% Change</b>				
Brent Oil	76.3	-0.27	+5.77	+2.22
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2635.3	-0.14	-0.88	+0.44

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.