

Sterling on the defensive

Risk appetite was somewhat muted yesterday amid further newsflow in relation to potential trade tariffs from the incoming Trump administration. Against this backdrop, the Euro Stoxx 50 declined by 0.3%. On Wall street, the S&P 500 recovered late on to register a modest 0.2% gain.

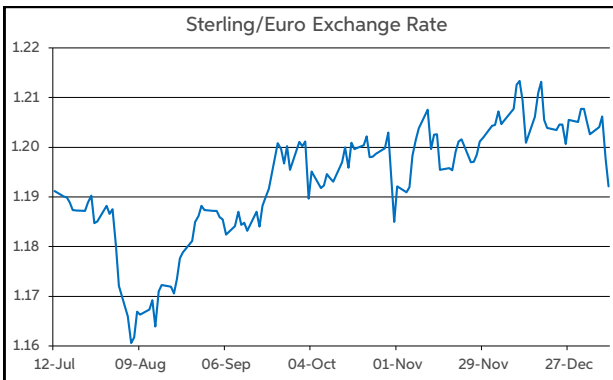
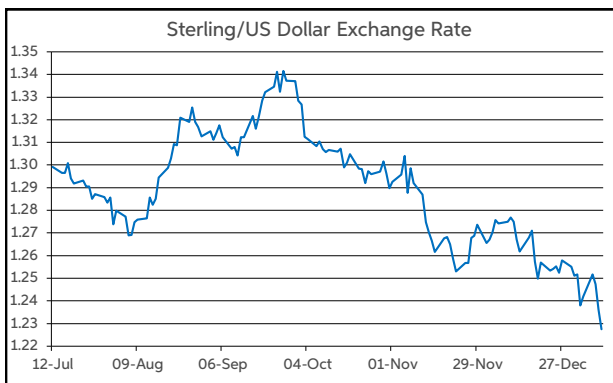
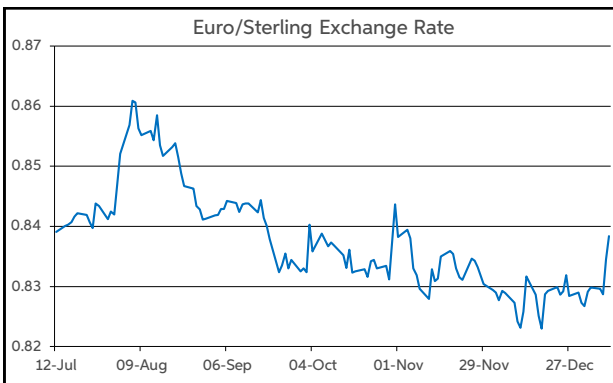
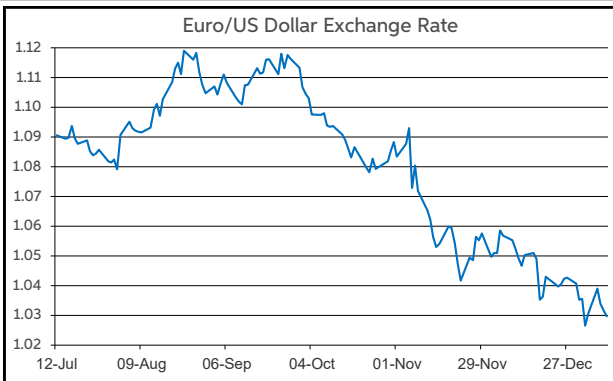
In terms of fixed income, UK Gilt yields rose sharply along the curve by 4-12bps. German Bund yields increased by a more modest 1-5bps. Meantime, US Treasury yields were little changed yesterday, having moved higher early this week. Across the board, the moves higher in yields this week have been led by the long-end of the curves. The rise in UK Gilt yields yesterday coincided with a firming in UK futures contracts, with the market now pricing in circa 45bps of rate cuts this year, compared to 55bps previously.

Currency-wise, despite the hardening in UK rate expectations and the sharp rise in Gilt yields, sterling was on the defensive. At the same time, the risk-averse mood provided a supportive backdrop for the dollar. The latest Fed FOMC meeting minutes did not impact FX markets, as they contained little new information.

As trading gets underway this morning, the stronger dollar and weaker sterling is evidenced by GBP/USD opening down below the \$1.23 mark. EUR/USD is changing hands back at the \$1.03 handle. Elsewhere, the weakness in sterling sees EUR/GBP operating up in the top half of the 83-84p range.

Meantime, there is a relatively quiet look to the data calendar today. Eurozone retail sales for November are due. A 0.4% rise in sales is pencilled in for the month. In the US, markets close early today to mark the funeral of former president Jimmy Carter.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0297	-0.55	-0.54
EUR/GBP	0.8384	1.13	1.34
GBP/USD	1.2275	-1.68	-1.89
GBP/EUR	1.192	-1.12	-1.32
USD/JPY	158.07	-0.06	0.57
EUR/JPY	162.79	-0.60	0.02

* 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	4.28	4.17	4.39	4.41
EUR	3.15	2.84	2.79	2.44	2.33	2.39
GBP	4.75	4.67	4.60	4.49	4.61	4.48

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 09 January 2025
07:37 am



Euro

EUR/GBP	0.8384
EUR/USD	1.0297
EUR/JPY	162.79
EUR/SEK	11.5044
EUR/DKK	7.4606
EUR/NOK	11.7548
EUR/CHF	0.9386
EUR/AUD	1.6632
EUR/HKD	8.0106
EUR/CAD	1.4817

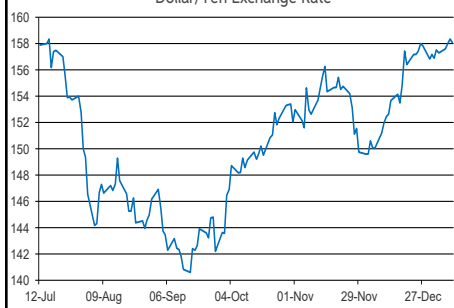
Sterling

GBP/EUR	1.192
GBP/USD	1.2275
GBP/CAD	1.7663
GBP/NZD	2.195
GBP/JPY	194.03
GBP/SEK	13.7142
GBP/DKK	8.8938
GBP/NOK	14.0071
GBP/CHF	1.119
GBP/AUD	1.9824

Dollar

USD/JPY	158.07
USD/CAD	1.439
USD/CHF	0.9115
USD/CNY	7.3317
USD/BRL	6.1055
USD/RUB	102.1
USD/INR	85.9
AUD/USD	0.6189
NZD/USD	0.559

Dollar/Yen Exchange Rate

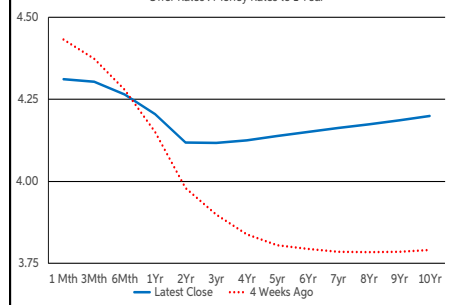


Euro/Yen Exchange Rate



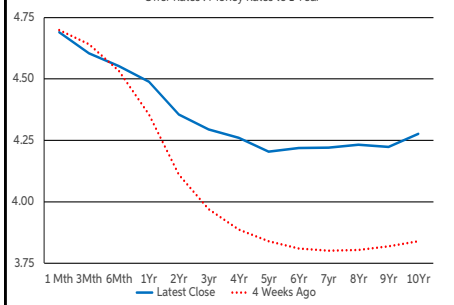
US Swap Curve

Offer Rates : Money Rates to 1 Year



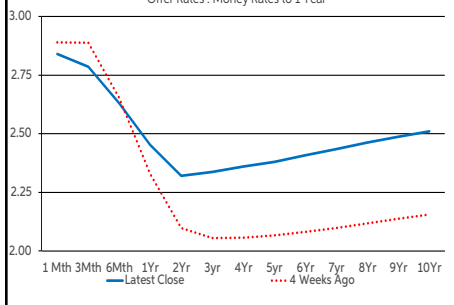
UK Swap Curve

Offer Rates : Money Rates to 1 Year

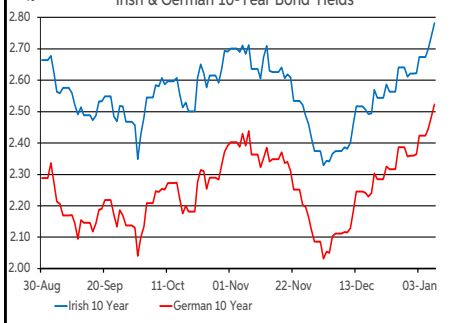


Eurozone Swap Curve

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	4.69	+1	+42	+12
Germany	2.52	+4	+39	+16
UK	4.80	+11	+48	+23
Ireland	2.80	+3	+38	+15
Belgium	3.12	+4	+42	+14
France	3.35	+5	+46	+15
Italy	3.69	+6	+49	+17
Spain	3.20	+6	+44	+14
Portugal	3.00	+5	+46	+15
Greece	3.32	+9	+42	+7
5 Year Swap %				
US	4.40	-1	+35	+11
Eurozone	2.38	+2	+32	+14
UK	4.47	+11	+39	+19
2 Year Swap %				
US	4.37	-2	+15	+4
Eurozone	2.32	+0	+23	+13
UK	4.60	+8	+27	+11
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	-1	-1	-1
Belgium	60	+0	+3	-2
France	83	+2	+7	-1
Italy	116	+2	+10	+1
Spain	68	+2	+4	-2
Portugal	48	+1	+7	-1
Greece	80	+5	+3	-9

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	76.16	-1.16	+3.59	+2.04
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2662.1	+0.47	-2.06	+1.46

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