

US CPI prints above the consensus

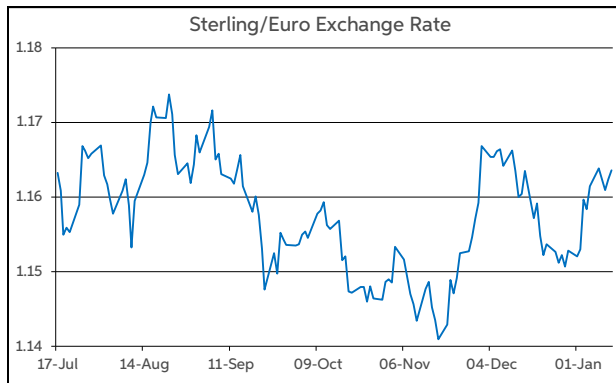
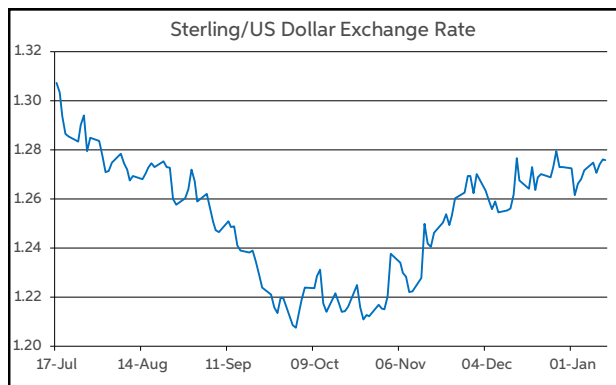
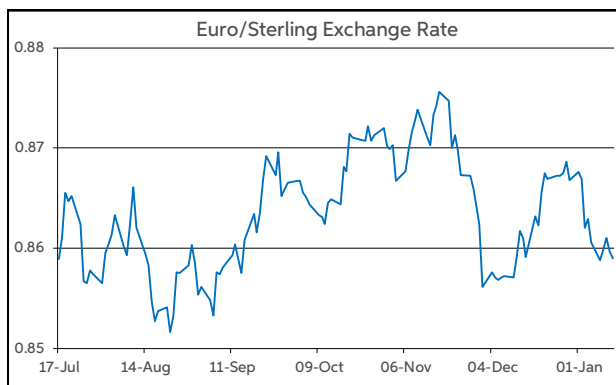
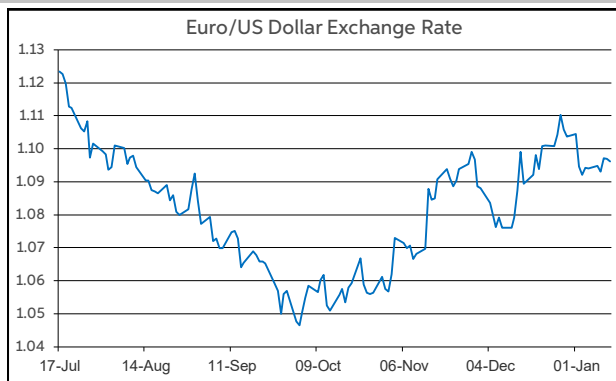
Equity markets declined on both sides of the Atlantic yesterday, following slightly stronger than expected US CPI inflation data for December. The Euro Stoxx 50, which had been moving higher before the release, fell by 0.6%. Meantime, the S&P 500 inched 0.1% lower. Elsewhere, oil prices moved higher yesterday and rose further overnight, amid ongoing tensions in the Middle East. Brent Crude is currently up near \$79 per barrel.

Headline US CPI inflation accelerated to 3.4%, above the 3.2% consensus and up from 3.1% in November. Meanwhile, core-CPI edged down to 3.9% from 4%, but printed above the forecast of 3.8%. Despite the data suggesting inflation is somewhat sticky in the US, futures contracts were little changed in the initial aftermath of the release. However, market rate expectations softened overnight. US rate cuts worth 150bps are now priced-in by year.

On the currency front, the main FX pairs remained range bound. The dollar reversed its losses from the day before, registering modest gains throughout the European session. As rates softened overnight though, the greenback handed back some of its gains. In level terms, EUR/USD opens this morning near the midpoint of \$1.09-1.10. EUR/GBP remains in and around 86p. Elsewhere, GBP/USD is at the halfway mark of the \$1.27-1.28 range.

Already today, the November reading of UK GDP has printed slightly above expectations, rising by 0.3% in the month. However, the data have not impacted sterling so far in early trading. Later today, the final reading of French and Spanish HICP inflation for December are due. Barring any major revisions though, the data are unlikely to affect the euro. In the US, Q4 2023 bank earnings reports may influence investor sentiment.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0961	-0.15	-0.68
EUR/GBP	0.8591	-0.12	-0.89
GBP/USD	1.2754	-0.07	0.20
GBP/EUR	1.1635	0.12	0.90
USD/JPY	145.2	-0.20	2.93
EUR/JPY	159.17	-0.34	2.27

* 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	5.45	5.59	5.02	4.42	3.92
EUR	4.50	3.88	3.94	3.53	2.94	2.57
GBP	5.25	5.19	5.20	4.80	4.43	3.93

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 12 January 2024
07:39 am



Euro

EUR/GBP	0.8591
EUR/USD	1.0961
EUR/JPY	159.17
EUR/SEK	11.2548
EUR/DKK	7.4565
EUR/NOK	11.3051
EUR/CHF	0.9352
EUR/AUD	1.6375
EUR/HKD	8.5696
EUR/CAD	1.4667

Sterling

GBP/EUR	1.1635
GBP/USD	1.2754
GBP/CAD	1.7069
GBP/NZD	2.0453
GBP/JPY	185.2
GBP/SEK	13.0959
GBP/DKK	8.6753
GBP/NOK	13.1561
GBP/CHF	1.0883
GBP/AUD	1.9056

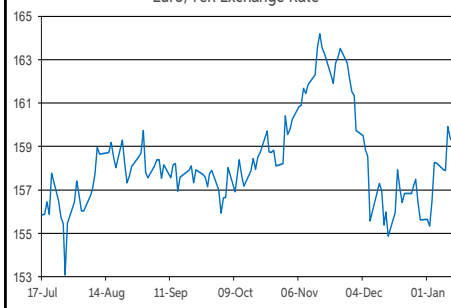
Dollar

USD/JPY	145.2
USD/CAD	1.3382
USD/CHF	0.8532
USD/CNY	7.1661
USD/BRL	4.8696
USD/RUB	88.2125
USD/INR	82.932
AUD/USD	0.6692
NZD/USD	0.6235

Dollar/Yen Exchange Rate

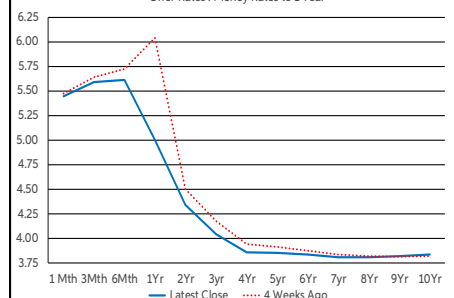


Euro/Yen Exchange Rate



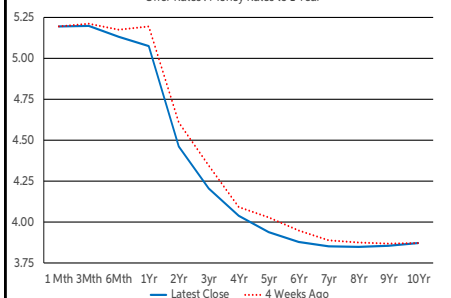
US Swap Curve

Offer Rates : Money Rates to 1 Year



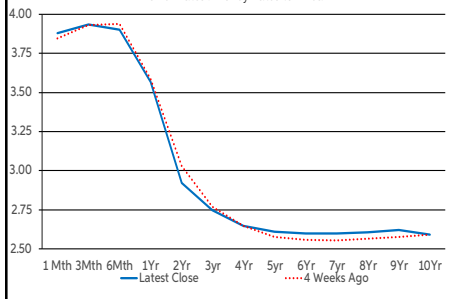
UK Swap Curve

Offer Rates : Money Rates to 1 Year

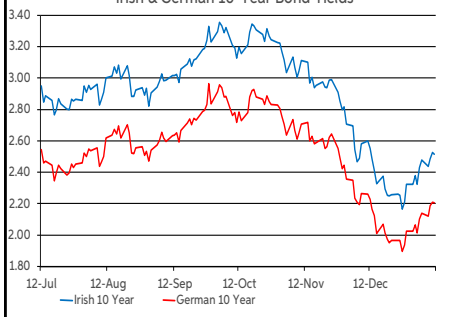


Eurozone Swap Curve

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	3.98	-5	+5	+11
Germany	2.21	-1	+8	+18
UK	3.85	+2	+6	+31
Ireland	2.53	-1	+9	+15
Belgium	2.85	-1	+8	+17
France	2.74	-1	+10	+19
Italy	3.82	-3	+3	+12
Spain	3.16	-2	+8	+17
Portugal	2.95	-1	+9	+16
Greece	3.30	+2	-3	+23
5 Year Swap %				
US	3.85	-10	-2	+6
Eurozone	2.61	-2	+4	+18
UK	3.94	+6	-9	+29
2 Year Swap %				
US	4.34	-10	-12	+1
Eurozone	2.92	-8	-10	+13
UK	4.46	-2	-14	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	-1	+1	-3
Belgium	64	-0	+0	-1
France	54	+0	+2	+1
Italy	161	-3	-5	-6
Spain	96	-1	+0	-1
Portugal	74	-0	+0	-1
Greece	110	+2	-11	+5

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	77.41	+0.79	+1.04	+0.48
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2028.1	+0.23	-0.37	-1.67

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