

Busy UK & US data schedules ahead

Newsflow in relation to potential US trade tariffs, a sharp rise in bond yields, and a very strong US labour market report for December impacted investor sentiment last week. Against this backdrop, there was a marked divergence on equity markets. The Euro Stoxx 50 gained 2.2%, while the S&P 500 shed 1.9%.

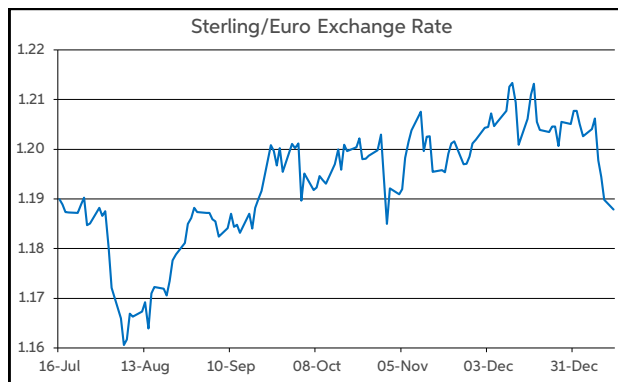
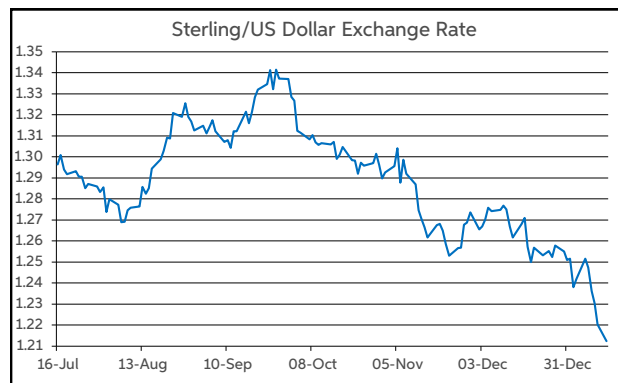
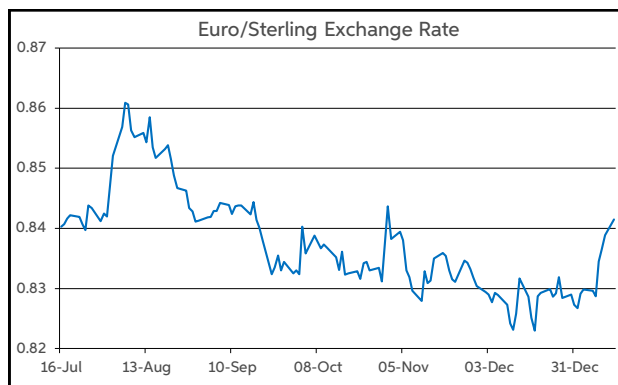
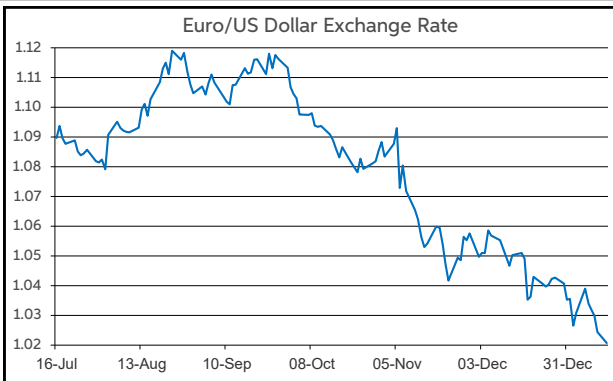
On bond markets, US Treasury and German Bund yields rose by 10-18bps last week. Meanwhile, UK Gilt yields climbed higher by 11-26bps. The increase coincided with a firming in market rate expectations. However, the moves were all led by the long-end of the yield curve, indicating an increase in the term premium also, which likely reflects greater uncertainty on the economic outlook.

Currency-wise, the dollar was firmly in the ascendancy and sterling was under significant downward pressure. Overall, the greenback gained circa 1.0% against the euro, supported in part by the aforementioned strong labour market report on Friday. Meantime, sterling fell by around 1.5% versus the single currency and by 2.5% against the dollar.

As trading gets underway this morning, the firmer dollar sees EUR/USD open down at the \$1.02 threshold. GBP/USD is operating back in the lower half of the \$1.21-1.22 corridor. Elsewhere, EUR/GBP is up in 84p territory.

This week, a busy calendar in the UK includes updates on inflation, industrial production, retail sales and the latest monthly reading of GDP. Similarly in the US, inflation, industrial production and retail sales are due. In the Eurozone, the main release will be the ECB meeting minutes from December. Remarks from a number of central bank officials will also feature throughout the week.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0207	-0.76	-1.41
EUR/GBP	0.8415	0.44	1.72
GBP/USD	1.2125	-1.21	-3.09
GBP/EUR	1.1877	-0.44	-1.69
USD/JPY	157.45	-0.61	0.17
EUR/JPY	160.72	-1.37	-1.25

* 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	4.30	4.27	4.55	4.58
EUR	3.15	2.84	2.77	2.51	2.42	2.49
GBP	4.75	4.67	4.57	4.46	4.64	4.51

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 13 January 2025
07:29 am



Euro

EUR/GBP	0.8415
EUR/USD	1.0207
EUR/JPY	160.72
EUR/SEK	11.4981
EUR/DKK	7.4597
EUR/NOK	11.7224
EUR/CHF	0.9367
EUR/AUD	1.6629
EUR/HKD	7.947
EUR/CAD	1.474

Sterling

GBP/EUR	1.1877
GBP/USD	1.2125
GBP/CAD	1.7506
GBP/NZD	2.1844
GBP/JPY	190.91
GBP/SEK	13.66
GBP/DKK	8.8587
GBP/NOK	13.925
GBP/CHF	1.1124
GBP/AUD	1.9748

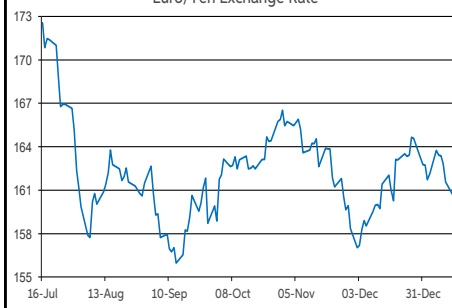
Dollar

USD/JPY	157.45
USD/CAD	1.444
USD/CHF	0.9174
USD/CNY	7.3318
USD/BRL	6.1053
USD/RUB	102.7
USD/INR	86.5825
AUD/USD	0.6137
NZD/USD	0.5548

Dollar/Yen Exchange Rate

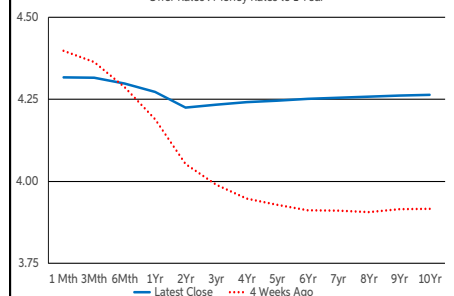


Euro/Yen Exchange Rate



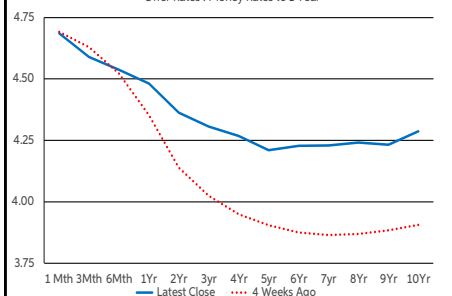
US Swap Curve

Offer Rates : Money Rates to 1 Year



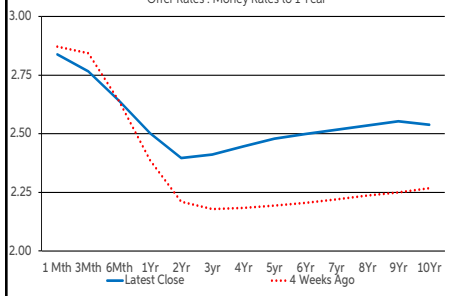
UK Swap Curve

Offer Rates : Money Rates to 1 Year

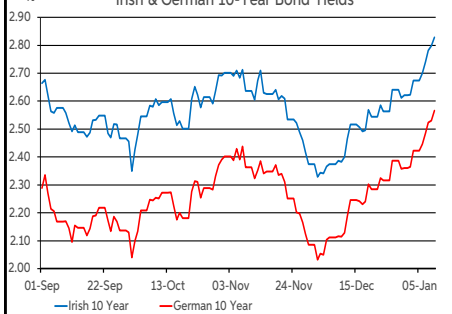


Eurozone Swap Curve

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	4.77	+9	+38	+20
Germany	2.57	+4	+32	+20
UK	4.84	+3	+43	+27
Ireland	2.85	+2	+31	+20
Belgium	3.18	+3	+35	+20
France	3.42	+4	+39	+23
Italy	3.77	+6	+38	+25
Spain	3.27	+4	+34	+20
Portugal	3.04	+3	+33	+19
Greece	3.40	+5	+35	+15
5 Year Swap %				
US	4.50	+12	+33	+21
Eurozone	2.48	+6	+30	+24
UK	4.49	+3	+31	+20
2 Year Swap %				
US	4.48	+11	+17	+14
Eurozone	2.40	+4	+20	+21
UK	4.60	+2	+21	+11
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	-1	-1	-0
Belgium	61	-0	+2	-1
France	86	-0	+7	+3
Italy	120	+2	+6	+4
Spain	70	+1	+2	-0
Portugal	47	-1	+1	-1
Greece	83	+1	+2	-5

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	79.76	+3.69	+7.07	+6.86
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2689.6	+0.73	+1.56	+2.51

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