

EUR/USD back below \$1.09

Investor sentiment continued to hold a subdued tone yesterday, as US markets re-opened after a long weekend. The Euro Stoxx 50 fell for a second day running, down 0.2%. On Wall Street, the S&P 500 edged 0.4% lower. In terms of fixed income, UK Gilt and German Bund yields were little changed, while US Treasury yields rose by 3-6bps along the curve.

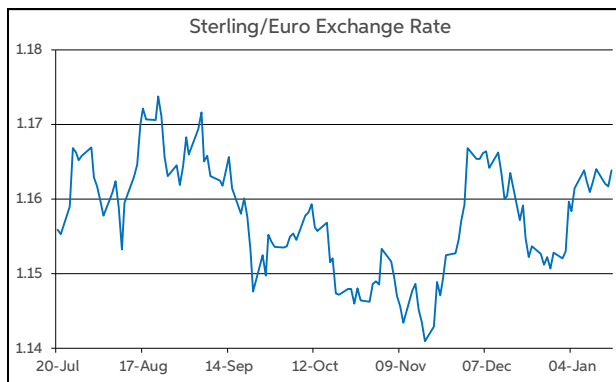
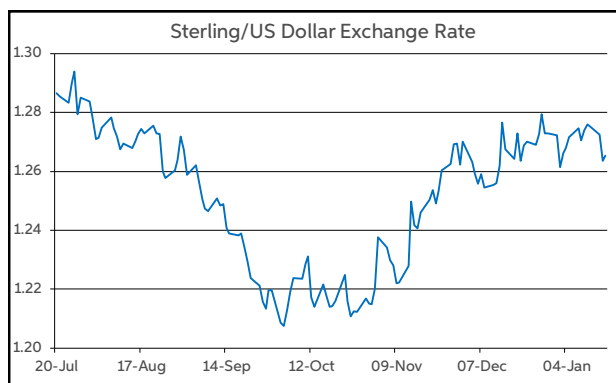
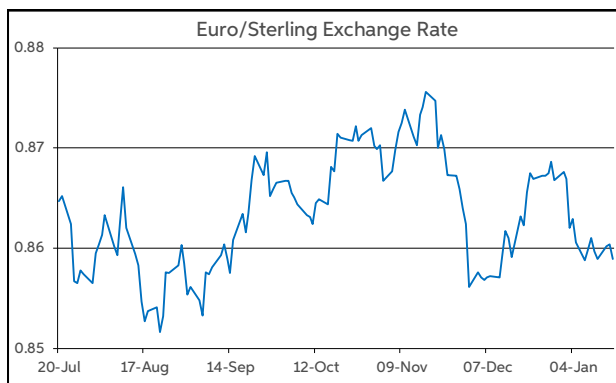
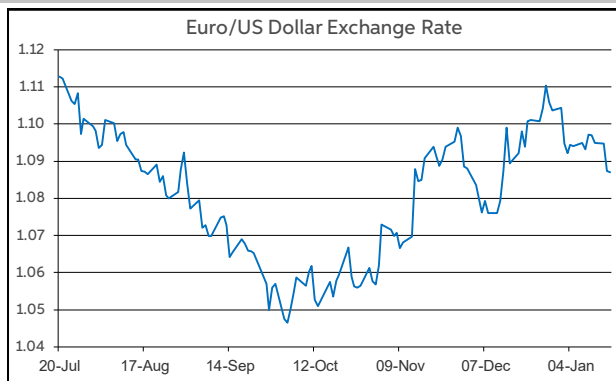
Meanwhile, remarks from Fed Governor Waller led to a modest firming in US futures contracts yesterday. Waller, acknowledged that the Fed may be able to cut rates this year, but reiterated that the timing and total magnitude of rate cuts will depend on the incoming data. Investors reduced bets that the Fed will cut rates in March and scaled back the total amount of tightening priced in for this year to 155bps following the comments.

On the currency front, the main FX pairs once again operated in narrow trading ranges. Of the limited price action to register, the euro was under some slight downward pressure. This saw EUR/USD fall to \$1.087, its lowest level since the 13th of December.

In level terms, EUR/USD opens this morning between \$1.08-1.09. GBP/USD is changing hands down near the midpoint of \$1.26-1.27. Elsewhere, EUR/GBP is trading just below the 86p threshold.

Already this morning, UK CPI inflation for December has printed above the consensus. The headline rate rose to 4% from 3.9%, while core CPI remained at 5.1%. Sterling has been holding a firmer tone in early trading following the release. Later today, the final reading of Eurozone inflation is set to confirm headline HICP rose to 2.9% and core HICP eased to 3.9% in December. In the US, retail sales and industrial production for December are due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0875	-0.35	-1.46
EUR/GBP	0.859	-0.19	-0.90
GBP/USD	1.2657	-0.17	-0.57
GBP/EUR	1.1634	0.19	0.91
USD/JPY	147.79	1.12	4.77
EUR/JPY	160.75	0.76	3.29

* 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	5.58	5.02	4.41	3.99
EUR	4.50	3.87	3.93	3.51	2.99	2.65
GBP	5.25	5.19	5.21	4.84	4.48	3.94

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

Wednesday 17 January 2024
08:02 am



Euro

EUR/GBP	0.859
EUR/USD	1.0875
EUR/JPY	160.75
EUR/SEK	11.3747
EUR/DKK	7.4582
EUR/NOK	11.4122
EUR/CHF	0.9374
EUR/AUD	1.659
EUR/HKD	8.5091
EUR/CAD	1.47

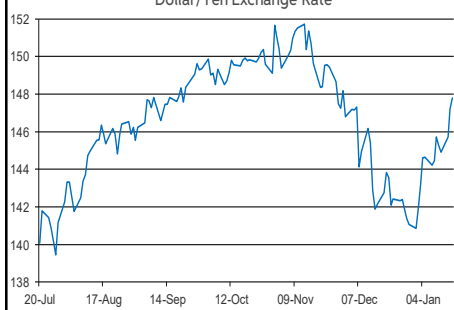
Sterling

GBP/EUR	1.1634
GBP/USD	1.2657
GBP/CAD	1.7109
GBP/NZD	2.0673
GBP/JPY	187.06
GBP/SEK	13.237
GBP/DKK	8.6786
GBP/NOK	13.2827
GBP/CHF	1.0911
GBP/AUD	1.9308

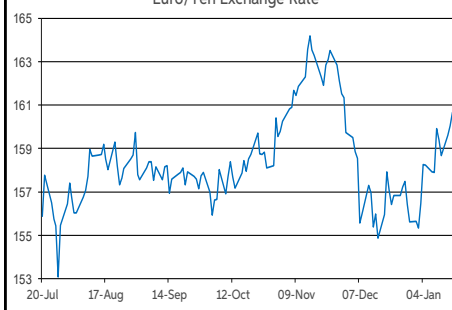
Dollar

USD/JPY	147.79
USD/CAD	1.3515
USD/CHF	0.8619
USD/CNY	7.1965
USD/BRL	4.9258
USD/RUB	88.5375
USD/INR	83.0719
AUD/USD	0.6555
NZD/USD	0.6122

Dollar/Yen Exchange Rate

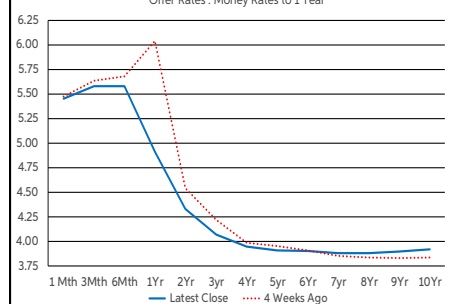


Euro/Yen Exchange Rate



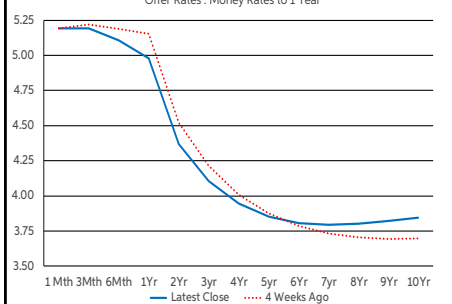
US Swap Curve

Offer Rates : Money Rates to 1 Year



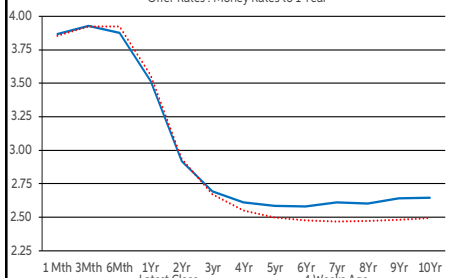
UK Swap Curve

Offer Rates : Money Rates to 1 Year

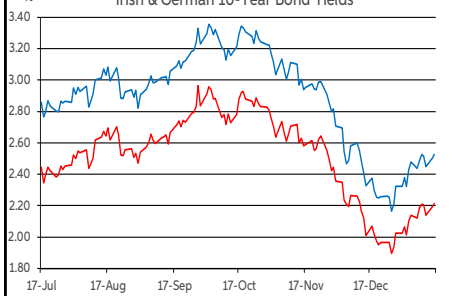


Eurozone Swap Curve

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	4.05	+12	+12	+19
Germany	2.22	+2	+20	+19
UK	3.80	+0	+14	+26
Ireland	2.57	+4	+24	+18
Belgium	2.86	+2	+21	+18
France	2.75	+2	+23	+19
Italy	3.83	+2	+19	+13
Spain	3.17	+2	+22	+18
Portugal	2.95	+2	+22	+16
Greece	3.29	-4	+12	+22
5 Year Swap %				
US	3.91	+11	-0	+12
Eurozone	2.59	+2	+10	+16
UK	3.85	+3	-2	+20
2 Year Swap %				
US	4.33	+8	-17	-0
Eurozone	2.92	+0	-1	+12
UK	4.37	+3	-14	+11
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	+2	+4	-0
Belgium	64	-0	+1	-1
France	53	-0	+3	+0
Italy	161	+0	-1	-6
Spain	96	+0	+1	-1
Portugal	73	+0	+2	-2
Greece	108	-5	-8	+3

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	78.29	+0.18	-1.19	+1.62
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2027.6	-1.31	-0.61	-1.70

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