

## Main FX pairs confined to narrow ranges

There was a positive tone to investor sentiment yesterday, with the Euro Stoxx 50 and the S&P 500 recouping some of their recent losses. Both indices rose by close to 1%. Meantime on bond markets, German Bund and US Treasury yields climbed 2-9bps higher. In contrast, UK Gilt yields fell by 5-8bps, having surged by circa 20bps on Wednesday. The decline in UK yields coincided with a softening in UK futures contracts of around 15bps.

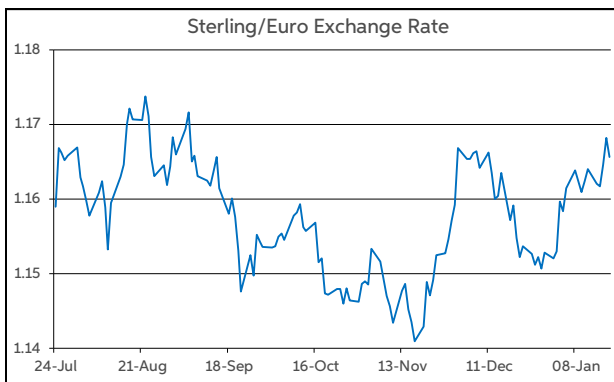
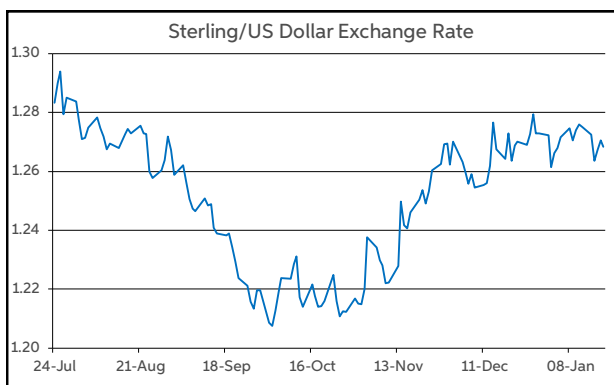
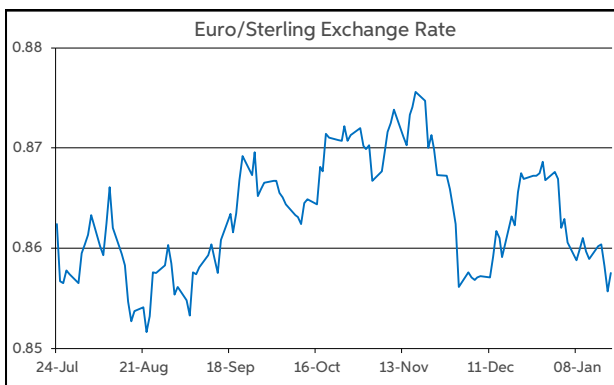
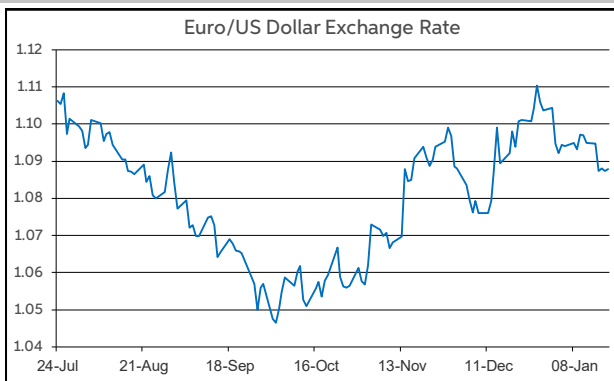
Data-wise, the main highlight yesterday was the release of the ECB meeting minutes from December. However, the minutes provided little new information. The overarching message from the minutes was that the ECB is of the view that it is too early to declare victory over inflation, suggesting that rate cuts are unlikely in Q1. Elsewhere, the latest US initial jobless claims figure printed at 187k, the lowest weekly number since September 2022, and well below the 207k consensus.

On the currency front, the main FX pairs were confined to narrow trading corridors. Of the limited price action to note, the euro was under some modest downward pressure. Overnight though, the single currency has recovered some of its losses.

In level terms, EUR/GBP opens this morning in the top half of 85-86p. Elsewhere, EUR/USD is in the upper half of the \$1.08-1.09 corridor. GBP/USD is changing hands in the \$1.26-1.27 corridor.

Already this morning UK retail sales data for December have been released. Sales were much weaker than anticipated, contracting by 3.2% in the month (vs. -0.5% f'cast). Sterling has holding a softer tone in early trading following the release. The data schedule is quiet for the remainder of the day.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0879	-0.13	-1.42
EUR/GBP	0.8575	-0.12	-1.07
GBP/USD	1.2682	-0.04	-0.37
GBP/EUR	1.1655	0.12	1.08
USD/JPY	148.25	0.26	5.10
EUR/JPY	161.3	0.13	3.64

\* 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	5.57	5.06	4.47	4.07
EUR	4.50	3.88	3.90	3.57	3.01	2.68
GBP	5.25	5.18	5.20	4.82	4.47	3.98

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 19 January 2024  
07:58 am



## Euro

EUR/GBP	0.8575
EUR/USD	1.0879
EUR/JPY	161.3
EUR/SEK	11.394
EUR/DKK	7.4569
EUR/NOK	11.4411
EUR/CHF	0.9443
EUR/AUD	1.6531
EUR/HKD	8.5078
EUR/CAD	1.467

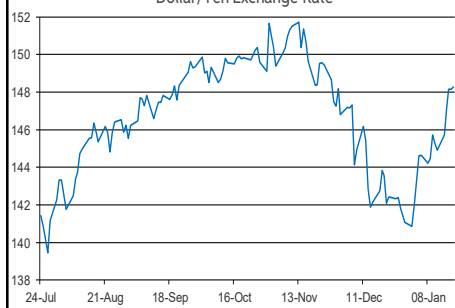
## Sterling

GBP/EUR	1.1655
GBP/USD	1.2682
GBP/CAD	1.7104
GBP/NZD	2.0775
GBP/JPY	188.01
GBP/SEK	13.2879
GBP/DKK	8.6919
GBP/NOK	13.3386
GBP/CHF	1.101
GBP/AUD	1.9272

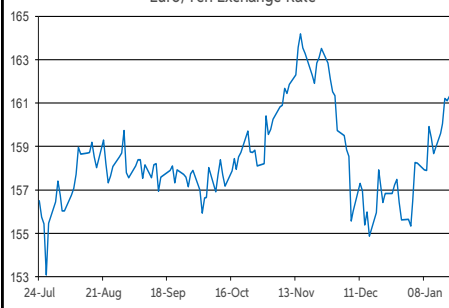
## Dollar

USD/JPY	148.25
USD/CAD	1.3487
USD/CHF	0.8681
USD/CNY	7.1927
USD/BRL	4.9294
USD/RUB	88.6875
USD/INR	83.11
AUD/USD	0.6581
NZD/USD	0.6103

Dollar/Yen Exchange Rate

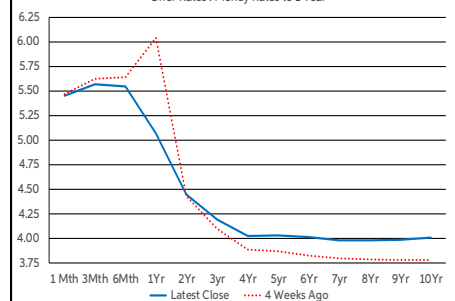


Euro/Yen Exchange Rate



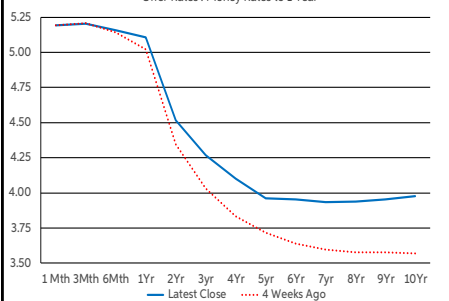
US Swap Curve

Offer Rates : Money Rates to 1 Year



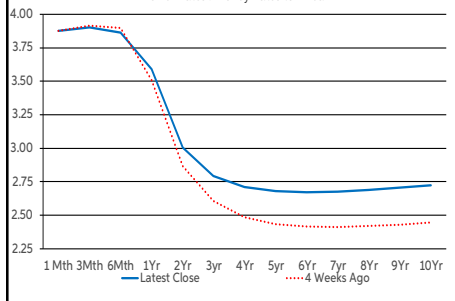
UK Swap Curve

Offer Rates : Money Rates to 1 Year

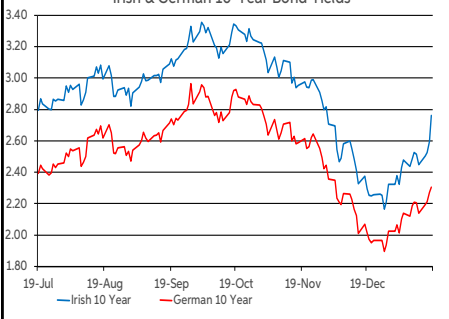


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.14	+4	+25	+28
Germany	2.31	+3	+35	+28
UK	3.93	-5	+40	+39
Ireland	2.80	+18	+53	+42
Belgium	2.95	+3	+36	+27
France	2.85	+3	+38	+29
Italy	3.93	+1	+34	+23
Spain	3.27	+2	+38	+28
Portugal	3.05	+2	+38	+26
Greece	3.39	+1	+35	+32
<b>5 Year Swap %</b>				
US	4.04	+3	+21	+24
Eurozone	2.68	+2	+26	+25
UK	3.96	-6	+25	+31
<b>2 Year Swap %</b>				
US	4.45	+0	+6	+11
Eurozone	3.01	+1	+15	+21
UK	4.52	-7	+18	+25
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	49	+15	+18	+14
Belgium	64	-0	+1	-1
France	54	-0	+3	+1
Italy	162	-3	-1	-5
Spain	96	-1	+2	+0
Portugal	74	-2	+3	-2
Greece	109	-2	+0	+4

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.1	+1.57	-0.37	+2.67
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2022.7	+0.85	-1.12	-1.94

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