

## President Trump's Inauguration in focus

Risk appetite improved throughout last week, amid some positive inflation data, newsflow indicating a more gradual approach to potential US trade tariffs and a softening in market rate expectations. Against this backdrop, the Euro Stoxx 50 gained 3.4% last week, while the S&P 500 rose by 2.9%.

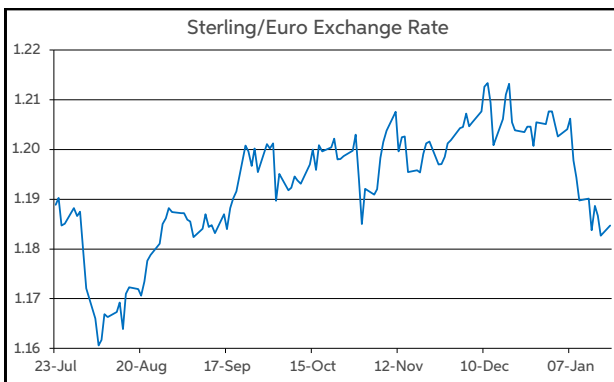
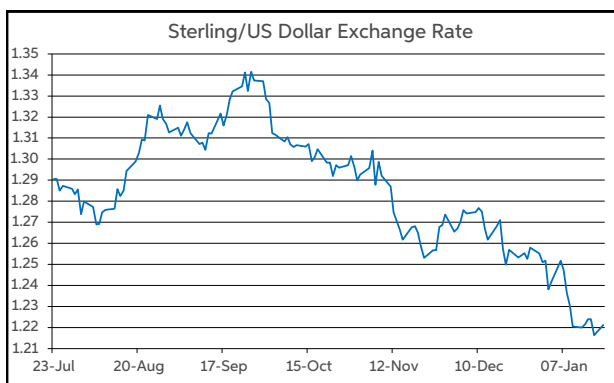
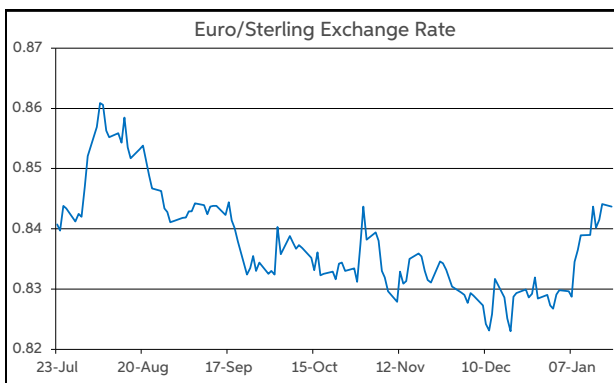
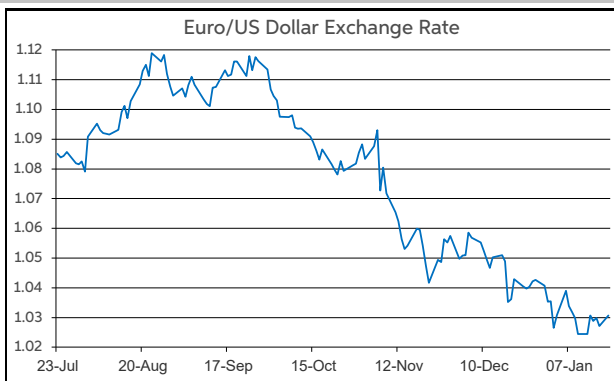
Data-wise, UK CPI for December printed a touch below the consensus. Similarly, US core-CPI came in below expectations for December, while the headline rate matched the forecast. The data coincided with a softening in futures contracts. Current pricing is now for circa 40bps of rate cuts in the US this year (compared to 25bps last Monday). Meantime in the UK, pricing now suggests there is an 80% chance of a rate cut in February, and 60bps worth of easing priced-in by year end (vs. 70% and 50bps last week).

Amid the softening in market rate expectations, the improvement in risk appetite and following some dovish remarks from central bank officials, most notably Fed Governor Waller, bond yields declined across the board last week. US and UK sovereign yields fell by 10-20bps, while German Bund yields decreased by a more modest 5-10bps.

On the currency front, the dollar handed back some of its recent gains last week. This sees EUR/USD open this morning at the \$1.03 mark. Meantime, EUR/GBP is in the lower half of the 84-85p band. Elsewhere, GBP/USD is operating just north of the \$1.22 level.

Turning to the week ahead, the key focus of a holiday shortened week in the US will be the inauguration of President Trump today. Elsewhere, the January flash PMIs for the main advanced economies and UK labour market data will garner attention.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0307	0.16	-0.44
EUR/GBP	0.8437	0.17	1.98
GBP/USD	1.2212	-0.02	-2.39
GBP/EUR	1.1846	-0.17	-1.94
USD/JPY	156.05	0.33	-0.72
EUR/JPY	160.86	0.46	-1.16

\* 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	4.29	4.28	4.20	4.44	4.43
EUR	3.15	2.80	2.70	2.44	2.35	2.39
GBP	4.75	4.61	4.52	4.34	4.49	4.36

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 20 January 2025  
06:32 am



## Euro

EUR/GBP	0.8437
EUR/USD	1.0307
EUR/JPY	160.86
EUR/SEK	11.4942
EUR/DKK	7.4604
EUR/NOK	11.7619
EUR/CHF	0.9406
EUR/AUD	1.6587
EUR/HKD	8.0226
EUR/CAD	1.4892

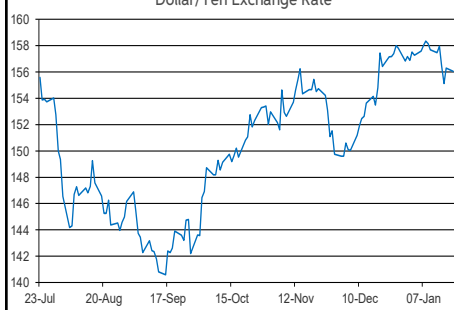
## Sterling

GBP/EUR	1.1846
GBP/USD	1.2212
GBP/CAD	1.7643
GBP/NZD	2.177
GBP/JPY	190.57
GBP/SEK	13.6152
GBP/DKK	8.8374
GBP/NOK	13.9257
GBP/CHF	1.1149
GBP/AUD	1.9653

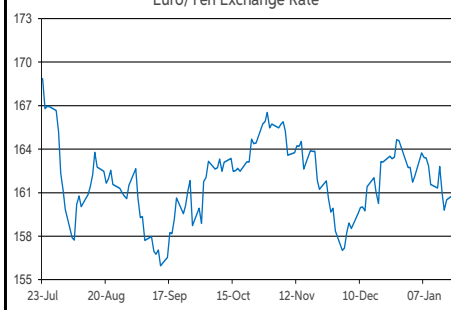
## Dollar

USD/JPY	156.05
USD/CAD	1.4448
USD/CHF	0.9128
USD/CNY	7.3145
USD/BRL	6.0704
USD/RUB	101.6
USD/INR	86.5325
AUD/USD	0.6211
NZD/USD	0.5606

Dollar/Yen Exchange Rate

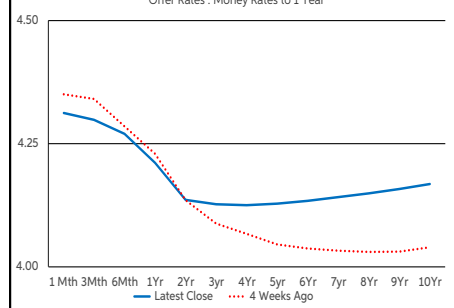


Euro/Yen Exchange Rate



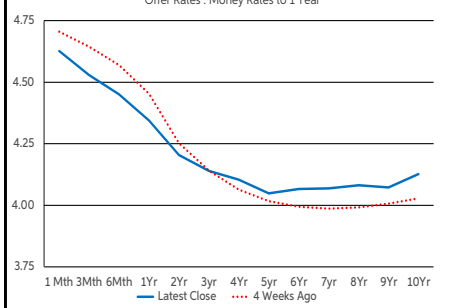
US Swap Curve

Offer Rates : Money Rates to 1 Year



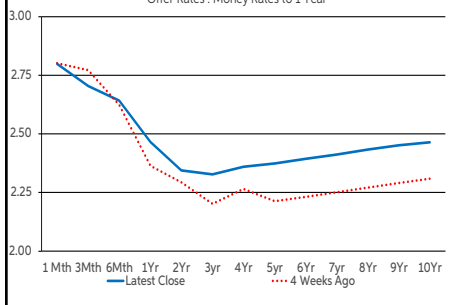
UK Swap Curve

Offer Rates : Money Rates to 1 Year

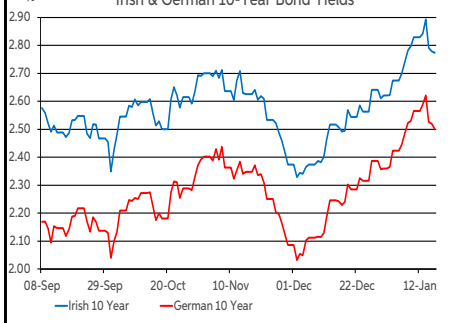


Eurozone Swap Curve

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	4.61	+0	+9	+3
Germany	2.51	-2	+22	+14
UK	4.66	-2	+15	+9
Ireland	2.80	-1	+23	+15
Belgium	3.09	-3	+20	+10
France	3.31	-2	+22	+11
Italy	3.65	-0	+20	+13
Spain	3.17	-1	+19	+11
Portugal	2.96	-3	+19	+11
Greece	3.31	-7	+14	+6
5 Year Swap %				
US	4.39	+3	+8	+10
Eurozone	2.37	-2	+17	+14
UK	4.32	-3	+8	+4
2 Year Swap %				
US	4.40	+5	+1	+6
Eurozone	2.35	-6	+6	+15
UK	4.44	-3	-4	-4
10 Year Government Bond Spreads to Benchmark bps				
Ireland	29	+1	+1	+1
Belgium	58	-1	-2	-4
France	80	-0	+0	-3
Italy	114	+1	-2	-2
Spain	67	+1	-3	-3
Portugal	46	-1	-3	-3
Greece	80	-6	-8	-8

## Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	80.79	-0.62	+10.76	+8.24
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2701.6	-0.45	+3.08	+2.96

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