

ECB meeting headlines a busy week ahead

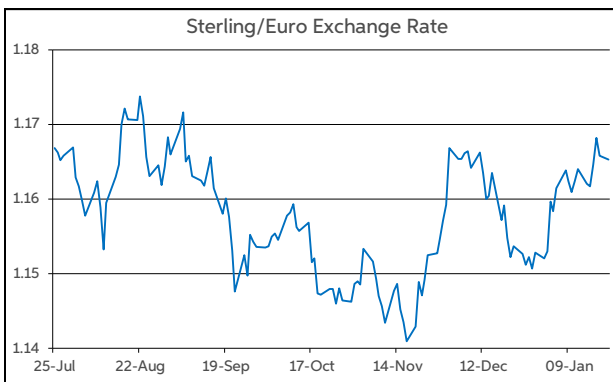
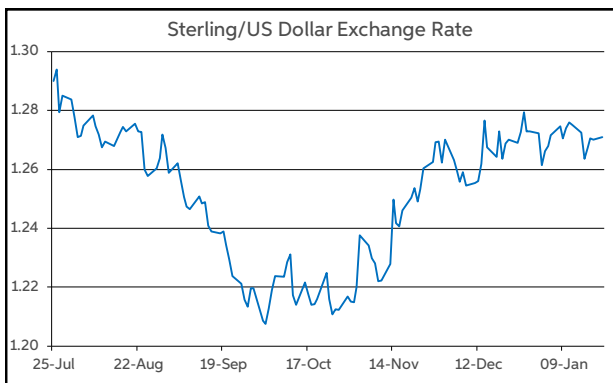
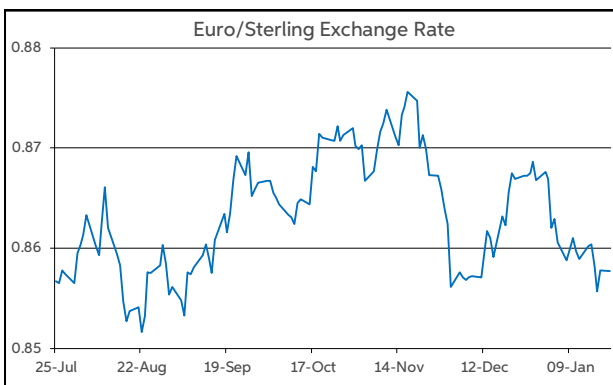
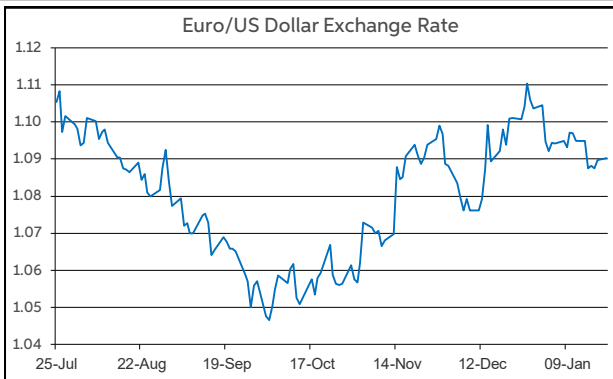
Last week, central bank rhetoric, sticky UK inflation, and strong US data impacted market sentiment. A slew of ECB officials, including President Lagarde pushed back on market expectations for rate cuts in the early part of this year. In the UK, both headline and core CPI rates printed above the consensus. Meanwhile, US retail sales and initial jobless claims were stronger than forecast, suggesting the US consumer and labour market remain in rude health.

Against this backdrop futures contracts hardened across the board. Investors have reduced bets that the Fed will cut rates in March. In total, policy easing worth 135bps is priced in by year end in the US, compared to 165bps last Monday. Similarly, a rate cut from the BoE is no longer expected in May, with rates now seen as being scaled back by just 105bps this year. Elsewhere, futures contracts indicate that the ECB will lower its official rates by around 130bps in 2024, compared to expectations for 150bps of cuts a week ago.

Amid the firming in market rate expectations, bond yields rose by 10-25bps in the US, UK and Eurozone. On equity markets, the Euro Stoxx 50 fell by 0.7% on the week, while the S&P 500 gained 1.2%, supported by a rally in tech shares. Currency-wise, the dollar was holding a firmer tone, boosted by a larger move in US yields versus elsewhere. This sees EUR/USD open today back at \$1.09. Meantime, EUR/GBP is in the top half of 85-86p.

This week, a busy calendar includes some key data and a number of central bank meetings. Notably, the ECB is expected to leave policy unchanged. However, the post-meeting press conference will garner attention. Data-wise, the flash PMIs for January in the main advanced economies will feature. In the US, the December print of core-PCE, and the first estimate of Q4 GDP are due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0903	0.22	-1.21
EUR/GBP	0.8577	0.13	-1.05
GBP/USD	1.271	0.10	-0.15
GBP/EUR	1.1653	-0.13	1.06
USD/JPY	148.11	-0.36	5.00
EUR/JPY	161.5	-0.14	3.77

* 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	5.11	4.54	4.09
EUR	4.50	3.85	3.96	3.59	3.05	2.69
GBP	5.25	5.18	5.19	4.89	4.60	4.03

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 22 January 2024
07:06 am



Euro

EUR/GBP	0.8577
EUR/USD	1.0903
EUR/JPY	161.5
EUR/SEK	11.387
EUR/DKK	7.4582
EUR/NOK	11.4338
EUR/CHF	0.9471
EUR/AUD	1.6561
EUR/HKD	8.5246
EUR/CAD	1.4658

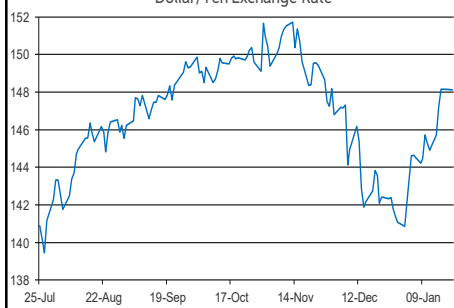
Sterling

GBP/EUR	1.1653
GBP/USD	1.271
GBP/CAD	1.7085
GBP/NZD	2.0822
GBP/JPY	188.25
GBP/SEK	13.2931
GBP/DKK	8.6911
GBP/NOK	13.3306
GBP/CHF	1.1039
GBP/AUD	1.9302

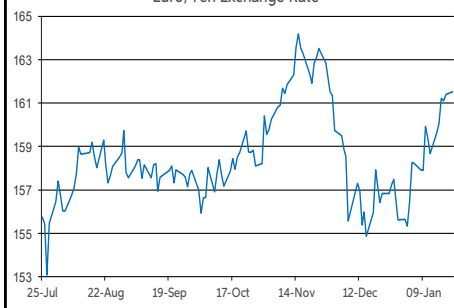
Dollar

USD/JPY	148.11
USD/CAD	1.3442
USD/CHF	0.8686
USD/CNY	7.1963
USD/BRL	4.931
USD/RUB	88.22
USD/INR	83.15
AUD/USD	0.6583
NZD/USD	0.6102

Dollar/Yen Exchange Rate

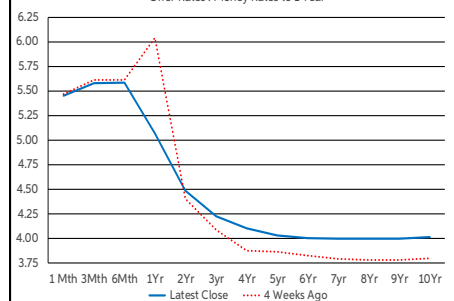


Euro/Yen Exchange Rate



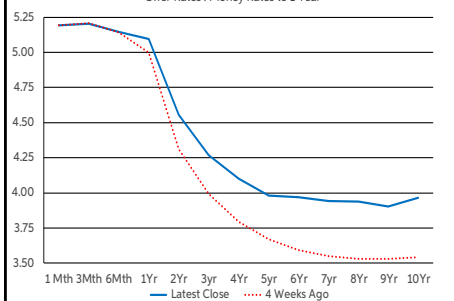
US Swap Curve

Offer Rates : Money Rates to 1 Year



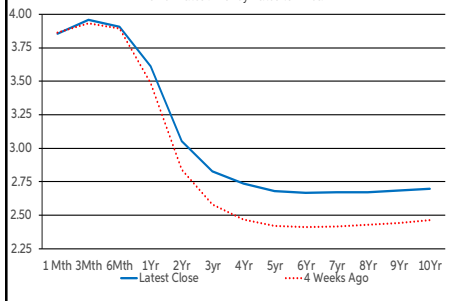
UK Swap Curve

Offer Rates : Money Rates to 1 Year

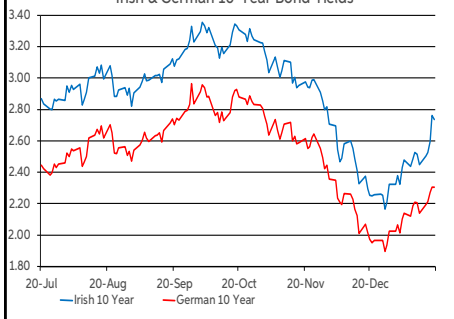


Eurozone Swap Curve

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	4.13	-1	+23	+26
Germany	2.30	-0	+34	+28
UK	3.93	-0	+43	+39
Ireland	2.77	-3	+48	+39
Belgium	2.94	-1	+34	+26
France	2.83	-2	+36	+27
Italy	3.88	-5	+33	+18
Spain	3.25	-2	+35	+25
Portugal	3.04	-1	+37	+25
Greece	3.39	-0	+37	+32
5 Year Swap %				
US	4.04	+1	+21	+24
Eurozone	2.68	+0	+27	+25
UK	3.98	+2	+32	+33
2 Year Swap %				
US	4.49	+3	+12	+15
Eurozone	3.06	+5	+22	+26
UK	4.55	+4	+25	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	-2	+14	+11
Belgium	63	-1	+0	-2
France	53	-1	+2	-0
Italy	158	-4	-0	-10
Spain	94	-2	+2	-2
Portugal	74	-0	+4	-2
Greece	109	+0	+4	+4

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.56	-0.68	-0.64	+1.97
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2029.1	+0.32	-1.16	-1.62

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