

January flash PMIs due today

There was a mixed mood on markets yesterday. US corporate earnings reports, below consensus data in the Eurozone, and volatility in futures contracts, impacted sentiment throughout the day. The Euro Stoxx 50 declined by 0.3%, while the S&P 500 recovered late on, to finish the day up 0.3%.

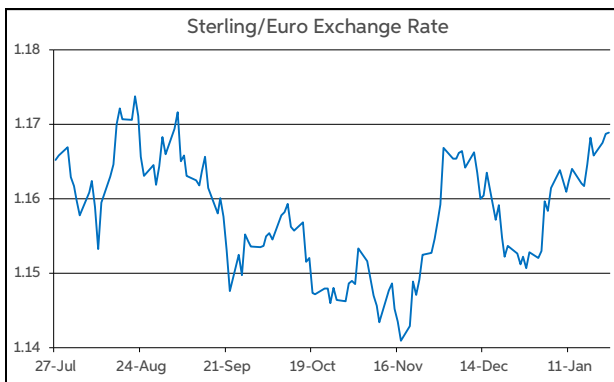
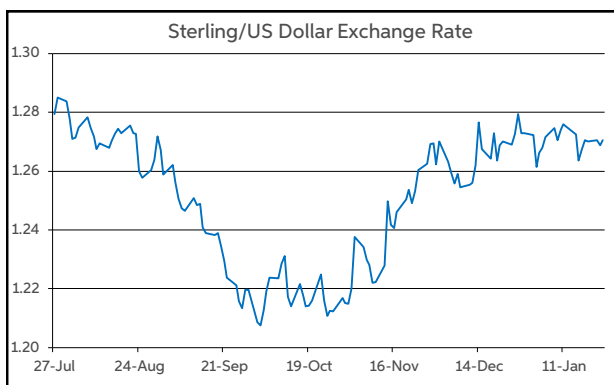
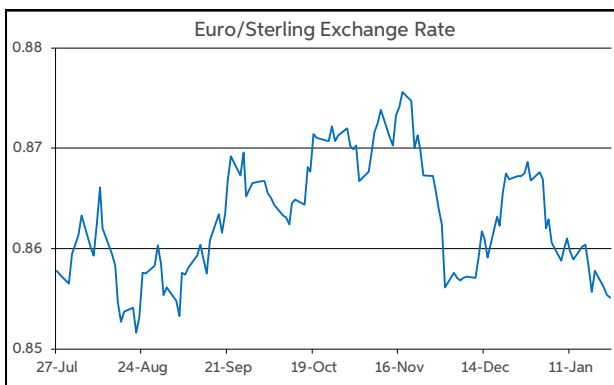
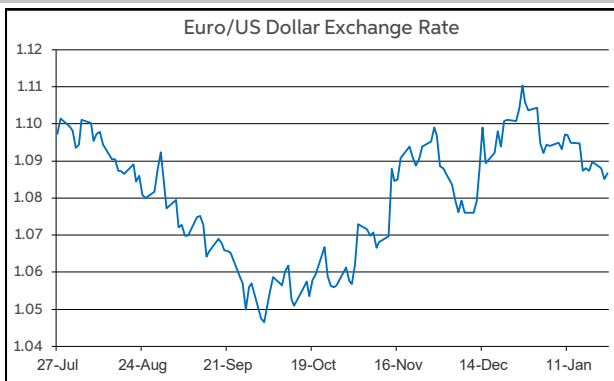
On bond markets, medium to long-term UK Gilt and German Bund yields rose by 6-9bps. Meanwhile, the two-year UK yields climbed 7bps higher, which coincided with a firming in UK futures contracts. Current pricing suggests the market thinks the BoE will cut rates by circa 100bps by year end. In contrast, two-year German yields were flat. In the US, Treasury yields initially rose. However, the move higher retraced overnight, as US futures contracts softened.

Data-wise, Eurozone consumer confidence deteriorated for the first time since October, falling to -16.1 in January (vs. -14.3 f'cast). Elsewhere, the ECB's bank lending survey showed credit demand declined again in Q4, while at the same time, credit conditions tightened. Overall, the data suggest that consumption and investment, likely remained subdued in the Eurozone in Q4.

On the currency front, the dollar was holding a firmer tone. However, as US Futures contracts softened, the greenback handed back some of its gains. This continued overnight. EUR/USD opens this morning in the top half of \$1.08-1.09. GBP/USD is down at the \$1.27 mark. Elsewhere, EUR/GBP is at the midpoint of 85-86p.

Today, the flash PMI readings for January in the main advanced economies are due. The data are expected to be little changed, from December. Therefore, barring any major surprises, the releases are unlikely to impact on markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0867	-0.35	-1.53
EUR/GBP	0.8553	-0.09	-1.33
GBP/USD	1.2705	-0.24	-0.19
GBP/EUR	1.1687	0.09	1.34
USD/JPY	147.85	-0.05	4.81
EUR/JPY	160.7	-0.38	3.26

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Money Market			Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.45	5.58	5.08	4.47	4.05
EUR	4.50	3.86	3.95	3.62	3.02	2.69
GBP	5.25	5.18	5.19	4.89	4.60	4.10

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 24 January 2024
07:26 am



Euro

EUR/GBP	0.8553
EUR/USD	1.0867
EUR/JPY	160.7
EUR/SEK	11.3622
EUR/DKK	7.457
EUR/NOK	11.4048
EUR/CHF	0.9441
EUR/AUD	1.6534
EUR/HKD	8.5012
EUR/CAD	1.4631

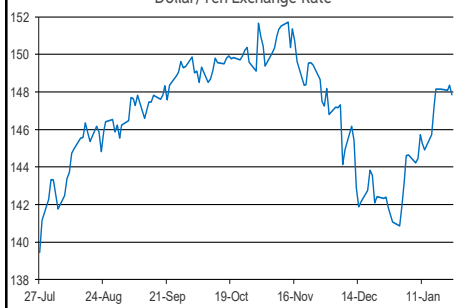
Sterling

GBP/EUR	1.1687
GBP/USD	1.2705
GBP/CAD	1.7105
GBP/NZD	2.0817
GBP/JPY	187.84
GBP/SEK	13.289
GBP/DKK	8.7159
GBP/NOK	13.327
GBP/CHF	1.1038
GBP/AUD	1.9326

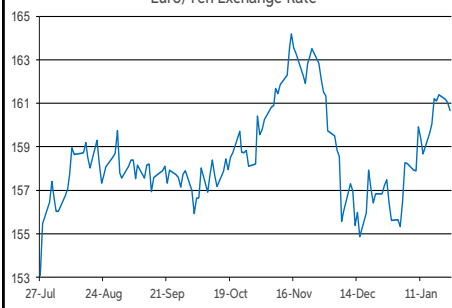
Dollar

USD/JPY	147.85
USD/CAD	1.3462
USD/CHF	0.8686
USD/CNY	7.1724
USD/BRL	4.9535
USD/RUB	88.09
USD/INR	83.162
AUD/USD	0.6574
NZD/USD	0.6102

Dollar/Yen Exchange Rate

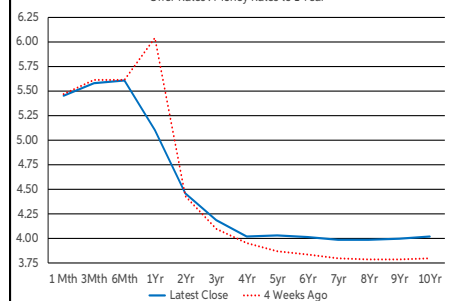


Euro/Yen Exchange Rate



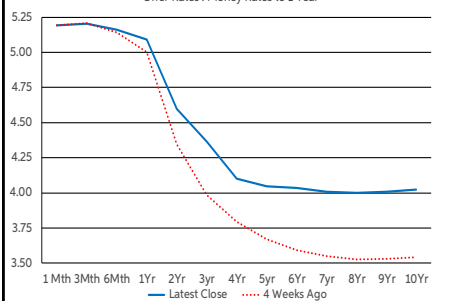
US Swap Curve

Offer Rates : Money Rates to 1 Year



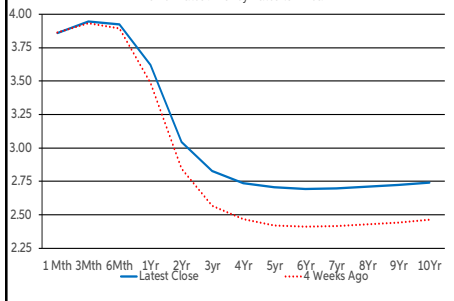
UK Swap Curve

Offer Rates : Money Rates to 1 Year

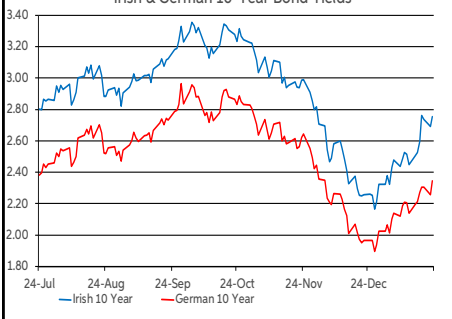


Eurozone Swap Curve

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	+2	+24	+27
Germany	2.35	+9	+38	+32
UK	3.99	+8	+48	+45
Ireland	2.81	+6	+52	+42
Belgium	2.95	+6	+35	+27
France	2.85	+6	+37	+29
Italy	3.92	+7	+37	+22
Spain	3.27	+6	+38	+28
Portugal	3.07	+7	+40	+29
Greece	3.39	+6	+37	+31
5 Year Swap %				
US	4.03	-0	+20	+24
Eurozone	2.71	+4	+31	+28
UK	4.05	+8	+38	+39
2 Year Swap %				
US	4.46	-5	+7	+13
Eurozone	3.04	+3	+23	+25
UK	4.60	+6	+29	+33
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	-3	+14	+10
Belgium	60	-3	-3	-5
France	50	-3	-1	-3
Italy	157	-2	-1	-10
Spain	92	-3	-1	-4
Portugal	73	-2	+2	-3
Greece	104	-3	-1	-1

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.55	-0.64	-1.87	+3.26
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2028.7	+0.38	-1.83	-1.64

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