

Eurozone futures soften post-ECB meeting

As expected, the ECB left policy on hold yesterday. Furthermore, the post-meeting statement and press conference provided little no information in the way of guidance on the future path of interest rates. The key message remained that the ECB thinks it is too early to start discussing rate cuts, although disinflation is likely to continue. However, markets had a dovish reaction to the meeting, which appears to have stemmed from President Lagarde's refusal to explicitly rule out a rate cut in April.

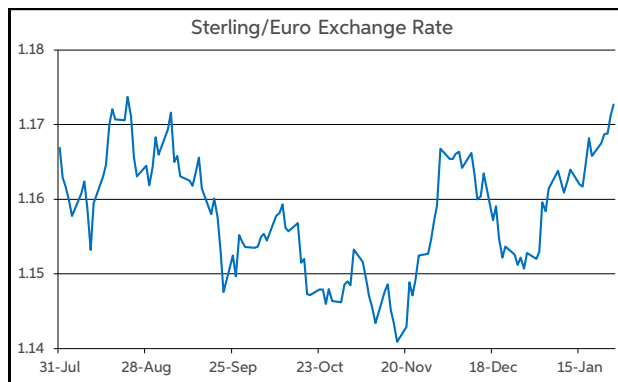
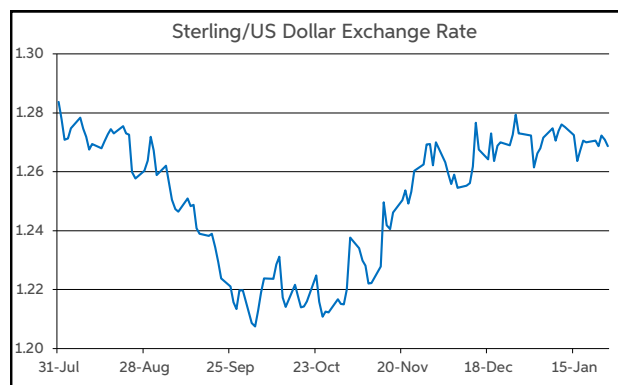
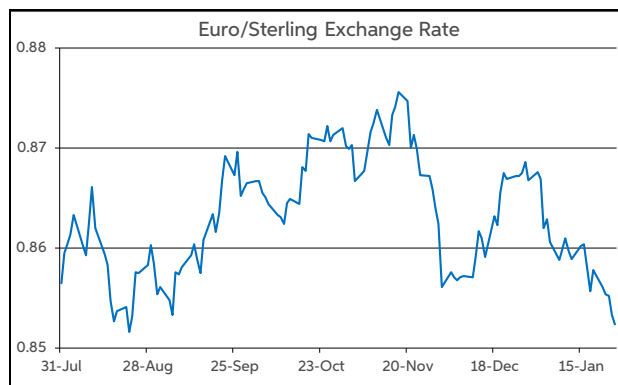
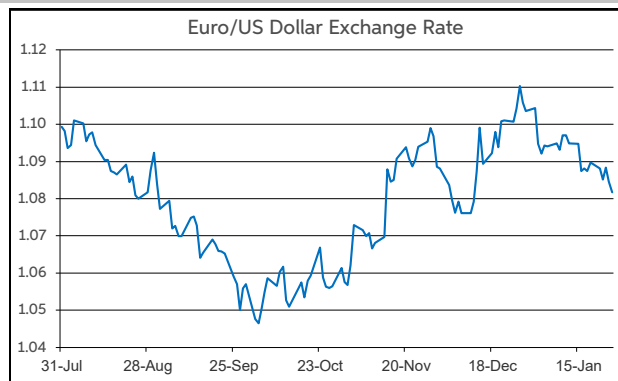
Eurozone futures contracts softened in the initial aftermath of the press conference. Current pricing indicates that the market thinks there is a 90% chance the ECB will cut rates in April. Meantime, a total of 140bps in rate cuts are now priced in by year end, compared to 125bps before the meeting statement was released.

Amid the softening in Eurozone market rate expectations, German Bund yields declined by 3-9bps along the curve. The move lower was concentrated at the short-end. Meanwhile, the Euro Stoxx 50 flipped from red to black, registering a modest 0.4% gain. At the same time, the euro was under some downward pressure.

Elsewhere on forex markets, the dollar was holding a firmer tone, supported by stronger than anticipated US GDP data for Q4. GDP rose by 3.3% annualised in the quarter, well above the consensus of 2.0%. As trading gets underway this morning, the firmer dollar and weaker euro sees EUR/USD open in the lower half of \$1.08-1.09. Meanwhile, EUR/GBP is down in the bottom half of 85-86p.

Today, the December release of US core-PCE inflation is set to confirm it slowed to 3% from 3.2% in November. US personal income and consumption data for December are also due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0817	-0.55	-1.98
EUR/GBP	0.8524	-0.37	-1.66
GBP/USD	1.2687	-0.17	-0.33
GBP/EUR	1.1724	0.38	1.69
USD/JPY	147.78	-0.01	4.76
EUR/JPY	159.88	-0.56	2.73

* 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	5.59	5.04	4.43	4.02
EUR	4.50	3.86	3.93	3.45	2.92	2.59
GBP	5.25	5.18	5.19	4.88	4.59	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

Friday 26 January 2024
07:28 am



Euro

EUR/GBP	0.8524
EUR/USD	1.0817
EUR/JPY	159.88
EUR/SEK	11.3041
EUR/DKK	7.4549
EUR/NOK	11.3107
EUR/CHF	0.9389
EUR/AUD	1.6439
EUR/HKD	8.4545
EUR/CAD	1.4578

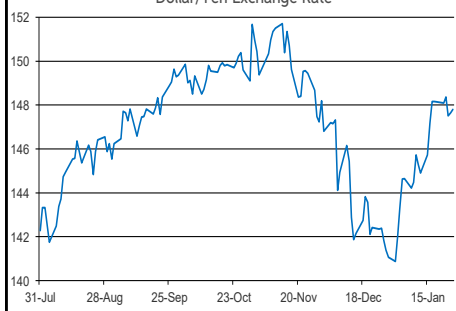
Sterling

GBP/EUR	1.1724
GBP/USD	1.2687
GBP/CAD	1.7097
GBP/NZD	2.0801
GBP/JPY	187.47
GBP/SEK	13.2602
GBP/DKK	8.7406
GBP/NOK	13.2689
GBP/CHF	1.1012
GBP/AUD	1.928

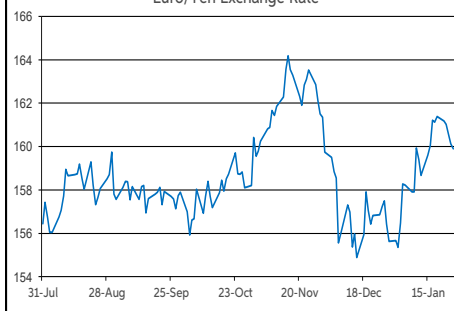
Dollar

USD/JPY	147.78
USD/CAD	1.3475
USD/CHF	0.868
USD/CNY	7.1811
USD/BRL	4.9165
USD/RUB	89.11
USD/INR	83.145
AUD/USD	0.6578
NZD/USD	0.6097

Dollar/Yen Exchange Rate

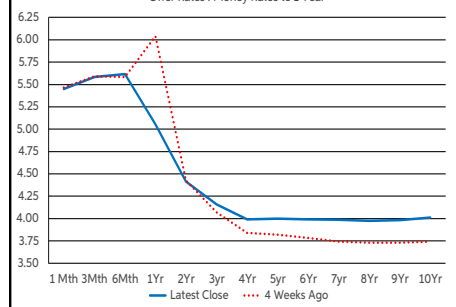


Euro/Yen Exchange Rate



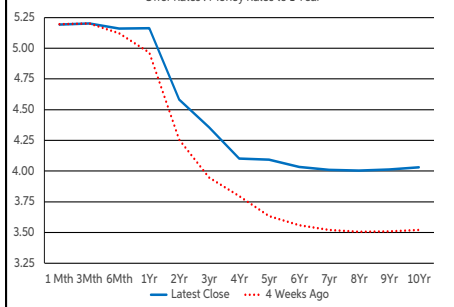
US Swap Curve

Offer Rates : Money Rates to 1 Year



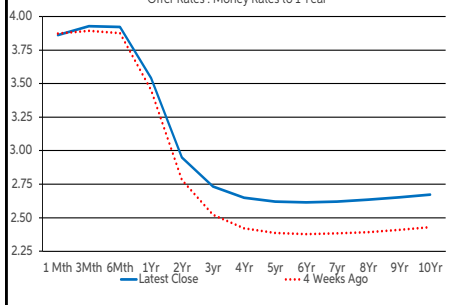
UK Swap Curve

Offer Rates : Money Rates to 1 Year

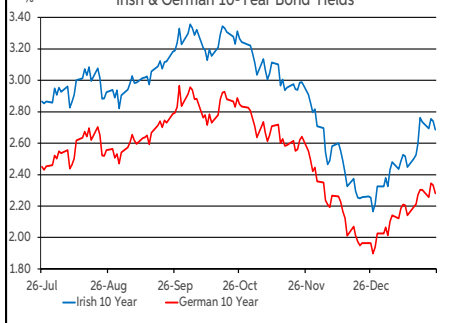


Eurozone Swap Curve

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	4.12	-6	+27	+25
Germany	2.28	-5	+34	+26
UK	3.99	-2	+49	+45
Ireland	2.72	-6	+51	+34
Belgium	2.89	-6	+29	+21
France	2.78	-6	+31	+23
Italy	3.83	-8	+23	+13
Spain	3.20	-6	+30	+21
Portugal	3.00	-6	+31	+22
Greece	3.32	-2	+28	+25
5 Year Swap %				
US	4.00	-8	+22	+21
Eurozone	2.62	-7	+24	+19
UK	4.09	+3	+46	+44
2 Year Swap %				
US	4.42	-8	+3	+8
Eurozone	2.95	-9	+18	+16
UK	4.58	-4	+33	+32
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-0	+17	+8
Belgium	61	-1	-5	-5
France	50	-1	-3	-3
Italy	155	-2	-11	-12
Spain	92	-1	-4	-4
Portugal	72	-1	-3	-4
Greece	104	+3	-6	-1

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	82.43	+2.99	+5.15	+7.00
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2019.8	+0.36	-2.18	-2.08

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