

Choppy start to the week on markets

Equity markets moved lower on both sides of the Atlantic yesterday, led by a sharp fall in AI-related stocks. The decline stemmed from the emergence of DeepSeek - a Chinese AI chatbot which was developed much more cheaply than its competitors. Overall, the Euro Stoxx 50 fell by 0.6%, while the S&P 500 shed 1.5%. However, it is worth noting that the Nasdaq (tech heavy) dropped by 3.1%, yet the Dow Jones rose by 0.7% yesterday, indicating that the move was concentrated in the tech-sector.

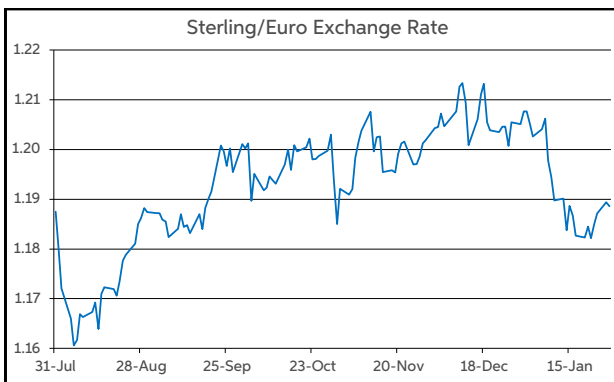
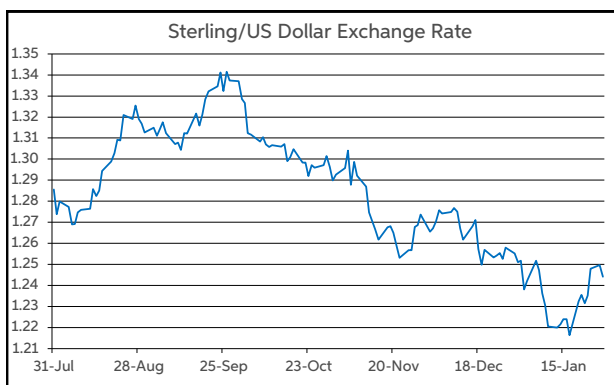
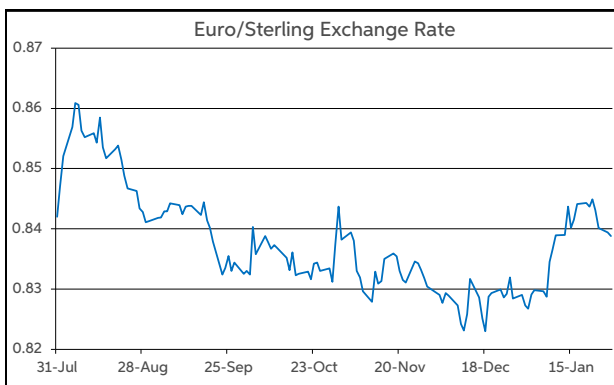
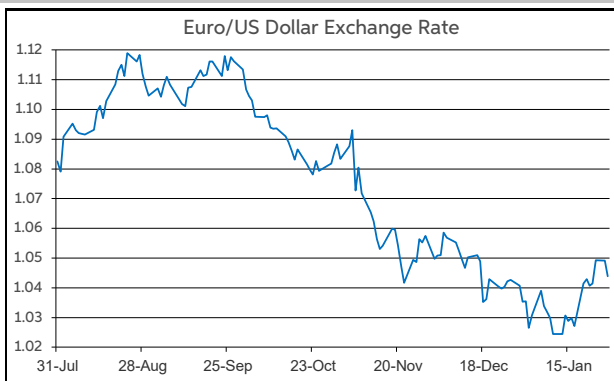
Nevertheless, the significant fall on equity markets contributed to a risk averse tone to overall investor sentiment. Against this backdrop, US Treasury yields declined by 4-10bps yesterday. German Bund and UK Gilt yields also moved 1-5bps lower.

Currency-wise, the weaker tone to risk appetite provided a supportive backdrop for traditional safe havens such as the Swiss franc and the Japanese yen. At the same time, the dollar was on the defensive, owing to the fact that the AI boom has largely been based in the US. Overnight though, the dollar has moved off its lows and taken the ascendancy amid tariff related newsflow.

In level terms, EUR/USD opens this morning down in the lower half of \$1.04-1.05, having registered a fresh YTD high of \$1.0533 yesterday. GBP/USD is near the midpoint of \$1.24-1.25. Meantime, EUR/GBP is changing hands just below the 84p threshold. USD/JPY is operating in the top half of the ¥155-156 corridor.

Turning to the day ahead, the data calendar is somewhat light. The main release of note will be the Conference Board measure of consumer confidence for January. However, barring any major surprises the data are unlikely to impact on markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0439	-0.22	0.83
EUR/GBP	0.8388	-0.19	1.39
GBP/USD	1.2442	-0.04	-0.55
GBP/EUR	1.1915	0.19	-1.37
USD/JPY	155.69	-0.24	-0.95
EUR/JPY	162.55	-0.45	-0.12

* 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	4.31	4.29	4.14	4.35	4.33
EUR	3.15	2.74	2.64	2.47	2.39	2.42
GBP	4.75	4.53	4.48	4.27	4.37	4.25

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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Euro

EUR/GBP	0.8388
EUR/USD	1.0439
EUR/JPY	162.55
EUR/SEK	11.4726
EUR/DKK	7.4616
EUR/NOK	11.7815
EUR/CHF	0.9445
EUR/AUD	1.6697
EUR/HKD	8.1334
EUR/CAD	1.5033

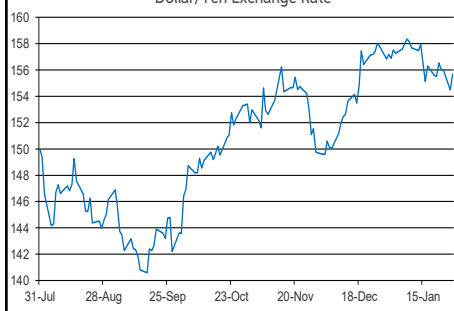
Sterling

GBP/EUR	1.1915
GBP/USD	1.2442
GBP/CAD	1.791
GBP/NZD	2.1962
GBP/JPY	193.68
GBP/SEK	13.6717
GBP/DKK	8.8913
GBP/NOK	14.0425
GBP/CHF	1.126
GBP/AUD	1.9889

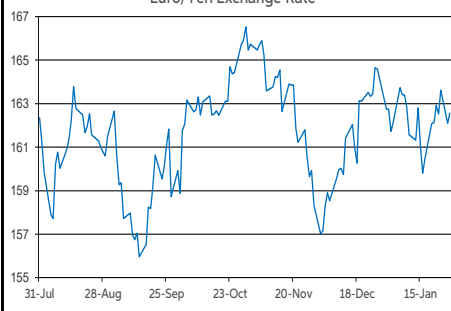
Dollar

USD/JPY	155.69
USD/CAD	1.44
USD/CHF	0.9046
USD/CNY	7.2507
USD/BRL	5.8926
USD/RUB	97.5
USD/INR	86.525
AUD/USD	0.625
NZD/USD	0.5661

Dollar/Yen Exchange Rate

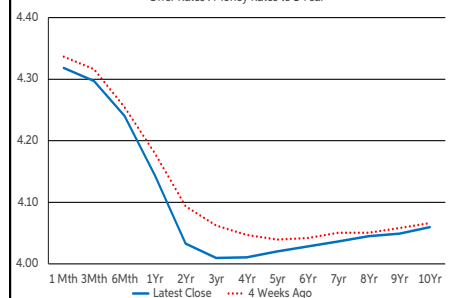


Euro/Yen Exchange Rate



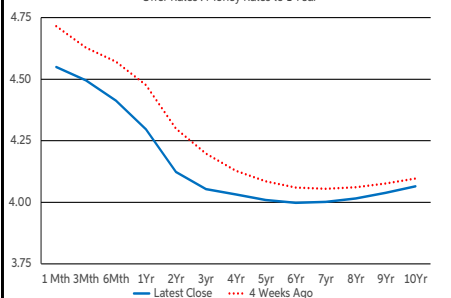
US Swap Curve

Offer Rates : Money Rates to 1 Year



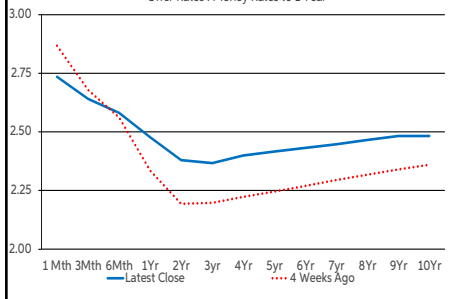
UK Swap Curve

Offer Rates : Money Rates to 1 Year

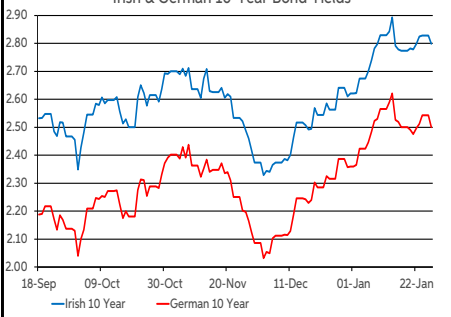


Eurozone Swap Curve

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	4.53	-10	-2	-5
Germany	2.50	-4	+14	+14
UK	4.59	-4	-3	+2
Ireland	2.81	-4	+16	+16
Belgium	3.14	-5	+16	+15
France	3.28	-3	+8	+8
Italy	3.63	-2	+10	+11
Spain	3.15	-4	+9	+9
Portugal	2.95	-4	+10	+10
Greece	3.43	-4	+20	+18
5 Year Swap %				
US	4.28	-8	+0	-1
Eurozone	2.42	-2	+18	+18
UK	4.25	-5	-8	-4
2 Year Swap %				
US	4.29	-7	-4	-5
Eurozone	2.38	-2	+19	+19
UK	4.37	-6	-16	-12
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	+0	+2	+2
Belgium	63	-0	+2	+1
France	77	+1	-6	-6
Italy	113	+2	-4	-3
Spain	65	+0	-5	-5
Portugal	44	+0	-4	-4
Greece	93	-0	+5	+4

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	77.08	-1.81	+3.62	+3.27
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2741.1	-1.09	+5.21	+4.47

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