

## ECB cuts rates by 25bps as expected

The ECB cut its key interest rates by 25bps yesterday. It means the deposit and the re-fi rates are now at 2.75% and 2.90%, respectively. The meeting statement continued to emphasise that the ECB will follow a “data-dependent” approach, but the overall tone of the statement/press conference indicates that the Governing Council maintains an easing bias.

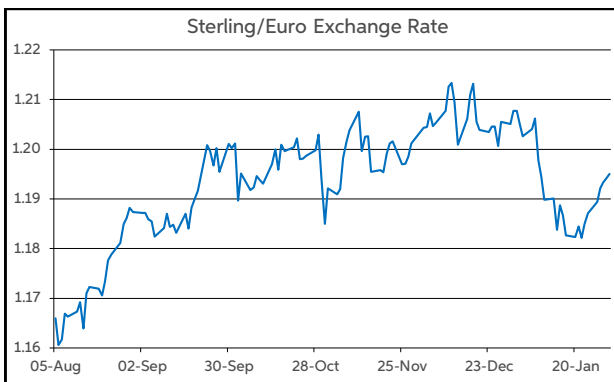
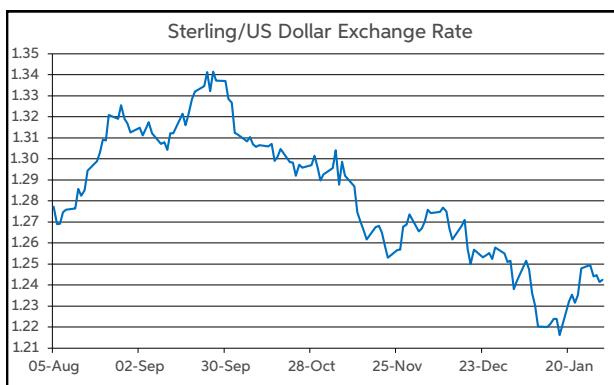
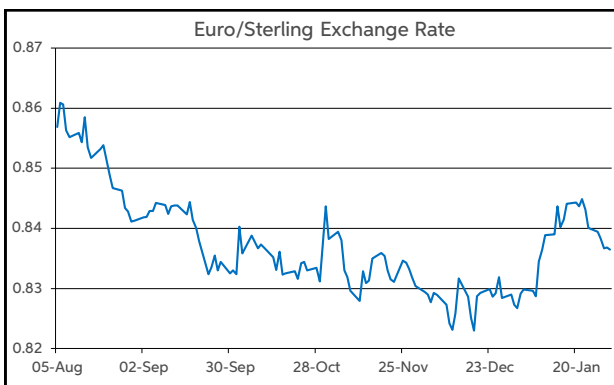
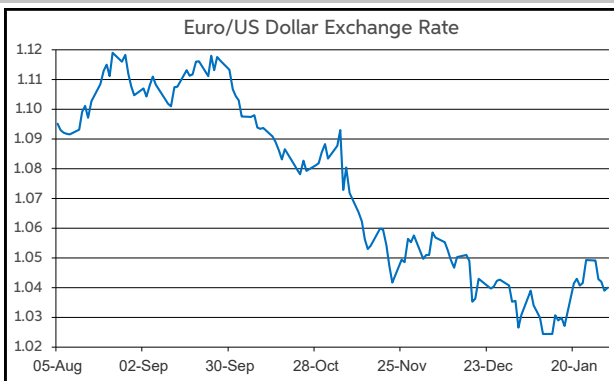
The market reaction to the ECB meeting outcome was somewhat muted. Futures contracts indicate that the market is still of the view that the ECB will cut rates again in March, and lower the deposit rate to circa 2% by year end.

Aside from the ECB meeting, a busy data schedule included the first readings of Eurozone and US GDP for Q4. In the Eurozone, GDP stagnated in the quarter, meaning the economy expanded by a meagre 0.7% in 2024. Meantime, in the US, the economy grew by 2.3% annualised in Q4 (vs. +2.6% f'cast). Overall, US GDP rose by a robust 2.8% in 2024.

Currency-wise, the main pairs continued to operate in narrow trading ranges throughout the European session. However, the dollar strengthened overnight as President Trump threatened to implement tariffs on Canada and Mexico once again. This sees EUR/USD opens this morning down at \$1.04. GBP/USD is in the lower half of \$1.24-1.25. Elsewhere, EUR/GBP remains in the top half of the 83-84p corridor.

Turning to the day ahead, the main release of note will be US core -PCE inflation for December. The consensus is for core-PCE to remain at 2.8%. In the Eurozone, the flash estimate of German HICP inflation for January will also be in focus.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0399	-0.21	0.44
EUR/GBP	0.8367	-0.01	1.14
GBP/USD	1.2425	-0.15	-0.69
GBP/EUR	1.1946	0.01	-1.12
USD/JPY	154.7	0.14	-1.58
EUR/JPY	160.9	-0.06	-1.14

\* 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	4.30	4.29	4.16	4.36	4.33
EUR	2.90	2.73	2.61	2.39	2.32	2.38
GBP	4.75	4.51	4.47	4.26	4.34	4.21

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 31 January 2025  
07:50 am



## Euro

EUR/GBP	0.8367
EUR/USD	1.0399
EUR/JPY	160.9
EUR/SEK	11.4667
EUR/DKK	7.462
EUR/NOK	11.7403
EUR/CHF	0.9456
EUR/AUD	1.6684
EUR/HKD	8.1042
EUR/CAD	1.5016

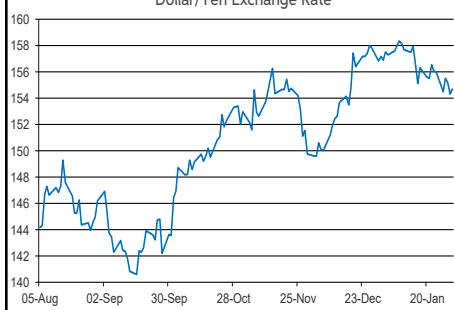
## Sterling

GBP/EUR	1.1946
GBP/USD	1.2425
GBP/CAD	1.7939
GBP/NZD	2.1956
GBP/JPY	192.21
GBP/SEK	13.7013
GBP/DKK	8.9171
GBP/NOK	14.0289
GBP/CHF	1.1295
GBP/AUD	1.9929

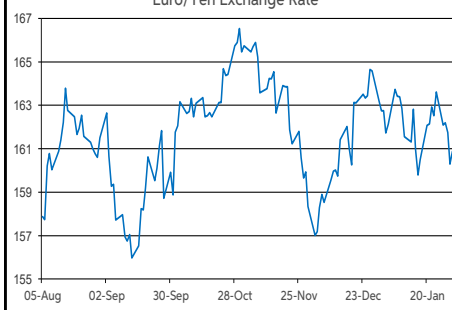
## Dollar

USD/JPY	154.7
USD/CAD	1.444
USD/CHF	0.9091
USD/CNY	7.2507
USD/BRL	5.8747
USD/RUB	97.9
USD/INR	86.6175
AUD/USD	0.6231
NZD/USD	0.5655

Dollar/Yen Exchange Rate

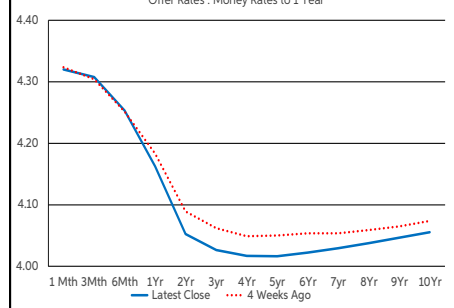


Euro/Yen Exchange Rate



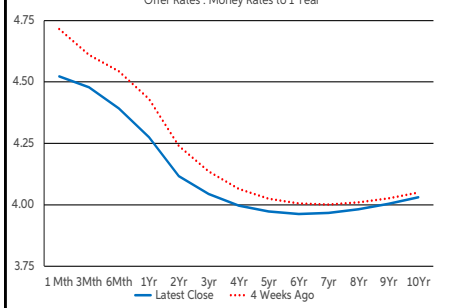
US Swap Curve

Offer Rates : Money Rates to 1 Year



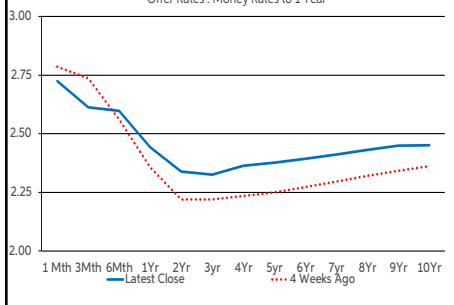
UK Swap Curve

Offer Rates : Money Rates to 1 Year

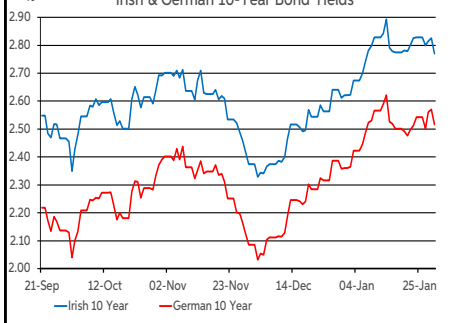


Eurozone Swap Curve

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	4.51	-4	-6	-7
Germany	2.52	-6	+15	+15
UK	4.56	-5	-4	-1
Ireland	2.79	-6	+14	+14
Belgium	3.13	-6	+14	+14
France	3.26	-6	+4	+6
Italy	3.60	-6	+6	+8
Spain	3.12	-6	+6	+5
Portugal	2.93	-4	+8	+8
Greece	3.39	-4	+18	+14
5 Year Swap %				
US	4.28	-1	-1	-1
Eurozone	2.38	-8	+13	+14
UK	4.21	-6	-10	-7
2 Year Swap %				
US	4.31	+0	-2	-3
Eurozone	2.34	-6	+12	+15
UK	4.34	-5	-15	-14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	-1	-1	-1
Belgium	61	-0	-1	-1
France	74	-0	-11	-9
Italy	108	-1	-9	-8
Spain	60	-1	-9	-10
Portugal	41	+2	-7	-7
Greece	88	+2	+3	-1

## Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	76.87	+0.38	+1.24	+2.99
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2793.9	+1.31	+5.15	+6.48

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