

## Eurozone flash HICP inflation due today

There was a mixed mood on markets yesterday, amid relatively calm trading conditions. The Euro Stoxx 50 inched 0.1% lower. On Wall Street, the S&P 500 gained 0.5%. In terms of fixed income, yields declined across the board. US Treasury and German Bund yields fell by 1-6bps, while UK Gilt yields moved 4-10bps lower.

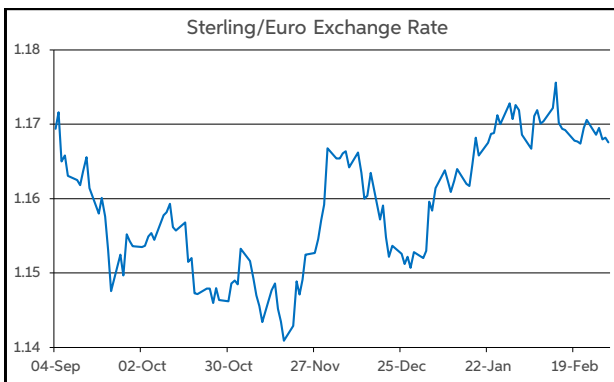
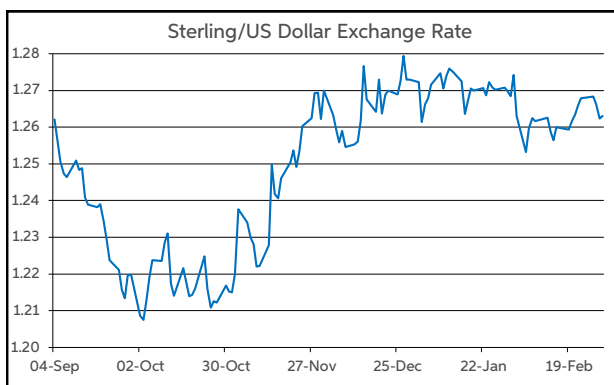
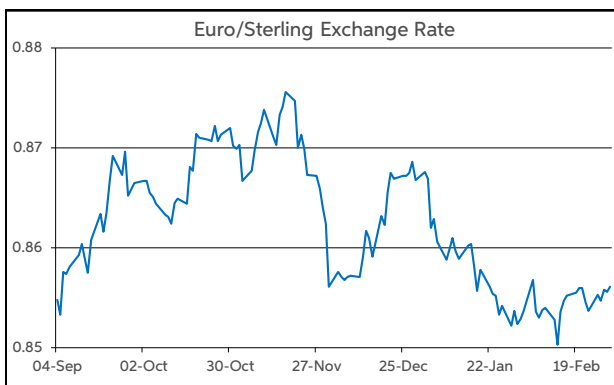
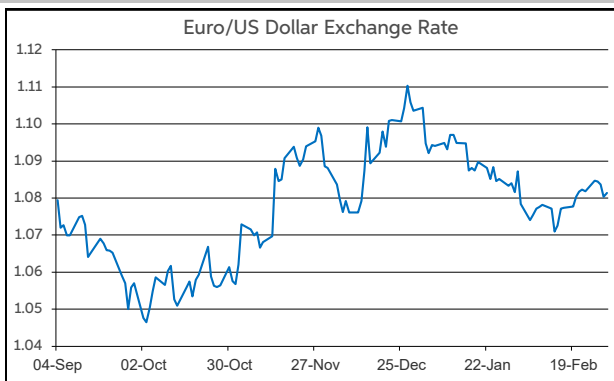
On the data front, US core-PCE inflation edged down to 2.8% in January, in-line with the consensus. However, on a monthly basis core-PCE rose at its sharpest pace in a year, with core-PCE ex-shelter increasing at its fastest rate since December 2021. Overall the data indicate that underlying price pressures in the US were strong at the start of 2024, albeit base effects continued to push inflation lower. The dollar firmed slightly after the release.

Meantime in the Eurozone, flash HICP inflation for some of the large Eurozone economies declined in February. The headline rate eased to 2.7%, 3.1% and 2.8% in Germany, France and Spain, respectively. The data were broadly in-line with the forecasts.

As trading gets underway this morning, EUR/USD opens back near the \$1.08 threshold. Meantime, EUR/GBP remains close to the midpoint of the 85-86p band. GBP/USD is changing hands down in the lower half of the \$1.26-1.27 range.

Turning to the day ahead, the main release of note will be the flash reading of HICP inflation for the Eurozone economy. In-line with the flash releases from the large national economies yesterday, the headline rate is projected to fall to 2.5% in February from 2.8%. Crucially, core HICP inflation is also forecast to ease. The release poses some event risk for the euro. Across the Atlantic, the US manufacturing ISM for February is due.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0814	-0.18	-2.01
EUR/GBP	0.8562	0.11	-1.22
GBP/USD	1.2632	-0.25	-0.76
GBP/EUR	1.1675	-0.11	1.24
USD/JPY	150.44	0.38	6.65
EUR/JPY	162.72	0.19	4.56

\* 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	5.44	5.60	5.31	4.81	4.30
EUR	4.50	3.86	3.94	3.72	3.26	2.85
GBP	5.25	5.18	5.19	5.00	4.82	4.31

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 01 March 2024  
07:23 am



## Euro

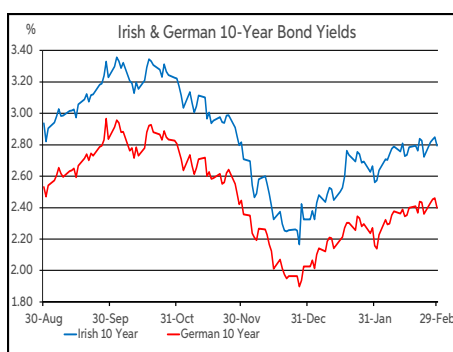
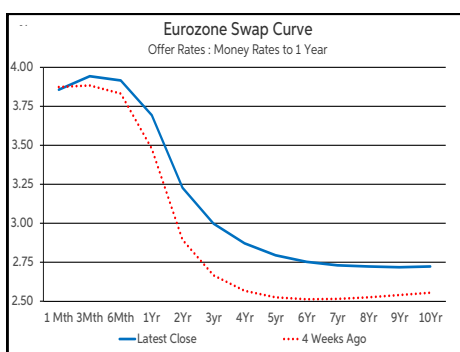
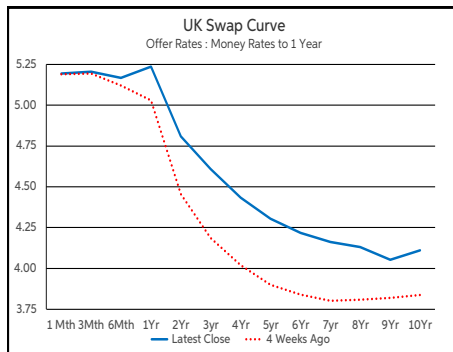
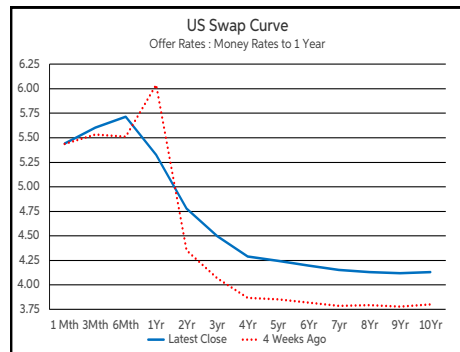
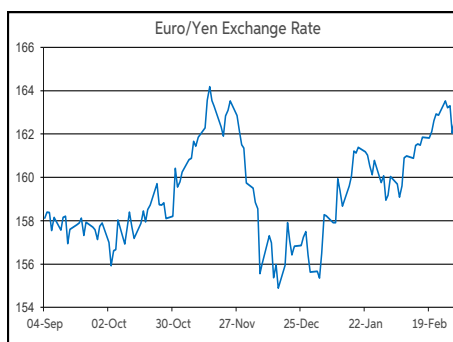
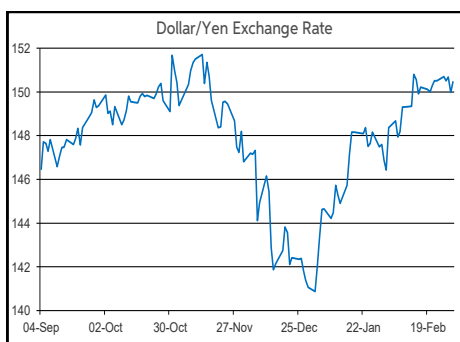
EUR/GBP	0.8562
EUR/USD	1.0814
EUR/JPY	162.72
EUR/SEK	11.2079
EUR/DKK	7.4541
EUR/NOK	11.4682
EUR/CHF	0.9577
EUR/AUD	1.6611
EUR/HKD	8.4659
EUR/CAD	1.4674

## Sterling

GBP/EUR	1.1675
GBP/USD	1.2632
GBP/CAD	1.714
GBP/NZD	2.0732
GBP/JPY	190.04
GBP/SEK	13.0869
GBP/DKK	8.7044
GBP/NOK	13.395
GBP/CHF	1.1185
GBP/AUD	1.9405

## Dollar

USD/JPY	150.44
USD/CAD	1.3567
USD/CHF	0.8854
USD/CNY	7.1978
USD/BRL	4.9703
USD/RUB	91.375
USD/INR	82.865
AUD/USD	0.6508
NZD/USD	0.6092



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.25	-1	+37	+39
Germany	2.40	-6	+26	+37
UK	4.13	-6	+38	+59
Ireland	2.83	-4	+22	+45
Belgium	2.97	-6	+22	+29
France	2.88	-5	+23	+32
Italy	3.84	-5	+12	+14
Spain	3.28	-6	+20	+29
Portugal	3.04	-6	+17	+25
Greece	3.39	-5	+14	+31
5 Year Swap %				
US	4.25	-2	+43	+45
Eurozone	2.80	-4	+28	+37
UK	4.30	+2	+41	+65
2 Year Swap %				
US	4.78	-6	+47	+44
Eurozone	3.23	-2	+35	+44
UK	4.81	-2	+36	+55
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+2	-4	+8
Belgium	57	+1	-4	-8
France	48	+1	-3	-5
Italy	144	+1	-14	-23
Spain	88	-0	-6	-8
Portugal	64	+0	-10	-12
Greece	99	+1	-12	-6

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	83.62	-0.07	+6.25	+8.54
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2043.2	+0.42	-0.57	-0.94

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