

Geopolitics/Tariffs front and centre on markets

There was a risk averse mood on markets yesterday, amid volatile trading conditions. Investors were digesting the implementation of US trade tariffs on goods from Mexico, Canada & China, as well as retaliatory tariffs on goods flowing the other way. Markets were also reacting to the US pausing military aid to Ukraine, and to plans for the EU to increase defence expenditure. Overall, the Euro Stoxx 50 shed 2.8%, while the S&P 500 fell by 1.2%.

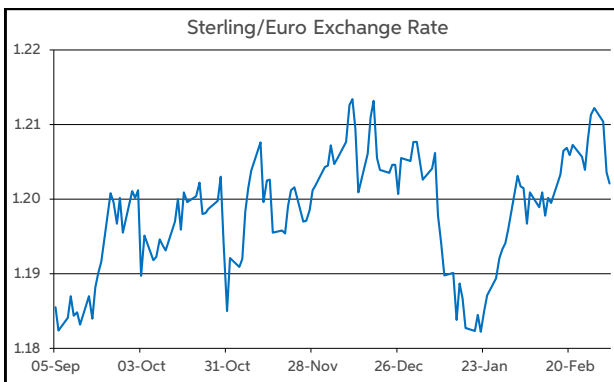
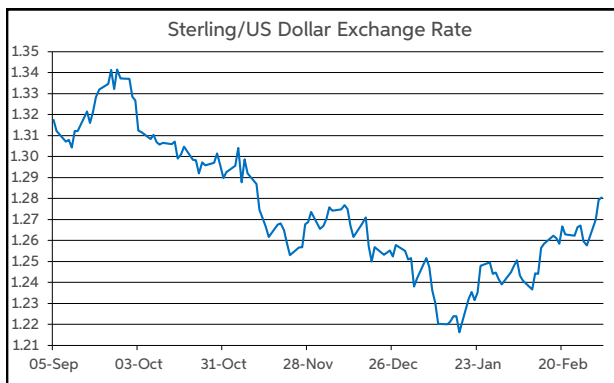
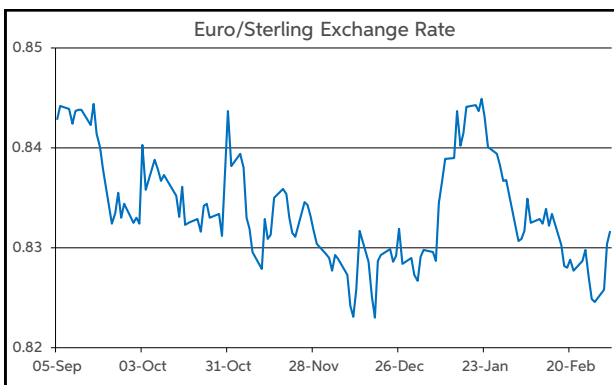
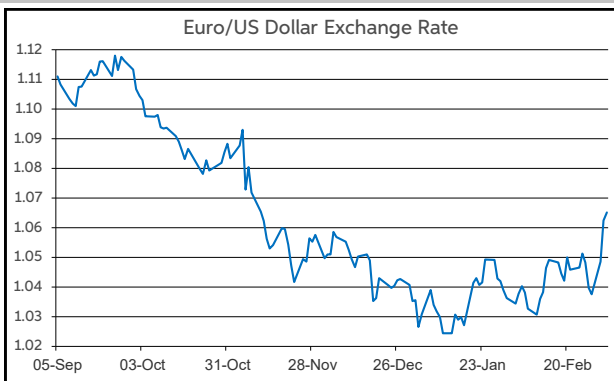
There were also a number of significant political developments overnight which contributed to choppy trading conditions. Incoming German Chancellor Merz announced plans to reform the German debt brake and to significantly ramp up infrastructure and defence spending. Meantime, US Commerce Secretary Lutnick noted that the US could announce a trade deal with Canada and Mexico, as soon as today.

Against this backdrop, there were significant moves on currency markets. The euro was firmly in the ascendancy yesterday, amid plans for increased fiscal spending in Germany and at the EU level. At the same time, the dollar was under some downward pressure. This saw EUR/USD register a fresh year-to-date high of \$1.0664 in early trading this morning.

Elsewhere, GBP/USD is operating up above the \$1.28 threshold. Meanwhile, EUR/GBP is changing hands back above the 83p handle. USD/JPY is in the top half of the ¥149-150 corridor.

Turning to the day ahead, the main release of note will be the US non-manufacturing ISM for February. However, geopolitics and tariff related newsflow will likely remain the main factors influencing markets again today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0652	1.61	2.89
EUR/GBP	0.8316	0.74	0.52
GBP/USD	1.2804	0.87	2.34
GBP/EUR	1.2018	-0.73	-0.52
USD/JPY	149.69	0.21	-4.77
EUR/JPY	159.46	1.82	-2.02

* 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	4.01	4.10	4.05
EUR	2.90	2.47	2.46	2.26	2.23	2.34
GBP	4.50	4.44	4.39	4.15	4.25	4.16

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 05 March 2025
07:28 am



Euro

EUR/GBP	0.8316
EUR/USD	1.0652
EUR/JPY	159.46
EUR/SEK	11.0836
EUR/DKK	7.459
EUR/NOK	11.8056
EUR/CHF	0.9471
EUR/AUD	1.6969
EUR/HKD	8.2776
EUR/CAD	1.5327

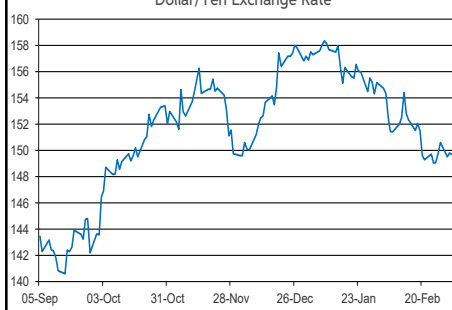
Sterling

GBP/EUR	1.2018
GBP/USD	1.2804
GBP/CAD	1.8424
GBP/NZD	2.2588
GBP/JPY	191.66
GBP/SEK	13.3245
GBP/DKK	8.9636
GBP/NOK	14.1971
GBP/CHF	1.1384
GBP/AUD	2.0407

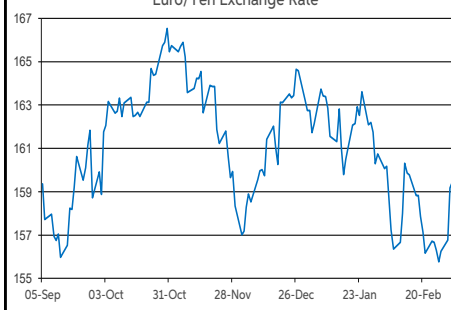
Dollar

USD/JPY	149.69
USD/CAD	1.4392
USD/CHF	0.8893
USD/CNY	7.2615
USD/BRL	5.8852
USD/RUB	89.5
USD/INR	87.081
AUD/USD	0.6275
NZD/USD	0.5668

Dollar/Yen Exchange Rate

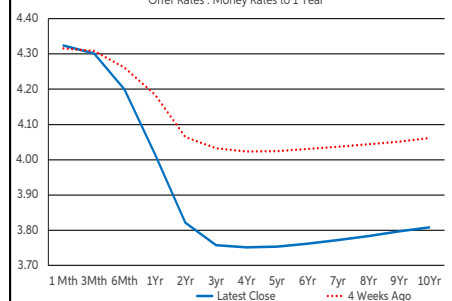


Euro/Yen Exchange Rate



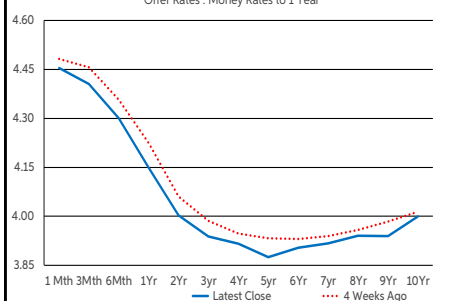
US Swap Curve

Offer Rates : Money Rates to 1 Year



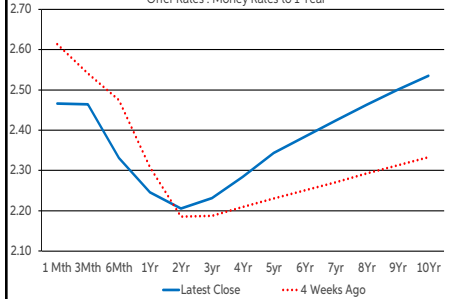
UK Swap Curve

Offer Rates : Money Rates to 1 Year

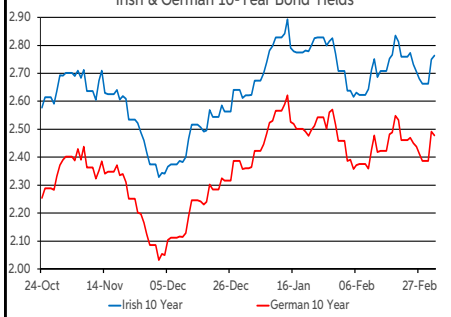


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Day	4 Weeks	End 24
10 Year Yield %				
US	4.21	+3	-30	-37
Germany	2.48	-1	+9	+12
UK	4.53	-3	+1	-4
Ireland	2.78	+1	+11	+13
Belgium	3.08	+1	+9	+9
France	3.23	+1	+12	+4
Italy	3.57	+2	+7	+5
Spain	3.18	+2	+12	+11
Portugal	3.02	+1	+11	+17
Greece	3.35	-1	+5	+10
5 Year Swap %				
US	4.01	+7	-27	-28
Eurozone	2.33	+10	+11	+10
UK	4.15	-4	-0	-13
2 Year Swap %				
US	4.08	+3	-24	-26
Eurozone	2.20	+3	+2	+0
UK	4.25	-4	-2	-24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	+2	+2	+1
Belgium	60	+2	+1	-2
France	75	+3	+3	-8
Italy	109	+3	-2	-7
Spain	70	+3	+3	-1
Portugal	54	+2	+2	+5
Greece	87	+0	-4	-1

Commodities

	Close	Day	4 Weeks	End 24
Brent Oil				
Brent Oil	71.04	-0.81	-6.77	-4.82
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2917.5	+0.82	+2.66	+11.19

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