

US CPI headlines a busy week of data releases

Both ECB President Lagarde and Fed Chair Powell reiterated last week that they need more data to indicate that inflation will stay at 2% sustainably before cutting rates. Regardless, market rate expectations softened on both sides of the Atlantic. Current futures pricing indicates that rates will be lowered by around 95bps in the US and by 100bps in the Eurozone by the end of the year, starting in June. Markets are pricing in circa 65-70bps of rate cuts in the UK, starting in August.

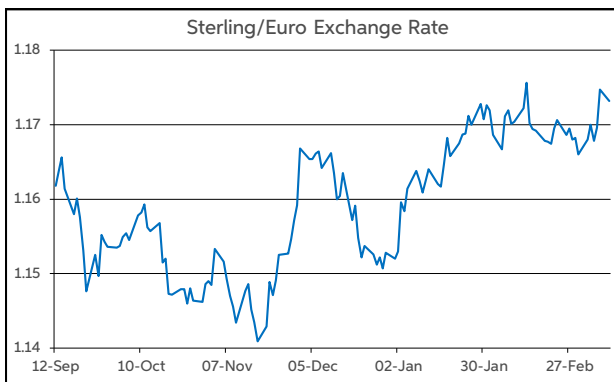
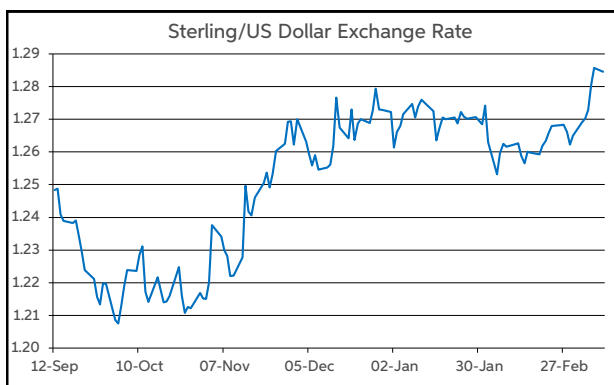
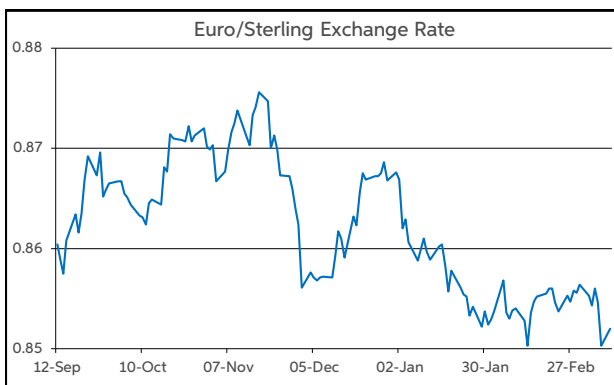
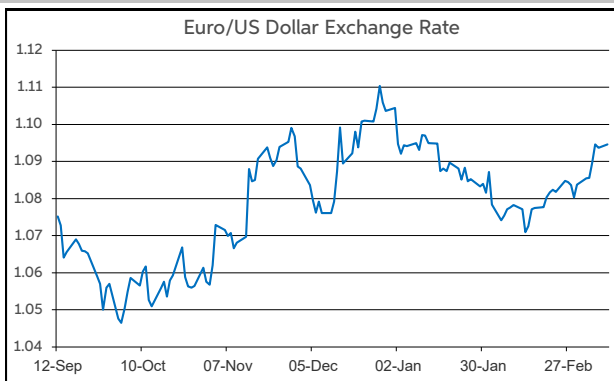
Against this backdrop, two-year yields fell by 4-14bps last week. However, longer-dated yields declined by 10-20bps across the board also. Meanwhile, on equity markets, the Euro Stoxx 50 rose by 0.5%, outperforming the S&P 500, which declined by 0.3%.

Currency-wise, sterling was in the ascendancy last week, as market rate expectations softened by more elsewhere. The pound gained 1.0% versus the dollar and 0.5% against the euro. Meantime, the dollar was under some downward pressure, losing grounding against a number of currencies, including sterling, the euro and the yen throughout the week.

As trading gets underway this morning, the softer tone to the dollar sees EUR/USD open up near the midpoint of \$1.09-1.10. GBP/USD is changing hands in the \$1.28-1.29 corridor. EUR/GBP is operating back closer to the 85p threshold.

Turning to the week ahead, a busy data schedule includes US CPI inflation data for February. Retail sales and industrial production (both February) are also due. Meantime, in the UK, the focus will be on a slew of labour market updates and the monthly reading of GDP for January.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0943	-0.02	-0.84
EUR/GBP	0.852	-0.29	-1.71
GBP/USD	1.2841	0.27	0.88
GBP/EUR	1.1729	0.29	1.74
USD/JPY	146.8	-0.68	4.07
EUR/JPY	160.67	-0.68	3.24

* 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	5.43	5.58	5.21	4.66	4.10
EUR	4.50	3.88	3.94	3.59	3.09	2.62
GBP	5.25	5.18	5.20	4.96	4.70	4.11

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

Monday 11 March 2024
08:25 am



Euro

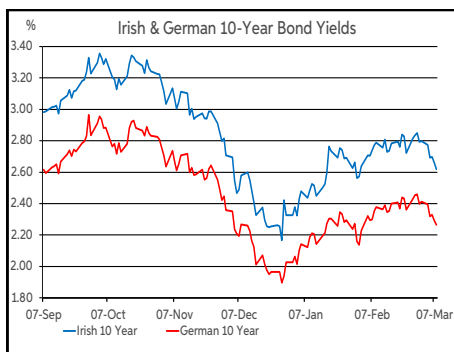
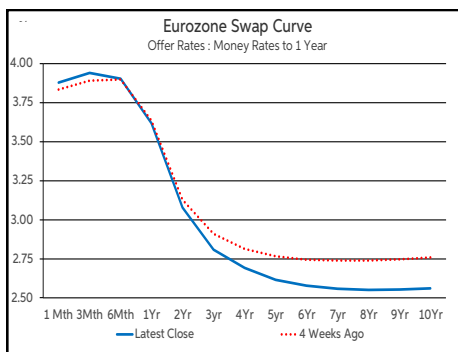
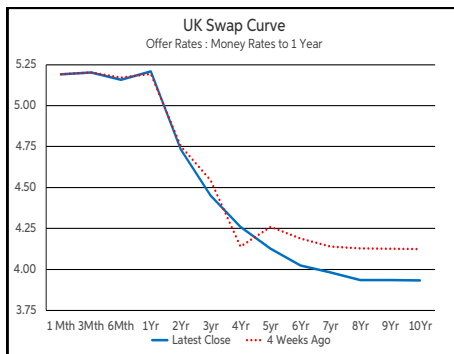
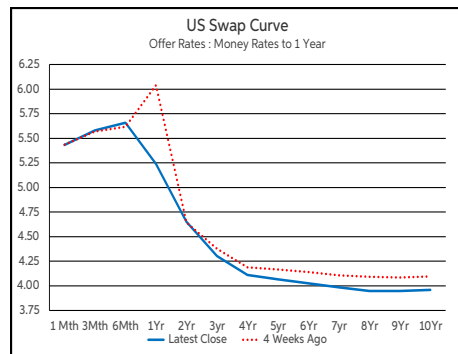
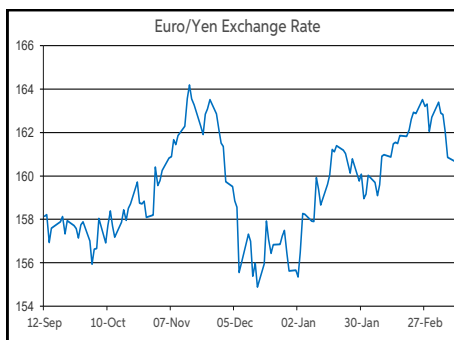
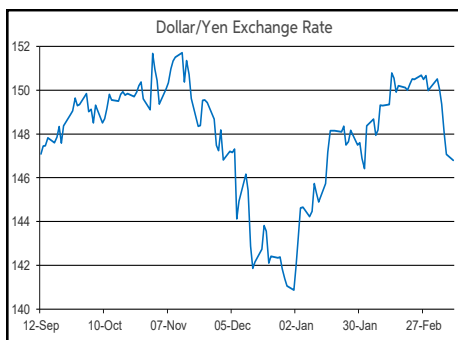
EUR/GBP	0.852
EUR/USD	1.0943
EUR/JPY	160.67
EUR/SEK	11.1926
EUR/DKK	7.4546
EUR/NOK	11.4128
EUR/CHF	0.9585
EUR/AUD	1.6543
EUR/HKD	8.558
EUR/CAD	1.4746

Sterling

GBP/EUR	1.1729
GBP/USD	1.2841
GBP/CAD	1.7301
GBP/NZD	2.0805
GBP/JPY	188.48
GBP/SEK	13.1318
GBP/DKK	8.745
GBP/NOK	13.3938
GBP/CHF	1.1245
GBP/AUD	1.941

Dollar

USD/JPY	146.8
USD/CAD	1.3473
USD/CHF	0.8756
USD/CNY	7.1829
USD/BRL	4.9825
USD/RUB	90.69
USD/INR	82.715
AUD/USD	0.6613
NZD/USD	0.6172



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.08	-1	-10	+21
Germany	2.27	-2	-11	+24
UK	3.98	-2	-11	+44
Ireland	2.66	-4	-18	+28
Belgium	2.81	-2	-20	+13
France	2.72	-2	-18	+16
Italy	3.58	-3	-39	-12
Spain	3.08	-3	-29	+9
Portugal	2.93	-2	-17	+14
Greece	3.19	-5	-26	+11
5 Year Swap %				
US	4.07	-2	-6	+28
Eurozone	2.61	-7	-14	+19
UK	4.13	-5	-13	+47
2 Year Swap %				
US	4.65	-1	+5	+32
Eurozone	3.08	-7	-4	+28
UK	4.73	-4	-2	+47
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-1	-7	+4
Belgium	54	+0	-8	-11
France	45	+0	-6	-8
Italy	131	-1	-28	-36
Spain	81	-0	-18	-15
Portugal	66	+0	-6	-10
Greece	92	-3	-15	-13

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.08	-1.06	-0.13	+6.54
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2177.5	+0.85	+7.58	+5.57

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