

Firmer US rates provide modest dollar support

Equity markets rebounded on both sides of the Atlantic yesterday, having edged lower on Monday. Both the Euro Stoxx 50 and the S&P 500 gained 1.1%, respectively. In terms of fixed income, US Treasury yields moved 5-6bps higher along the curve as market rate expectations hardened following some above consensus CPI inflation data.

US CPI inflation edged higher to 3.2% in February, from 3.1% (and vs. 3.1% f'cast). Meantime, core-CPI inched down to 3.8% from 3.9% (vs. 3.7% f'cast). The data indicate a flattening trend in inflation, suggesting underlying price pressures are levelling off, instead of continuing to dissipate. Against this backdrop, US futures contracts firmed. Markets are now assigning an 80% chance of a first rate cut in June (down from 95%), with a total of 85bps worth of rate cuts priced in for year end (compared to circa 90bps previously).

On the currency front, the dollar was holding a firmer tone in the initial reaction to the CPI release. This saw EUR/USD trade down to \$1.09, while GBP/USD moved below the midpoint of \$1.27-1.28. However, the dollar handed back some of its gains before the close last night. This sees EUR/USD open this morning in the \$1.09-1.10 range, and GBP/USD operate in the top half of \$1.27-1.28. Elsewhere, EUR/GBP remains in the 85-86p corridor.

Already this morning, the monthly reading of UK GDP for January has been released. GDP rose by 0.2% in the month, in-line with the consensus. However, the data have not effected sterling in early trading. Later today Eurozone industrial production data for January will be released. Barring any major surprises though, the data are unlikely to impact on currency markets.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

		% Change	
		Day *	End 2023
EUR/USD	1.0921	-0.15	-1.04
EUR/GBP	0.8545	0.18	-1.42
GBP/USD	1.2777	-0.33	0.38
GBP/EUR	1.1695	-0.18	1.44
USD/JPY	147.61	0.07	4.64
EUR/JPY	161.25	-0.07	3.61

* v Previous Day's European Open

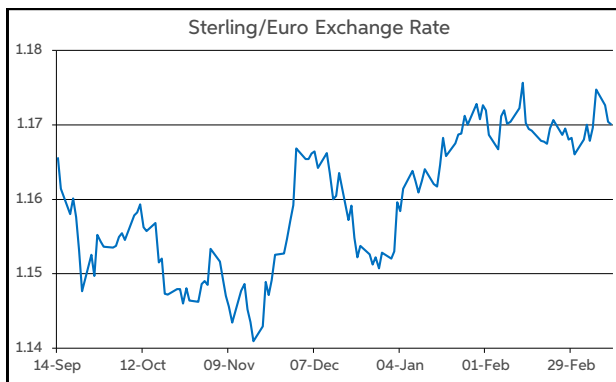
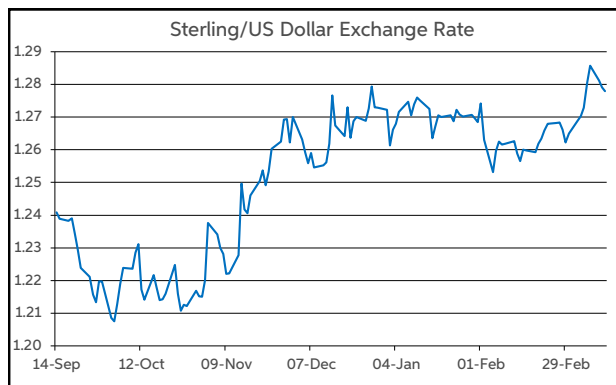
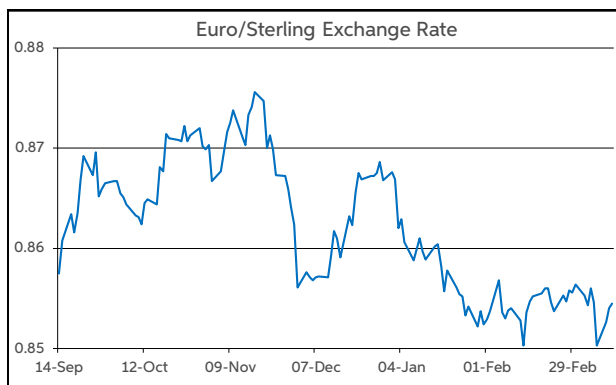
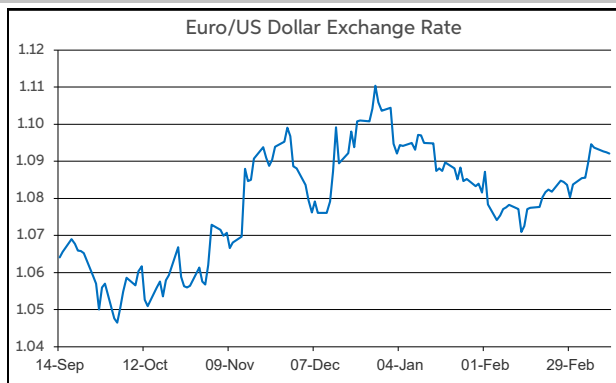
See Next Page for More Rates

Opening Interest Rates

	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.59	5.27	4.75	4.19
EUR	4.50	3.87	3.93	3.63	3.13	2.65
GBP	5.25	5.19	5.20	4.92	4.66	4.08

All rates quoted are indicative market rates

See Next Page For More Rates & Charts



FX Spot

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FX Options

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Morning Comment

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Opening Levels

Wednesday 13 March 2024
07:31 am



Euro

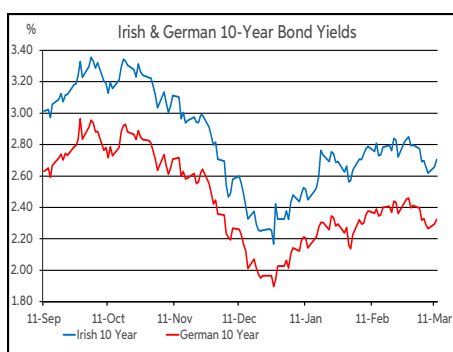
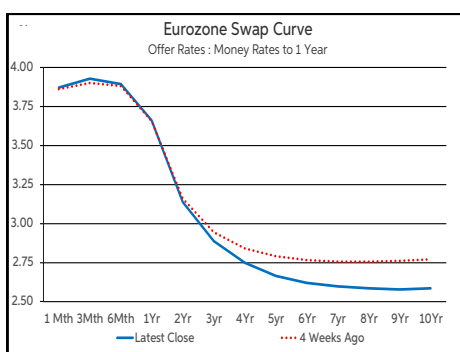
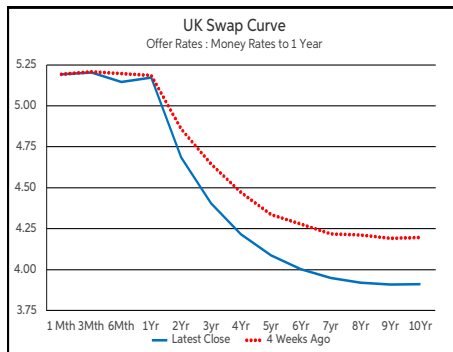
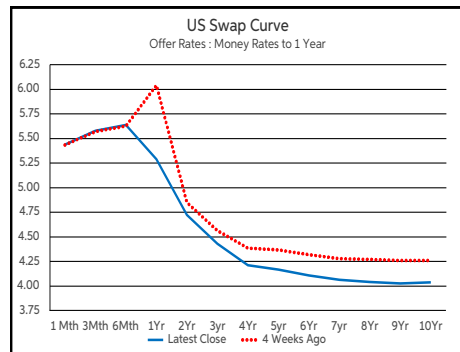
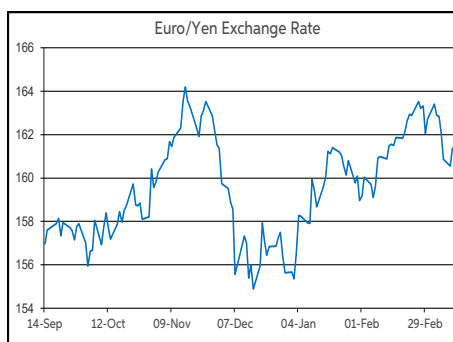
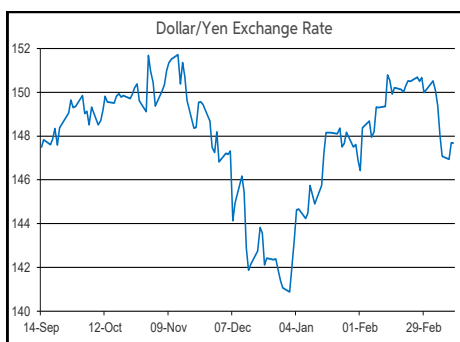
EUR/GBP	0.8545
EUR/USD	1.0921
EUR/JPY	161.25
EUR/SEK	11.192
EUR/DKK	7.4568
EUR/NOK	11.4954
EUR/CHF	0.959
EUR/AUD	1.6523
EUR/HKD	8.5453
EUR/CAD	1.474

Sterling

GBP/EUR	1.1695
GBP/USD	1.2777
GBP/CAD	1.7247
GBP/NZD	2.0747
GBP/JPY	188.6
GBP/SEK	13.0922
GBP/DKK	8.7225
GBP/NOK	13.441
GBP/CHF	1.1223
GBP/AUD	1.9335

Dollar

USD/JPY	147.61
USD/CAD	1.3493
USD/CHF	0.878
USD/CNY	7.1928
USD/BRL	4.9695
USD/RUB	91.3275
USD/INR	82.883
AUD/USD	0.6607
NZD/USD	0.6157



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.15	+5	-18	+28
Germany	2.33	+3	-7	+30
UK	3.95	-3	-21	+41
Ireland	2.73	+2	-12	+34
Belgium	2.87	+2	-13	+19
France	2.78	+2	-11	+22
Italy	3.61	-2	-33	-9
Spain	3.14	+1	-20	+15
Portugal	2.97	+0	-13	+18
Greece	3.20	-1	-22	+13
5 Year Swap %				
US	4.17	+6	-16	+38
Eurozone	2.67	+2	-12	+24
UK	4.09	-1	-20	+43
2 Year Swap %				
US	4.72	+4	-9	+39
Eurozone	3.14	+3	-1	+34
UK	4.68	-1	-17	+42
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-1	-6	+4
Belgium	54	-1	-6	-11
France	45	-1	-5	-8
Italy	128	-5	-27	-39
Spain	81	-2	-14	-15
Portugal	64	-3	-6	-12
Greece	88	-4	-15	-17

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	81.92	-0.35	-1.03	+6.33
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2158.0	-1.12	+8.33	+4.63

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