

## ECB cuts rates in line with expectations

As expected, the ECB voted to cut its key deposit rate by 25bps to 3.50% yesterday. Furthermore the gap between the deposit and re-fi rate has been lowered from 50bps to 15bps, as had been announced previously, meaning the re-fi rate is now at 3.65%. The decision to cut was unanimous.

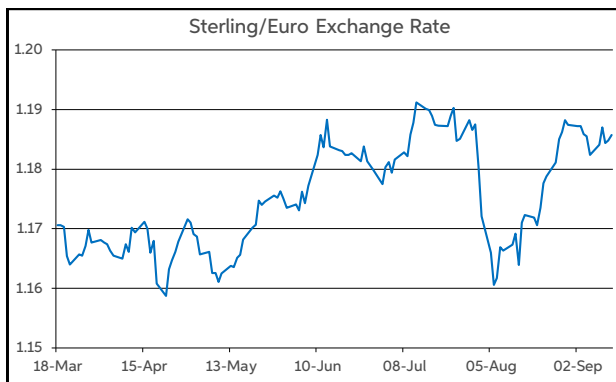
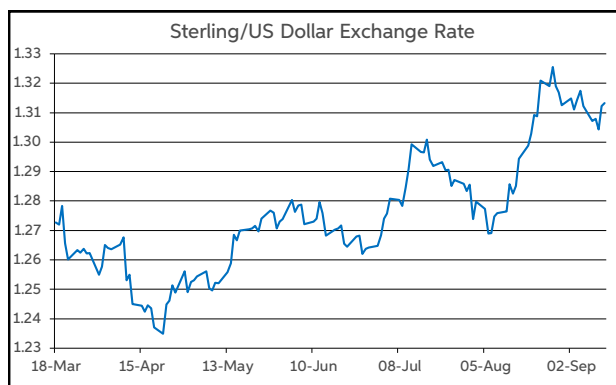
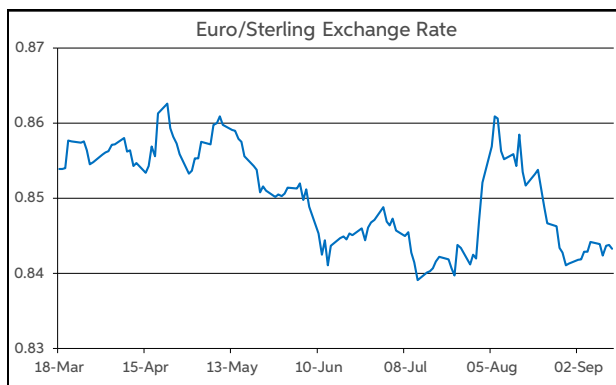
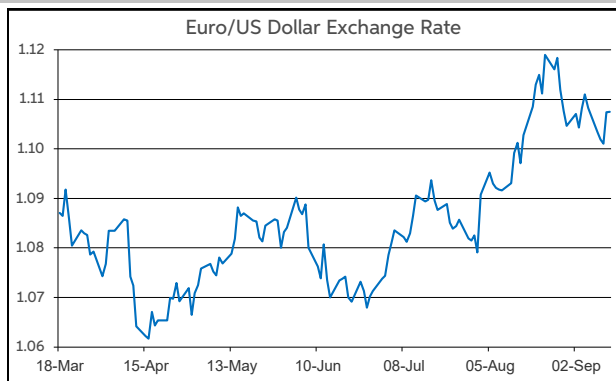
At the post-meeting press conference, ECB President Lagarde stated that the future path of monetary policy remains data dependent. She refused to comment on either the frequency or total magnitude of rate cuts that are likely in the Eurozone during this cutting cycle. Meanwhile, the updated staff projections were broadly unchanged from the June release.

Against this backdrop, the market reaction to the ECB meeting outcome was limited, including for the euro, with EUR/USD staying above \$1.10. Of the muted moves to note, futures contracts indicate that markets have pared back expectations of a rate cut in October, but further easing is anticipated in December. Amid the slight firming in rates, German Bund yields edged 2-6bps higher.

On the currency front, the main FX pairs have operated in tight ranges during the European session. Overnight though, the dollar was on the defensive amid a softening in US futures contracts. This sees EUR/USD open this morning in the top half of \$1.10-1.11. GBP/USD is changing hands above the \$1.31 threshold. Meanwhile, EUR/GBP is operating down in the lower half of 84-85p.

Looking to the day ahead, Eurozone industrial output is forecast to contract by 0.5% in July. In the US, the first reading of consumer sentiment is projected to improve slightly in September. However, neither release is likely to have a major impact on FX markets.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1075	0.54	0.35
EUR/GBP	0.8433	-0.09	-2.71
GBP/USD	1.3132	0.64	3.17
GBP/EUR	1.1856	0.09	2.79
USD/JPY	141.09	-1.18	0.02
EUR/JPY	156.27	-0.65	0.41

\* 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	5.21	5.19	4.18	3.67	3.40
EUR	4.25	3.44	3.47	2.88	2.46	2.31
GBP	5.00	4.92	4.81	4.22	4.00	3.68

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 13 September 2024  
07:40 am



## Euro

EUR/GBP	0.8433
EUR/USD	1.1075
EUR/JPY	156.27
EUR/SEK	11.3767
EUR/DKK	7.4622
EUR/NOK	11.8538
EUR/CHF	0.9412
EUR/AUD	1.6476
EUR/HKD	8.6345
EUR/CAD	1.5038

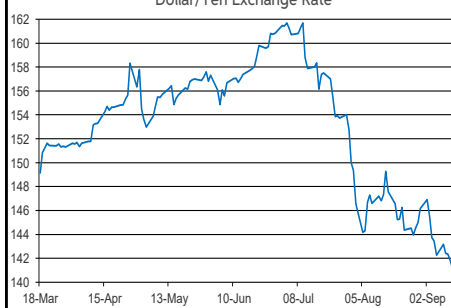
## Sterling

GBP/EUR	1.1856
GBP/USD	1.3132
GBP/CAD	1.7831
GBP/NZD	2.1243
GBP/JPY	185.28
GBP/SEK	13.488
GBP/DKK	8.8479
GBP/NOK	14.0546
GBP/CHF	1.116
GBP/AUD	1.954

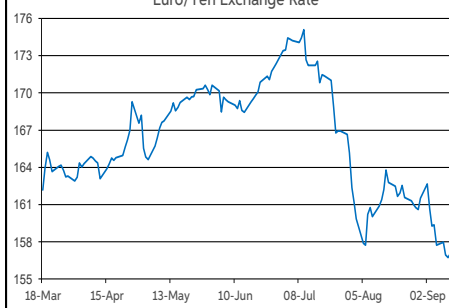
## Dollar

USD/JPY	141.09
USD/CAD	1.3578
USD/CHF	0.8498
USD/CNY	7.1007
USD/BRL	5.627
USD/RUB	91.1
USD/INR	83.9125
AUD/USD	0.6718
NZD/USD	0.618

Dollar/Yen Exchange Rate

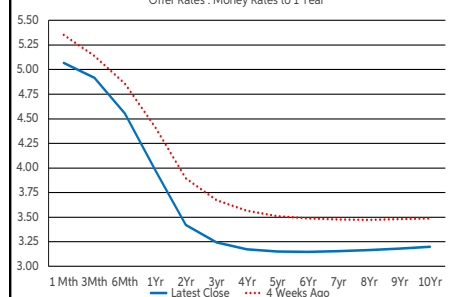


Euro/Yen Exchange Rate



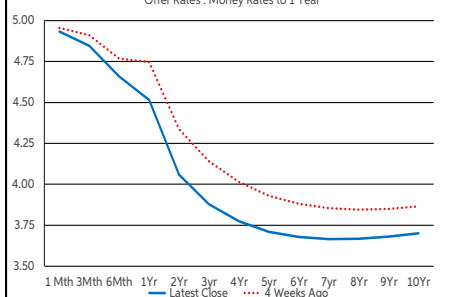
US Swap Curve

Offer Rates : Money Rates to 1 Year



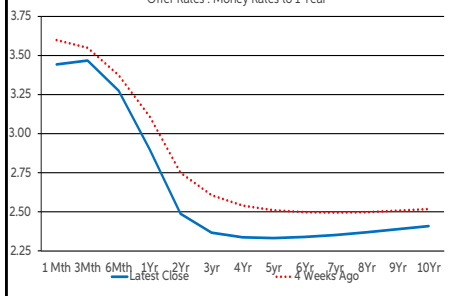
UK Swap Curve

Offer Rates : Money Rates to 1 Year

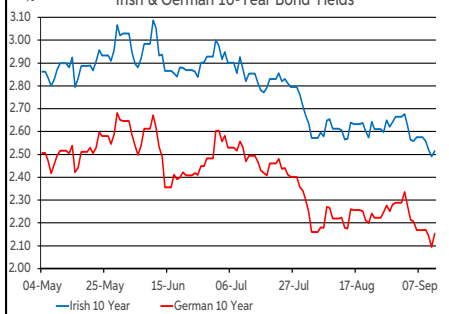


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.68	+3	-25	-18
Germany	2.16	+6	-11	+13
UK	3.78	+2	-14	+25
Ireland	2.54	+2	-14	+18
Belgium	2.75	+5	-10	+6
France	2.85	+3	-13	+29
Italy	3.54	+8	-10	-16
Spain	2.96	+3	-13	-3
Portugal	2.77	+4	-12	-2
Greece	3.16	+0	-17	+8
5 Year Swap %				
US	3.41	+2	-33	-39
Eurozone	2.33	+6	-17	-10
UK	3.71	+3	-22	+6
2 Year Swap %				
US	3.66	-1	-48	-68
Eurozone	2.49	+7	-25	-31
UK	4.06	+4	-27	-21
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-4	-3	+5
Belgium	60	-1	+0	-6
France	69	-3	-3	+16
Italy	139	+2	+1	-29
Spain	81	-2	-2	-16
Portugal	61	-2	-1	-15
Greece	100	-5	-6	-5

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	71.97	+1.93	-11.19	-6.58
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2558.8	+1.88	+4.18	+24.06

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