

## Jobs and inflation data in focus this week

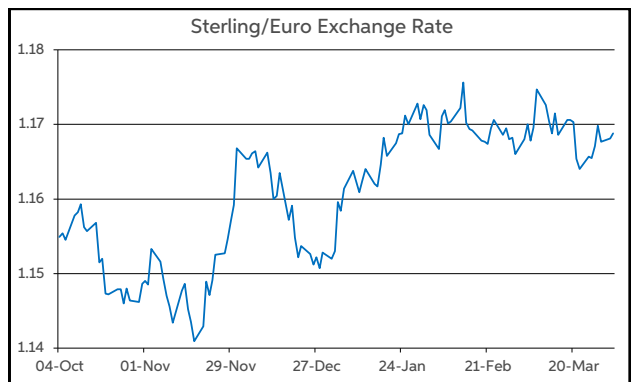
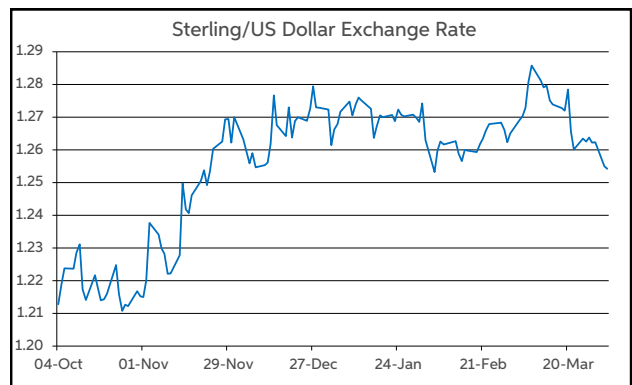
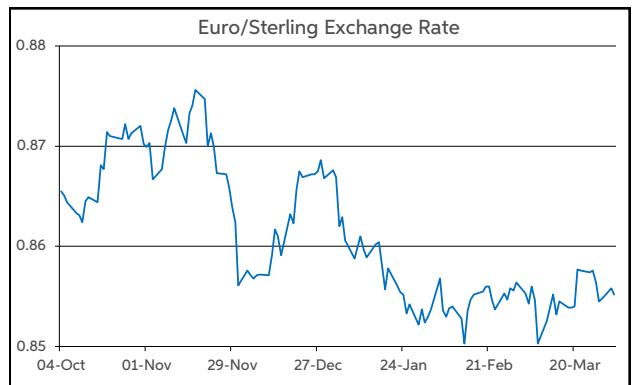
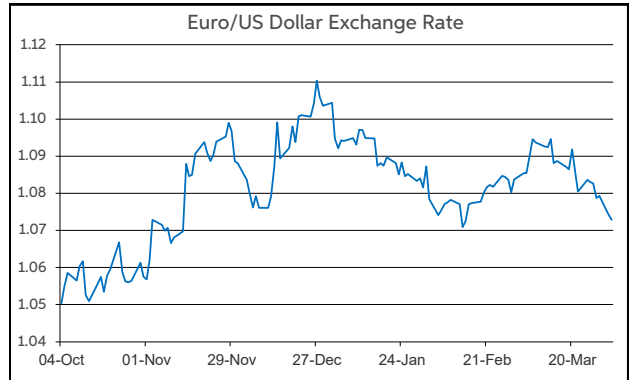
As the second quarter gets underway, it is useful to look back over Q1. From a macro viewpoint, US data suggests the world's largest economy registered solid growth, albeit slower versus H2'23. Eurozone data tended to surprise to the upside of expectations, but remained consistent with subdued levels of economic activity. Meanwhile, UK survey data indicated some improvement in Q1 after the economy entered a technical recession in Q4'23.

On the monetary policy front, the Fed, ECB and BoE kept policy on hold during Q1. They emphasised a data dependent approach to their policy deliberations. They are waiting for further signs that underlying inflation, which remains sticky, is on a sustained downward trajectory towards its 2% target, to give them confidence that it is appropriate to start cutting rates. Against this backdrop, market rate expectations firmed over the course of Q1. There is around 50bps less of rate cuts now envisaged compared to what futures contracts were pricing in January. The market sees the ECB depo rate at 3% by end year, the Fed funds rate near 4.6% and the BoE official rate at 4.50%.

From a FX perspective, the dollar continued to hold the upper hand in Q1. EUR/USD tended to trade in the lower half of a \$1.07-1.10 range. GBP/USD finished the quarter below \$1.27 having started the year above this threshold. Meanwhile, EUR/GBP spent most of the period confined to the 85-86p corridor. Elsewhere, the yen was notably weaker. While the BoJ finally hiked rates, its guidance remained dovish. USD/JPY traded to a 34-year high, at ¥151.97.

Looking ahead to this week, there are some key releases due. In the US, we get payroll data for March. Meanwhile, in the Eurozone, the focus will be on the flash reading of HICP inflation for March.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0728	-0.54	-2.79
EUR/GBP	0.8551	0.13	-1.35
GBP/USD	1.2541	-0.67	-1.48
GBP/EUR	1.1686	-0.13	1.37
USD/JPY	151.7	0.22	7.54
EUR/JPY	162.77	-0.31	4.59

\* 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	5.56	5.32	4.89	4.39
EUR	4.50	3.86	3.89	3.59	3.15	2.73
GBP	5.25	5.18	5.16	4.86	4.63	4.08

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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## Euro

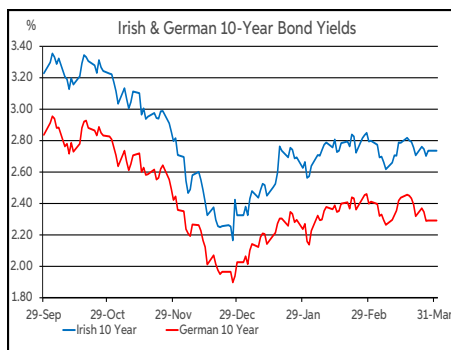
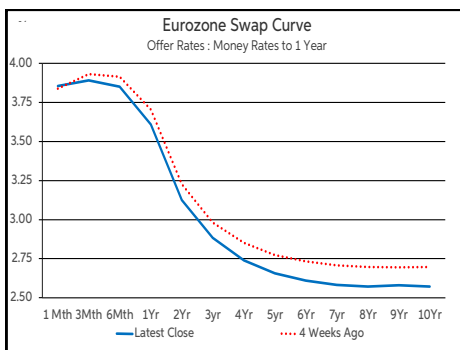
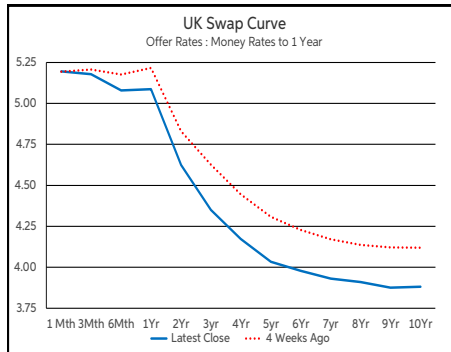
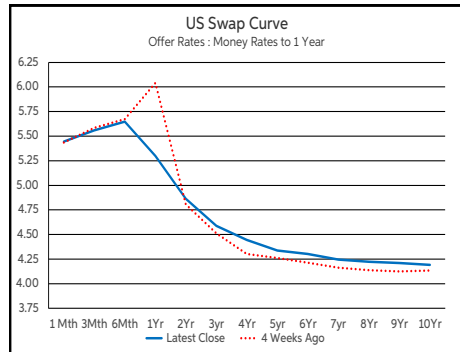
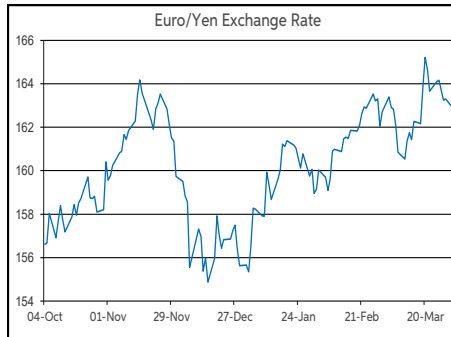
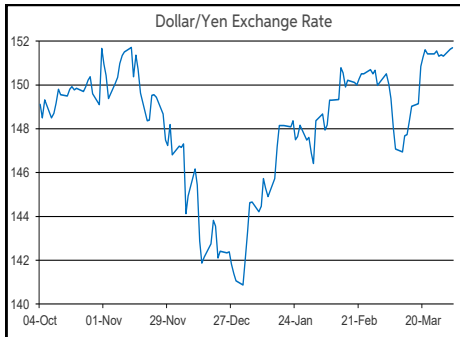
EUR/GBP	0.8551
EUR/USD	1.0728
EUR/JPY	162.78
EUR/SEK	11.5773
EUR/DKK	7.4592
EUR/NOK	11.7407
EUR/CHF	0.9727
EUR/AUD	1.6523
EUR/HKD	8.3972
EUR/CAD	1.4569

## Sterling

GBP/EUR	1.1686
GBP/USD	1.2541
GBP/CAD	1.703
GBP/NZD	2.1086
GBP/JPY	190.26
GBP/SEK	13.537
GBP/DKK	8.7191
GBP/NOK	13.726
GBP/CHF	1.1372
GBP/AUD	1.9321

## Dollar

USD/JPY	151.71
USD/CAD	1.3577
USD/CHF	0.9066
USD/CNY	7.2344
USD/BRL	5.0546
USD/RUB	92.4325
USD/INR	83.359
AUD/USD	0.649
NZD/USD	0.5946



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.32	+11	+10	+45
Germany	2.29	+0	-10	+27
UK	3.93	-1	-20	+39
<b>5 Year Swap %</b>				
US	4.34	+9	+12	+55
Eurozone	2.66	-0	-11	+23
UK	4.03	-2	-23	+38
<b>2 Year Swap %</b>				
US	4.86	+8	+10	+53
Eurozone	3.13	-1	-9	+33
UK	4.62	+0	-20	+36
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	47	+3	+6	+11
Belgium	59	+0	+2	-7
France	51	+1	+3	-2
Italy	138	+6	-4	-29
Spain	86	+2	-2	-10
Portugal	71	+2	+7	-5
Greece	99	+1	+0	-6

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	87.42	-0.07	+5.58	+13.47
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2250.4	+0.81	+6.40	+9.10

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