

Taking stock

There was a relatively quiet start to the week on financial markets yesterday. Investor sentiment was holding a mixed tone. This was reflected in the Euro Stoxx 50 declining by 0.6%, while on Wall Street, the S&P 500 gained 0.5%. Meantime, on bond markets, sovereign yields moved 1-6bps higher. Elsewhere, oil prices rose by over 1%, with Brent crude currently near \$78 per barrel.

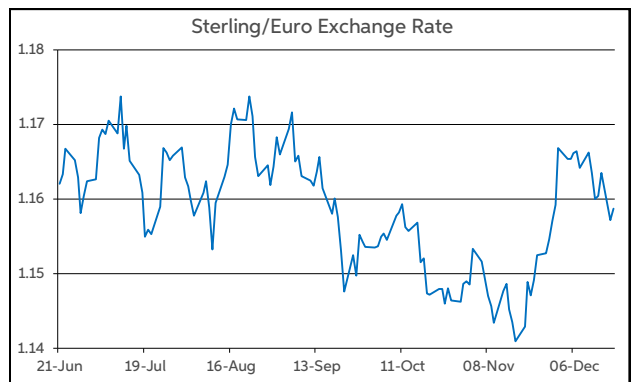
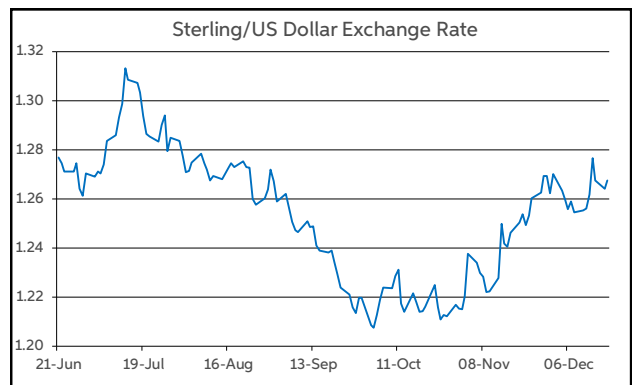
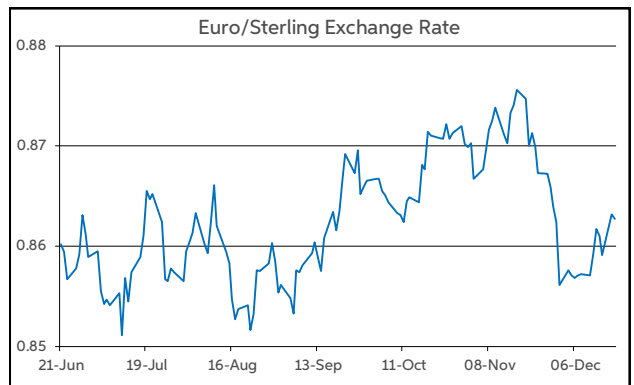
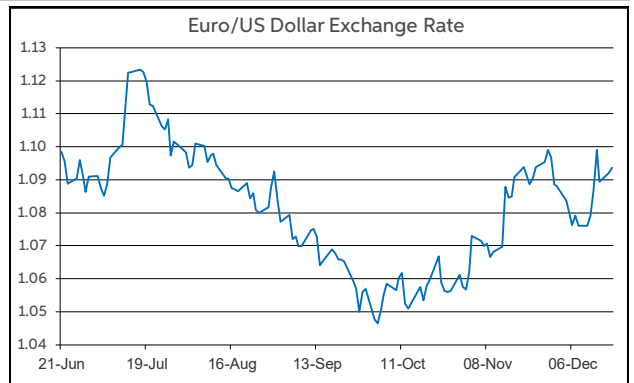
The more downbeat mood in Europe partly stemmed from a weak German Ifo reading for December. The headline index fell for the first time in three months, and printed at 86.4, below the consensus of 87.3. The data indicate business conditions remained subdued in Germany at the end of the year. Meantime from a US perspective, futures contracts were unmoved by remarks from a number of Fed officials, suggesting markets are pricing in a rate cutting path for next year that is too aggressive.

Currency-wise, the main FX pairs were confined to narrow ranges. Of the limited moves to note, the yen was under some downward pressure, as the BoJ left policy on hold overnight. Furthermore, there were no changes to the central bank's forward guidance, despite recent speculation that it may raise rates soon. Elsewhere, the euro was holding a slightly firmer tone.

In level terms, EUR/USD opens this morning in the lower half of \$1.09-1.10. GBP/USD is operating in the top half of \$1.26-1.27. EUR/GBP is between 86-87p. USD/JPY is trading up near ¥144.

Turning to the day ahead, there is a sparse data schedule on both sides of the Atlantic. The final reading of Eurozone inflation for November will be the main data highlight. Remarks from a slew of central bank officials, though, will garner some attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0937	0.20	2.20
EUR/GBP	0.8627	0.35	-2.45
GBP/USD	1.2674	-0.14	4.77
GBP/EUR	1.1584	-0.35	2.52
USD/JPY	143.7	1.05	9.60
EUR/JPY	157.18	1.28	12.03

* 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	5.47	5.63	5.18	4.55	3.95
EUR	4.50	3.85	3.92	3.55	2.95	2.51
GBP	5.25	5.18	5.20	4.91	4.55	3.93

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

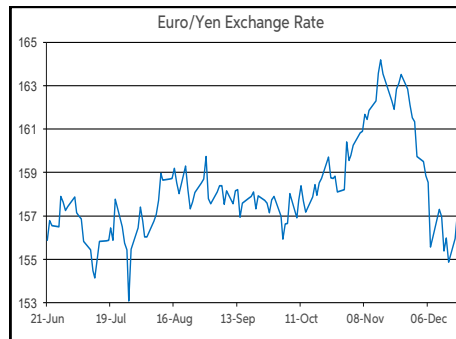
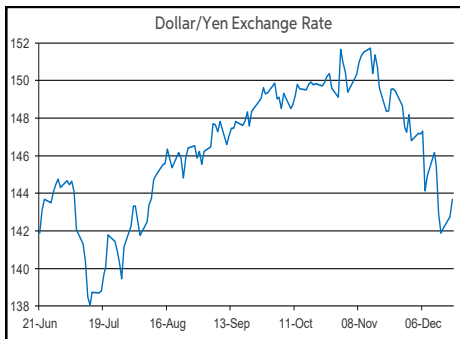
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

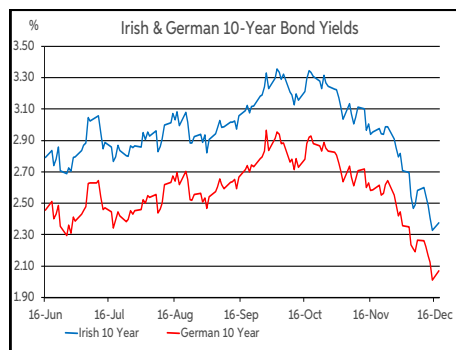
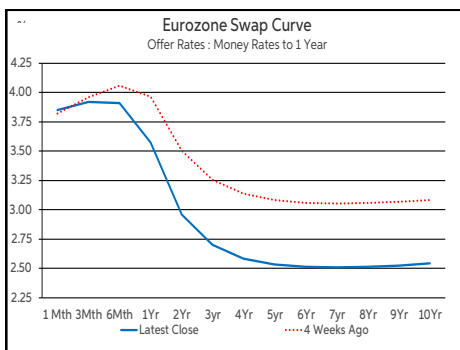
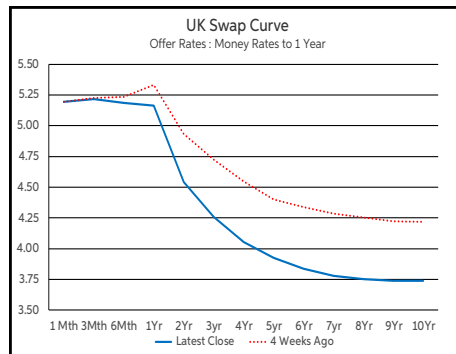
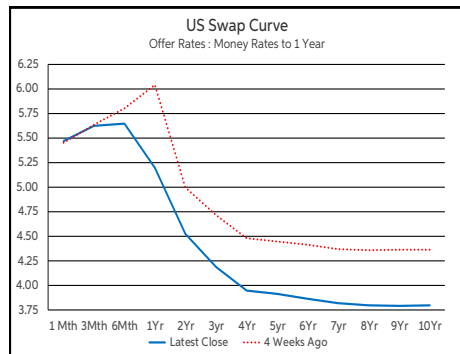
Tuesday 19 December 2023
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8627	GBP/EUR	1.1584	USD/JPY	143.7
EUR/USD	1.0937	GBP/USD	1.2674	USD/CAD	1.3392
EUR/JPY	157.18	GBP/CAD	1.6974	USD/CHF	0.8652
EUR/SEK	11.1518	GBP/NZD	2.0342	USD/CNY	7.1458
EUR/DKK	7.4549	GBP/JPY	182.13	USD/BRL	4.8967
EUR/NOK	11.3561	GBP/SEK	12.9202	USD/RUB	89.95
EUR/CHF	0.9466	GBP/DKK	8.6374	USD/INR	83.195
EUR/AUD	1.6275	GBP/NOK	13.152	AUD/USD	0.6719
EUR/HKD	8.5315	GBP/CHF	1.0971	NZD/USD	0.6229
EUR/CAD	1.4647	GBP/AUD	1.886		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.94	+2	-49	+6
Germany	2.07	+6	-54	-49
UK	3.70	+1	-43	+3
5 Year Swap %				
US	3.91	+3	-50	-8
Eurozone	2.53	+6	-54	-70
UK	3.92	-2	-43	-38
2 Year Swap %				
US	4.53	+3	-43	-15
Eurozone	2.96	-1	-54	-43
UK	4.54	-3	-39	-14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	32	-1	-6	-26
Belgium	66	-0	+5	+2
France	53	-0	-3	-2
Italy	170	-1	-4	-44
Spain	98	-0	-1	-11
Portugal	75	-0	+12	-29
Greece	113	-5	-11	-89



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	77.95	+1.83	-5.31	-9.27
West Texas Oil	69	+0.03	-9.61	-13.92
Gold \$	2027.0	+0.44	+2.52	+11.10

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