

## Dollar softens slightly as risk appetite firms

There was a firmer tone to risk appetite on financial markets yesterday. The Euro Stoxx 50 registered a 0.3% gain, while, on Wall Street, the S&P 500 finished the day up 0.6%. In terms of fixed income, US Treasury, German Bund and UK Gilts yields declined by 2-10bps. Elsewhere, oil prices continued to rise, with Brent crude up above \$79 per barrel.

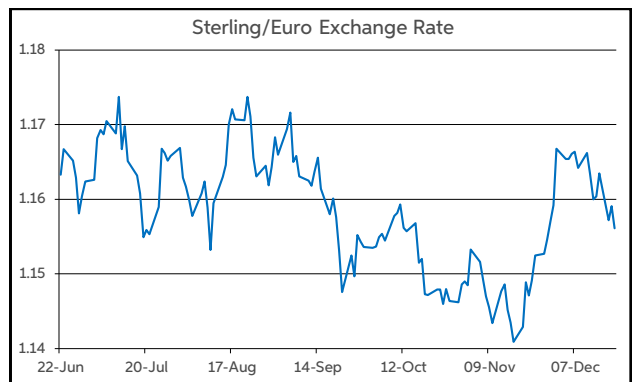
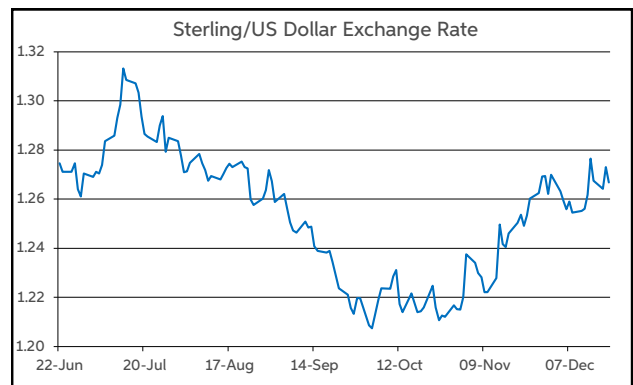
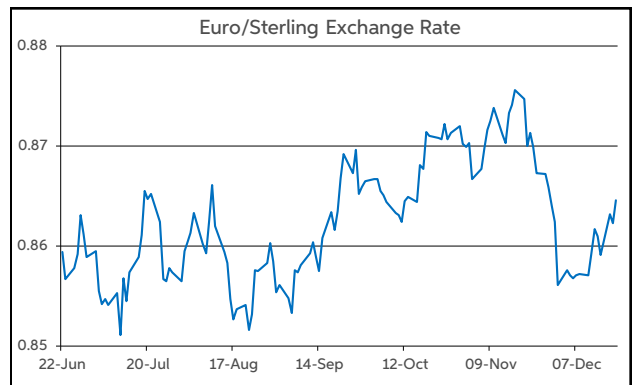
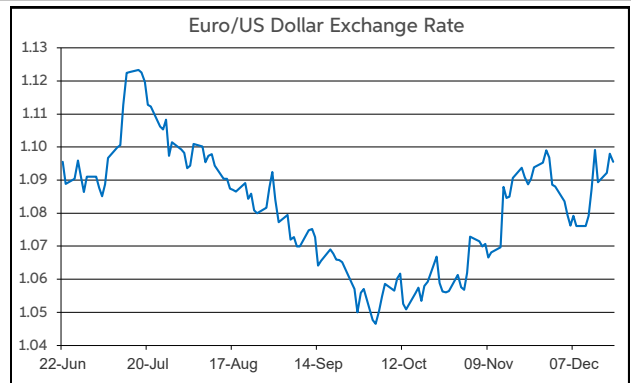
Currency-wise, the yen stayed on the defensive throughout the European session, as markets continued to digest the outcome of the BoJ policy decision. Meanwhile, the dollar was on the back-foot as well, amid the firmer tone to risk appetite. The greenback came under renewed downward pressure also, following some dovish remarks from Fed officials. However, overnight both the yen and the dollar recouped most of their losses.

In level terms, the slightly weaker dollar sees EUR/USD open this morning above the midpoint of \$1.09-1.10. GBP/USD is operating in the top half of the \$1.26-1.27 corridor, having been up near the midpoint of \$1.27-1.28 yesterday. EUR/GBP is at the halfway mark of 86-87p. Elsewhere, USD/JPY remains between ¥143-144.

Already this morning, UK CPI inflation data for November have printed well below the consensus. The headline rate fell to 3.9%, and the core rate to 5.1%, versus expectations for 4.4% and 5.6%. Sterling has softened in early trading following the release.

Later today, the Conference Board measure of US consumer confidence is forecast to rise in December. Similarly, the flash reading of Eurozone consumer confidence is also projected to move higher in December. On the monetary policy front, remarks from ECB and Fed officials will be of interest.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0955	0.26	2.36
EUR/GBP	0.8647	0.16	-2.23
GBP/USD	1.2667	0.07	4.71
GBP/EUR	1.1559	-0.16	2.28
USD/JPY	143.55	0.03	9.49
EUR/JPY	157.27	0.29	12.10

\* 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	5.46	4.48	3.91
EUR	4.50	3.86	3.94	3.48	2.90	2.47
GBP	5.25	5.19	5.23	4.93	4.52	3.87

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

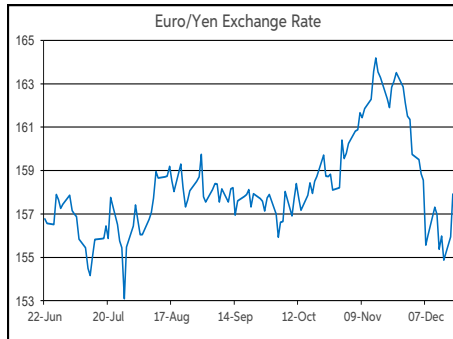
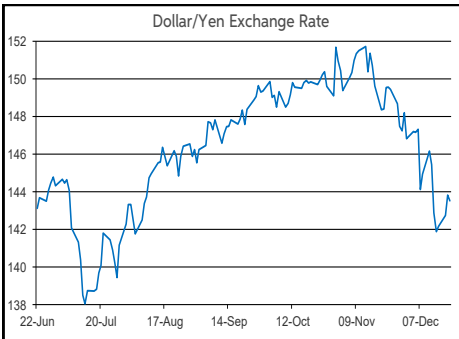
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

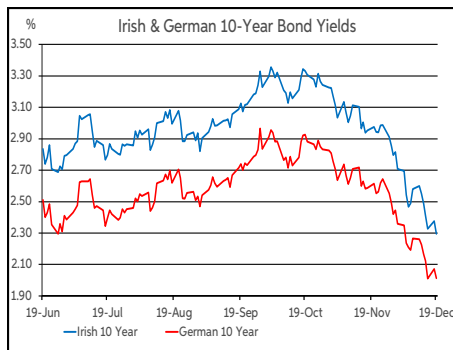
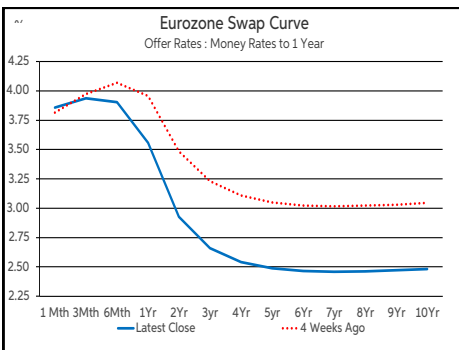
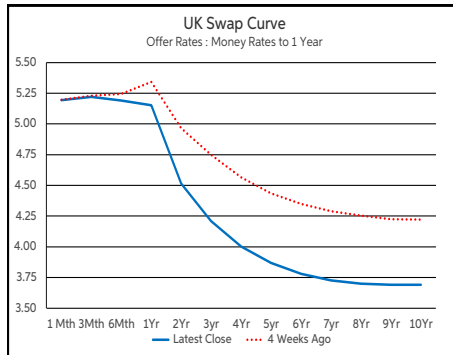
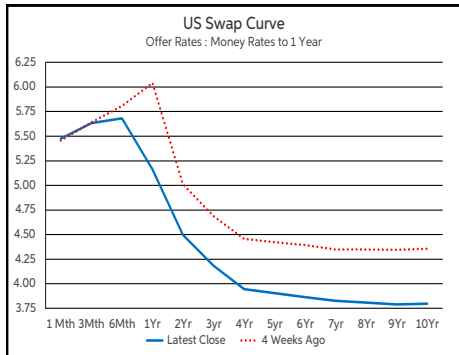
Wednesday 20 December 2023  
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8647	GBP/EUR	1.1559	USD/JPY	143.55
EUR/USD	1.0955	GBP/USD	1.2667	USD/CAD	1.3347
EUR/JPY	157.27	GBP/CAD	1.6909	USD/CHF	0.8605
EUR/SEK	11.1509	GBP/NZD	2.0172	USD/CNY	7.1372
EUR/DKK	7.456	GBP/JPY	181.83	USD/BRL	4.8637
EUR/NOK	11.2626	GBP/SEK	12.8937	USD/RUB	90.125
EUR/CHF	0.9428	GBP/DKK	8.6196	USD/INR	83.138
EUR/AUD	1.6195	GBP/NOK	13.016	AUD/USD	0.6764
EUR/HKD	8.5515	GBP/CHF	1.0903	NZD/USD	0.6276
EUR/CAD	1.4624	GBP/AUD	1.8723		



Debt Markets				
	Close	Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	3.93	-0	-47	+5
Germany	2.02	-6	-54	-55
UK	3.66	-4	-45	-1
Ireland	2.32	-7	-64	-82
Belgium	2.65	-8	-52	-55
France	2.52	-9	-60	-59
Italy	3.64	-13	-68	-106
Spain	2.96	-10	-60	-70
Portugal	2.73	-10	-50	-87
Greece	3.17	-4	-61	-142
<b>5 Year Swap %</b>				
US	3.90	-2	-48	-9
Eurozone	2.49	-4	-55	-74
UK	3.87	-5	-56	-43
<b>2 Year Swap %</b>				
US	4.50	-3	-48	-18
Eurozone	2.93	-3	-55	-46
UK	4.51	-3	-45	-17
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	31	-2	-10	-28
Belgium	63	-3	+2	-1
France	51	-3	-6	-4
Italy	163	-7	-14	-52
Spain	94	-4	-6	-15
Portugal	71	-4	+4	-33
Greece	116	+2	-7	-87



Commodities				
	Close	Day	4 Weeks	End 22
Brent Oil	79.23	+1.64	-3.91	-7.78
West Texas Oil	69	+0.03	-9.61	-13.92
Gold \$	2040.1	+0.65	+2.09	+11.82

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