

PMIs and central bank minutes in focus this week

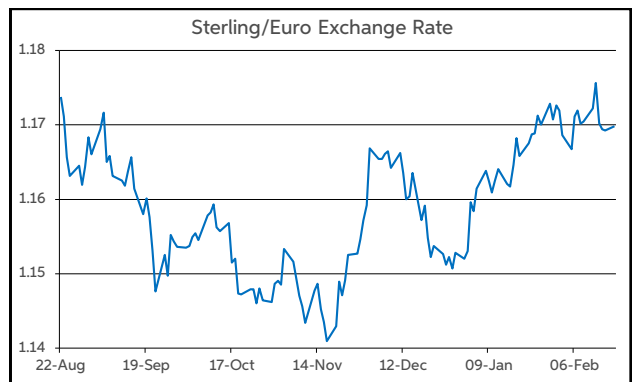
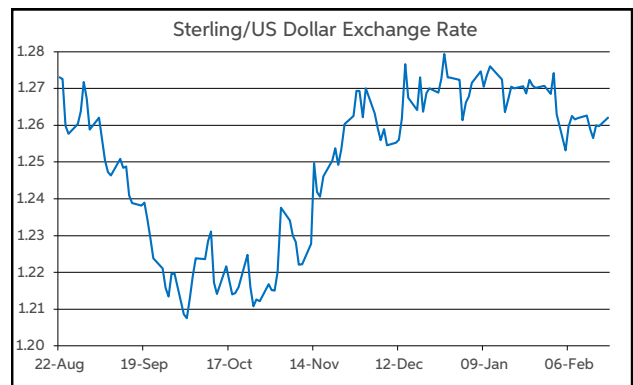
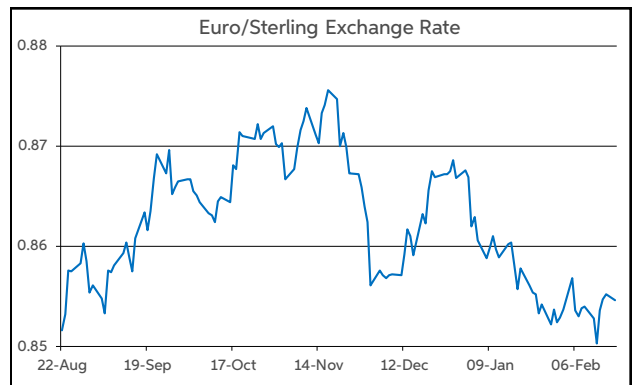
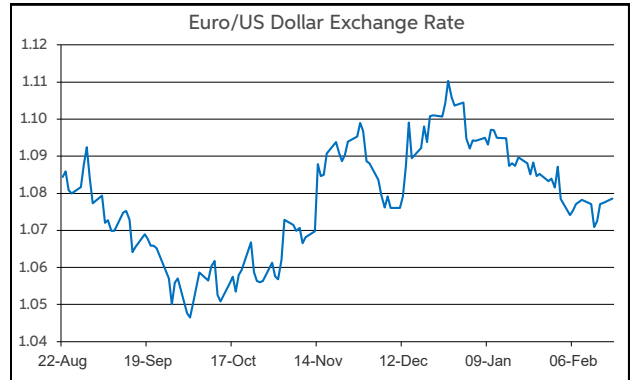
The main currency pairs operated within fairly narrow trading bands last week. However, there was some volatility within these confined ranges as markets reacted to incoming macro news. In the absence of forward guidance from central banks, markets are more sensitive to key data releases that will play an important role in central banks determining when interest rates will be cut.

An example of this was last Tuesday's higher than expected print from US CPI inflation numbers for January. Following the release, US futures contracts hardened (which spilled over into UK and Eurozone also), bond yields rose, equity markets fell and the dollar strengthened. Later in the week, weaker than expected UK Q4 GDP and lower than forecast CPI data was unhelpful to sterling.

In terms of the FX majors, EUR/USD did experience some downward pressure. However, it only very briefly tested below the \$1.07 threshold, which marks its low point on a year-to-date basis. As the week progressed the euro managed to regain some ground and opens this morning in the upper half of \$1.07-1.08. Similarly, EUR/GBP flirted temporarily under the 85p mark. However, the pair moved back up towards the midpoint of the 85-86p band as sterling was impacted by the aforementioned UK macro newsflow. Elsewhere, GBP/USD was on a mild downward trajectory for much of last week. It is trading this morning near to \$1.26.

One of the main highlights of this week's macro diary will be the flash PMIs for February from the US, Eurozone and UK. These will provide timely updates on how the respective economies are performing in Q1. Meanwhile, on the central bank front, ECB and Fed meeting accounts/minutes and the BoE appearance before the Treasury Select Committee will warrant some attention.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0788	0.26	-2.25
EUR/GBP	0.8543	-0.08	-1.44
GBP/USD	1.2624	0.34	-0.82
GBP/EUR	1.1698	0.08	1.46
USD/JPY	149.93	-0.16	6.29
EUR/JPY	161.77	0.12	3.95

* 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	5.43	5.58	5.30	4.82	4.33
EUR	4.50	3.88	3.93	3.66	3.19	2.78
GBP	5.25	5.18	5.19	5.01	4.84	4.29

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

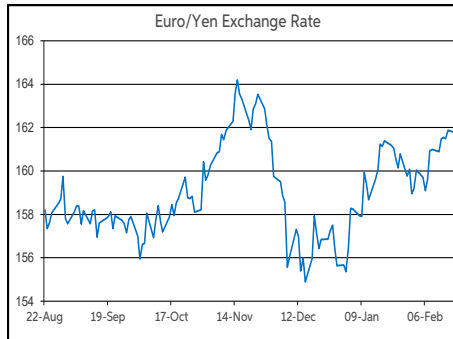
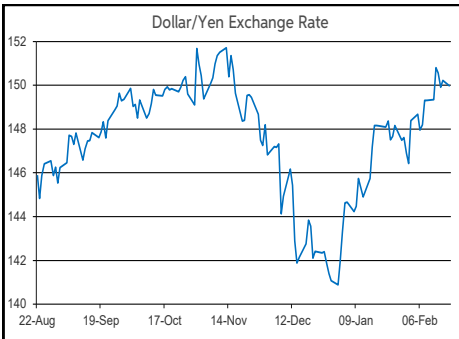
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

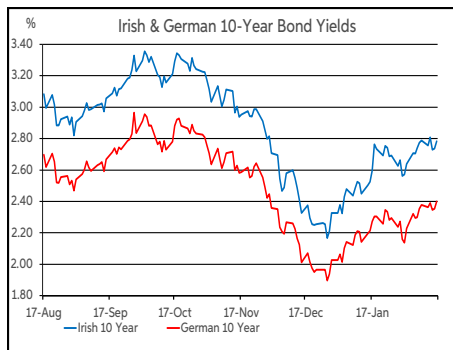
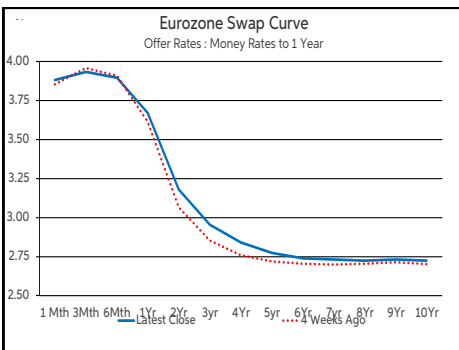
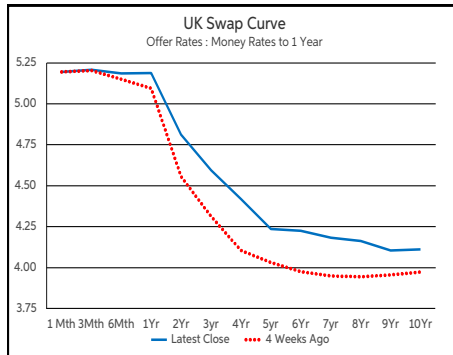
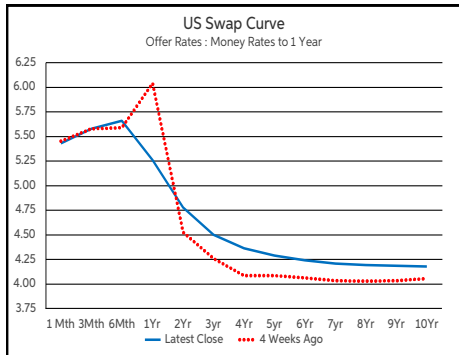
Monday 19 February 2024
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8543	GBP/EUR	1.17	USD/JPY	149.93
EUR/USD	1.0788	GBP/USD	1.2623	USD/CAD	1.3471
EUR/JPY	161.77	GBP/CAD	1.7006	USD/CHF	0.8805
EUR/SEK	11.228	GBP/NZD	2.0528	USD/CNY	7.1975
EUR/DKK	7.4552	GBP/JPY	189.26	USD/BRL	4.968
EUR/NOK	11.3071	GBP/SEK	13.1416	USD/RUB	92.315
EUR/CHF	0.9499	GBP/DKK	8.7217	USD/INR	82.987
EUR/AUD	1.6482	GBP/NOK	13.2375		
EUR/HKD	8.4354	GBP/CHF	1.1118	AUD/USD	0.6543
EUR/CAD	1.4534	GBP/AUD	1.9287	NZD/USD	0.6147



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	4.28	+5	+15	+42
Germany	2.40	+5	+10	+37
UK	4.11	+6	+18	+58
5 Year Swap %				
US	4.29	+6	+24	+50
Eurozone	2.77	+3	+6	+35
UK	4.24	+3	+26	+58
2 Year Swap %				
US	4.78	+7	+29	+44
Eurozone	3.18	+5	+12	+39
UK	4.81	+10	+26	+55
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+0	-4	+7
Belgium	58	-2	-6	-7
France	47	-1	-5	-6
Italy	148	-3	-10	-19
Spain	90	-2	-5	-7
Portugal	66	-2	-7	-10
Greece	100	+2	-9	-5



Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	83.47	+0.74	+6.25	+8.35
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2013.1	+0.45	-0.79	-2.40

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