

EUR/USD up above \$1.08

There was a risk-off tone to investor sentiment yesterday, as US markets re-opened following a long weekend. The Euro Stoxx 50 inched down by 0.1%. On Wall Street, the S&P 500 fell by 0.6%. In terms of fixed income, benchmark sovereign yields declined by 2-7bps in the US, UK and Eurozone. Meantime, oil prices fell by over 1.0%, with Brent crude back near \$82 per barrel.

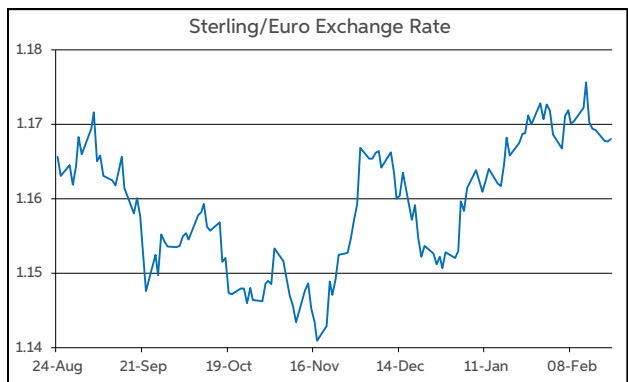
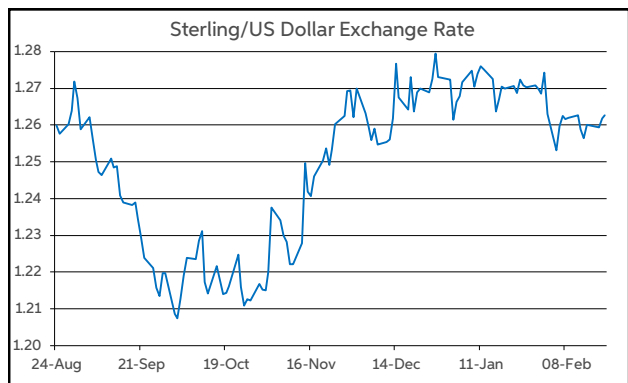
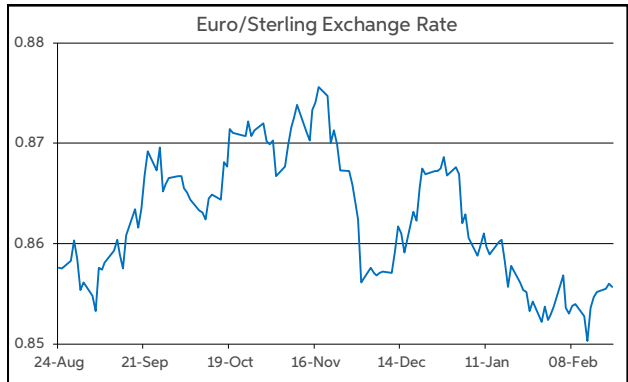
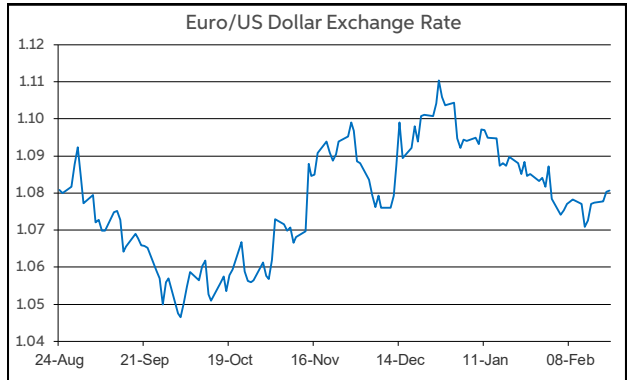
Currency-wise, the dollar was under some downward pressure. The greenback shed 0.3-0.4% against the euro, sterling and yen. The weaker dollar tone coincided with a marginal softening in US rate expectations. Overall, markets are pricing in circa 95bps of rate cuts in the US by year end, starting in June.

Elsewhere, UK market rate expectations softened slightly, as BoE Governor Bailey struck a dovish tone at the Treasury Select Committee. Governor Bailey noted that the BoE does not need "inflation to come back to target before we (the BoE) cut interest rates". Futures contracts are currently pricing in around 75bps of rate cuts in the UK by year end. From a Eurozone perspective, the market continues to price in rate cuts worth 105bps by year end.

As trading gets underway this morning, the weaker dollar sees EUR/USD open above the \$1.08 threshold. GBP/USD is operating north of the \$1.26 mark also. Meanwhile, EUR/GBP remains at the midpoint of 85-86p.

Today, the flash reading of Eurozone consumer confidence for February is due. The index is forecast to improve modestly, but it is unlikely to impact the euro. After the European close, the latest Fed FOMC meeting minutes will garner attention. Remarks from Fed officials Bostic and Bowman beforehand will also be in focus.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2023 |
| EUR/USD | 1.0811 | 0.42 | -2.04 |
| EUR/GBP | 0.856 | 0.05 | -1.25 |
| GBP/USD | 1.2629 | 0.37 | -0.79 |
| GBP/EUR | 1.1677 | -0.05 | 1.26 |
| USD/JPY | 150.03 | -0.26 | 6.36 |
| EUR/JPY | 162.25 | 0.17 | 4.25 |

* 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 | 5.26 | 4.75 | 4.29 |
| EUR | 4.50 | 3.85 | 3.93 | 3.66 | 3.16 | 2.77 |
| GBP | 5.25 | 5.18 | 5.19 | 4.96 | 4.72 | 4.22 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

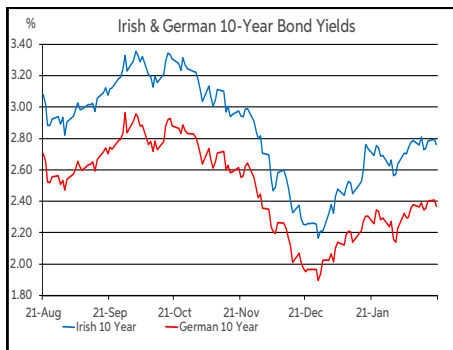
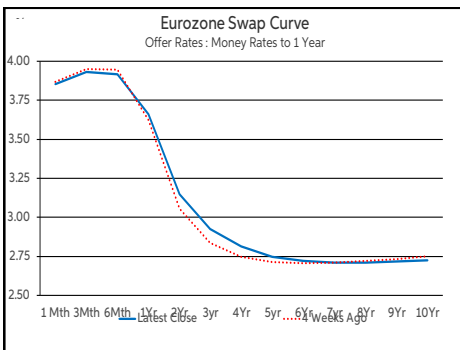
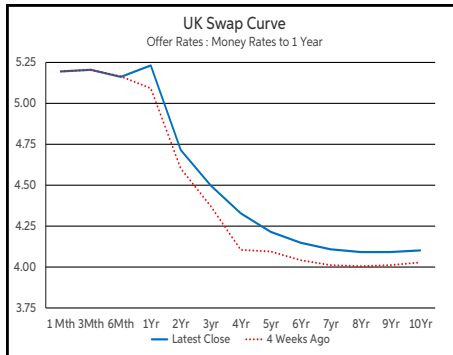
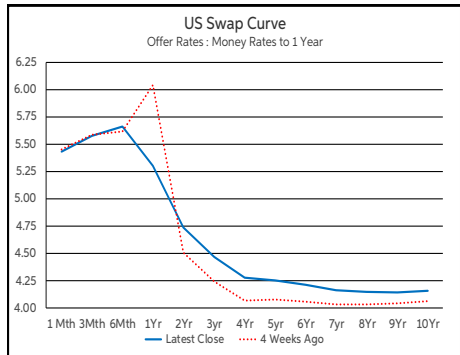
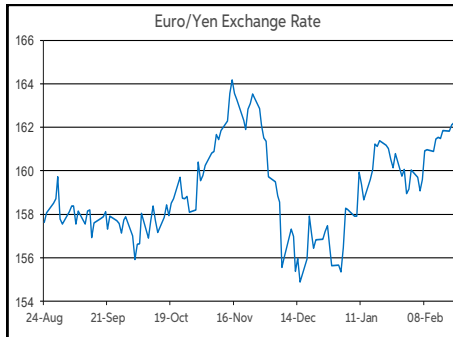
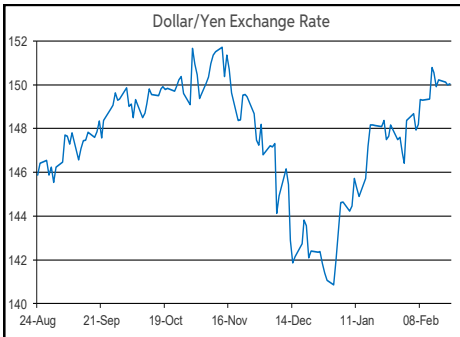
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| FX Spot | Karl Cooke Shane Gargan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018 | Morning Comment | John Fahey john.j.fahey@aib.ie |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|------------------------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

Opening Levels

Wednesday 21 February 2024
07:18 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|--------|
| EUR/GBP | 0.856 | GBP/EUR | 1.1677 | USD/JPY | 150.03 |
| EUR/USD | 1.0811 | GBP/USD | 1.2629 | USD/CAD | 1.351 |
| EUR/JPY | 162.25 | GBP/CAD | 1.7064 | USD/CHF | 0.881 |
| EUR/SEK | 11.1905 | GBP/NZD | 2.0395 | USD/CNY | 7.1863 |
| EUR/DKK | 7.4546 | GBP/JPY | 189.47 | USD/BRL | 4.9275 |
| EUR/NOK | 11.3282 | GBP/SEK | 13.0689 | USD/RUB | 92.37 |
| EUR/CHF | 0.9527 | GBP/DKK | 8.7066 | USD/INR | 82.905 |
| EUR/AUD | 1.6467 | GBP/NOK | 13.2336 | | |
| EUR/HKD | 8.4556 | GBP/CHF | 1.1128 | AUD/USD | 0.6565 |
| EUR/CAD | 1.4607 | GBP/AUD | 1.9236 | NZD/USD | 0.619 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 23 |
| 10 Year Yield % | | | | |
| US | 4.28 | -1 | +14 | +41 |
| Germany | 2.37 | -4 | +2 | +34 |
| UK | 4.04 | -7 | +6 | +50 |
| Ireland | 2.80 | -3 | -0 | +42 |
| Belgium | 2.95 | -5 | +0 | +27 |
| France | 2.85 | -4 | +0 | +29 |
| Italy | 3.87 | -4 | -6 | +17 |
| Spain | 3.28 | -4 | +1 | +29 |
| Portugal | 3.04 | -3 | -4 | +25 |
| Greece | 3.36 | -4 | -3 | +29 |
| 5 Year Swap % | | | | |
| US | 4.25 | -3 | +22 | +46 |
| Eurozone | 2.75 | -3 | +4 | +32 |
| UK | 4.22 | -1 | +17 | +57 |
| 2 Year Swap % | | | | |
| US | 4.74 | -4 | +27 | +40 |
| Eurozone | 3.15 | -3 | +10 | +35 |
| UK | 4.71 | -7 | +12 | +45 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 43 | +1 | -2 | +8 |
| Belgium | 58 | -1 | -2 | -7 |
| France | 48 | +0 | -2 | -5 |
| Italy | 150 | +0 | -8 | -18 |
| Spain | 91 | +1 | -1 | -5 |
| Portugal | 67 | +1 | -6 | -9 |
| Greece | 99 | +0 | -5 | -6 |

| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 23 |
| Brent Oil | 82.34 | -1.46 | +3.51 | +6.88 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 2023.5 | +0.29 | -0.25 | -1.89 |

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