

Risk-off mood to start the week

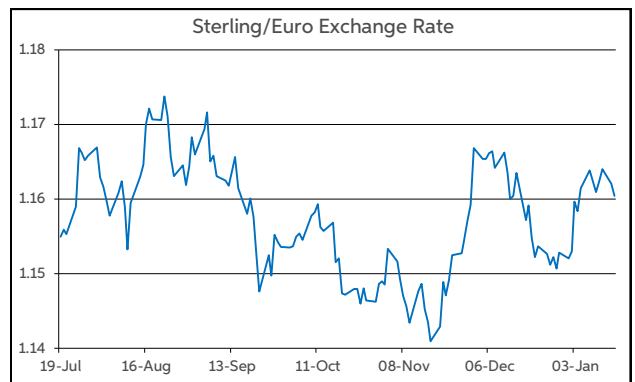
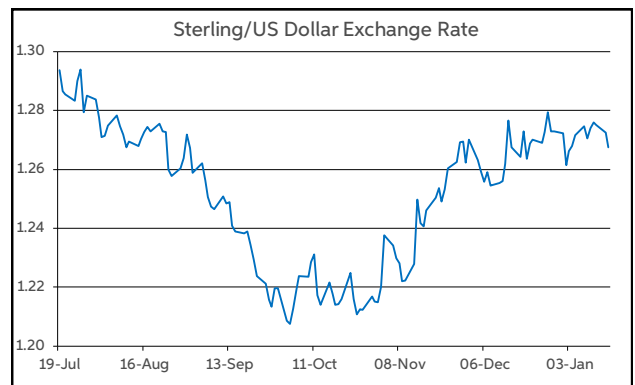
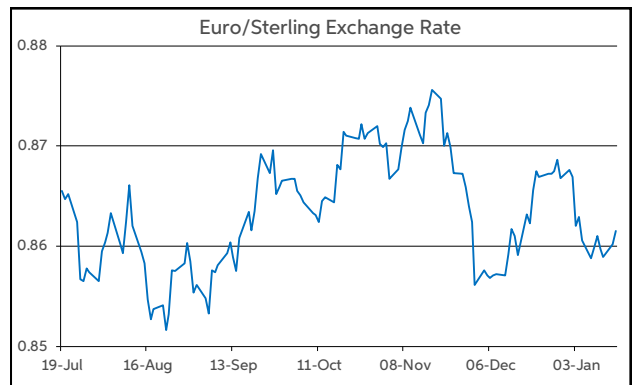
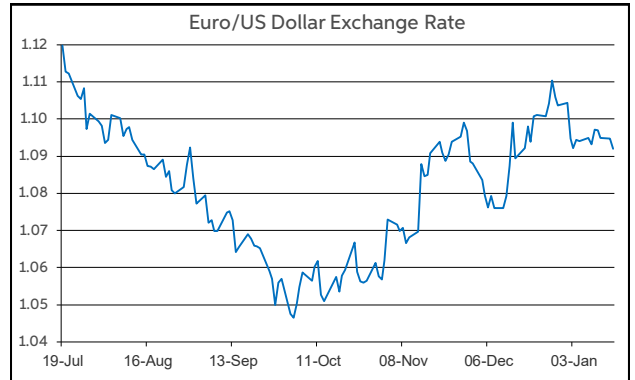
There was a risk-off tone to investor sentiment yesterday, amid a relatively quiet start to the week. US markets were closed for Martin Luther King Day. The Euro Stoxx 50 declined by 0.6%, erasing its modest gains from last week. On bond markets, German Bund yields rose by circa 5bps, while UK Gilts were little changed. Elsewhere, Brent crude oil remains close to \$78 per barrel.

Data-wise, Eurozone industrial production declined by 0.3% in November, matching the consensus. Meanwhile, the first estimate of German full year GDP registered a 0.3% contraction in 2023. Worryingly, the slowdown was broad based, with consumption, government expenditure and investment all falling. In terms of monetary policy, remarks from a number of ECB Governing Council members pushed back against market expectations for rate cuts in the early part of this year, echoing comments from ECB Chief Economist Lane at the weekend. However, neither the data or the remarks greatly influenced the euro.

Indeed, the main FX pairs remained confined to tight trading ranges. Of the limited moves to note, the dollar was holding a firmer tone overnight. As trading gets underway this morning, the stronger dollar is evidenced by GBP/USD opening back in the \$1.26-1.27 corridor. EUR/USD is in the lower half of \$1.09-1.10. Meantime, EUR/GBP remains in and around 86p.

Already this morning, UK labour market data have printed broadly in-line with expectations. The unemployment rate stayed at 4.2% in November, while average earnings growth slowed to 6.5% y/y. However, the data have not impacted sterling in early trading. The calendar for the remainder of today is quite sparse, although comments from a slew of central bank officials will be of interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0917	-0.41	-1.08
EUR/GBP	0.8614	0.21	-0.62
GBP/USD	1.2671	-0.64	-0.46
GBP/EUR	1.1602	-0.21	0.63
USD/JPY	146.15	0.61	3.61
EUR/JPY	159.58	0.19	2.54

* 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	5.45	5.58	4.95	4.33	3.90
EUR	4.50	3.89	3.93	3.52	2.93	2.58
GBP	5.25	5.18	5.19	4.75	4.36	3.84

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

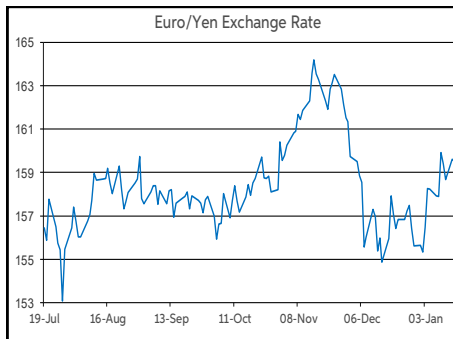
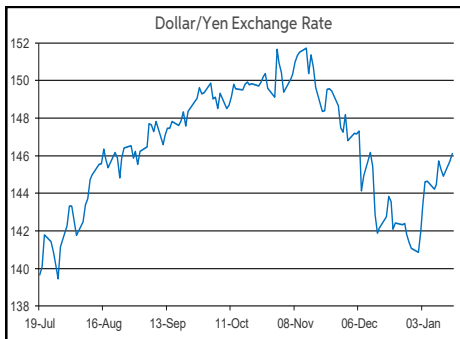
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

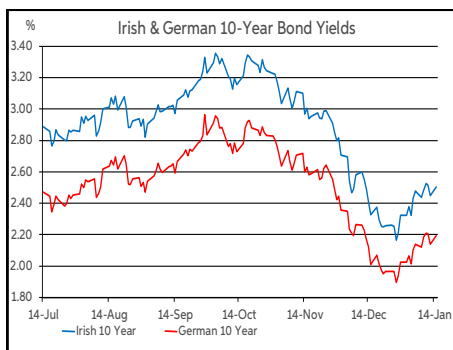
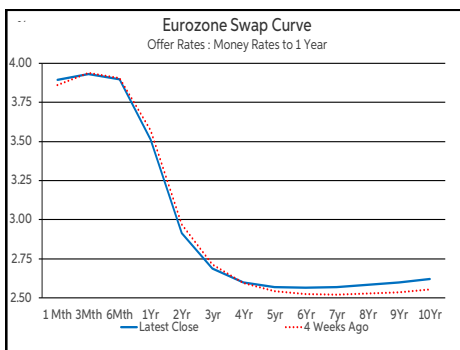
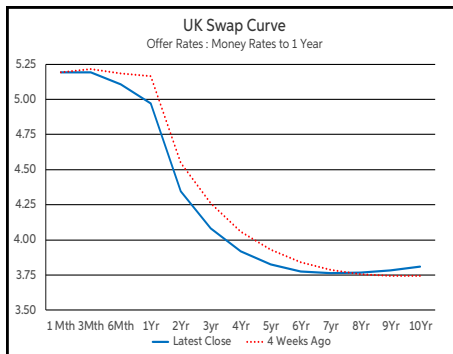
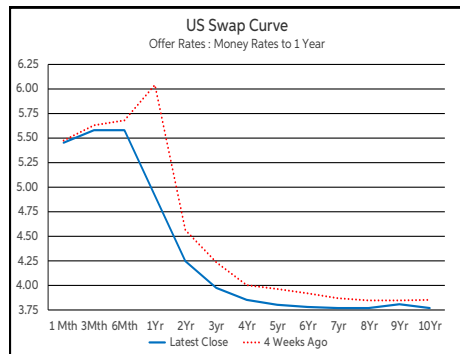
Tuesday 16 January 2024
07:58 am



Euro		Sterling		Dollar	
EUR/GBP	0.8614	GBP/EUR	1.1602	USD/JPY	146.15
EUR/USD	1.0917	GBP/USD	1.2671	USD/CAD	1.348
EUR/JPY	159.58	GBP/CAD	1.7084	USD/CHF	0.8591
EUR/SEK	11.3149	GBP/NZD	2.0549	USD/CNY	7.1819
EUR/DKK	7.4592	GBP/JPY	185.19	USD/BRL	4.8628
EUR/NOK	11.3585	GBP/SEK	13.1371	USD/RUB	87.6875
EUR/CHF	0.938	GBP/DKK	8.656	USD/INR	82.927
EUR/AUD	1.6498	GBP/NOK	13.182	AUD/USD	0.6616
EUR/HKD	8.5394	GBP/CHF	1.0888	NZD/USD	0.6166
EUR/CAD	1.472	GBP/AUD	1.9148		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.94	-4	+0	+7
Germany	2.20	+6	+13	+17
UK	3.80	+0	+11	+26
5 Year Swap %				
US	3.80	-0	-12	+1
Eurozone	2.57	+4	+4	+14
UK	3.82	-2	-10	+17
2 Year Swap %				
US	4.25	-1	-28	-9
Eurozone	2.92	+4	-4	+12
UK	4.34	-2	-20	+8
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+0	+1	-3
Belgium	64	+1	-1	-1
France	54	+0	+0	+1
Italy	161	+3	-9	-6
Spain	96	+1	-3	-1
Portugal	73	+0	-1	-2
Greece	113	+3	-0	+8



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.15	-0.18	+0.26	+1.44
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2054.5	+0.28	+1.36	-0.39

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