

## EUR/USD back below \$1.09

Investor sentiment continued to hold a subdued tone yesterday, as US markets re-opened after a long weekend. The Euro Stoxx 50 fell for a second day running, down 0.2%. On Wall Street, the S&P 500 edged 0.4% lower. In terms of fixed income, UK Gilt and German Bund yields were little changed, while US Treasury yields rose by 3-6bps along the curve.

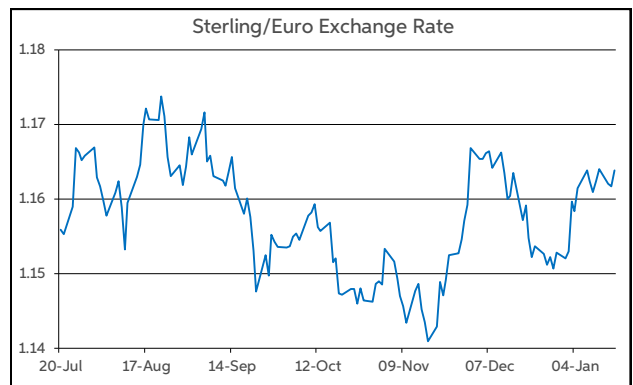
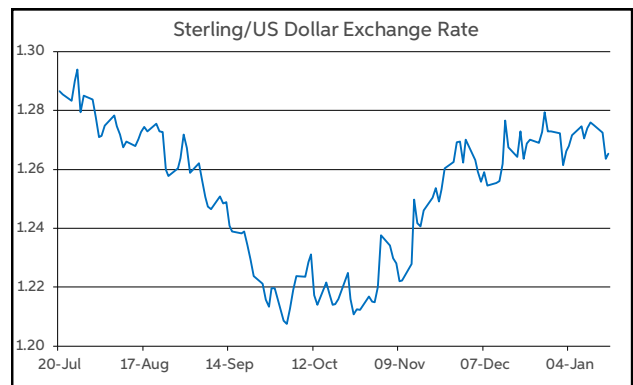
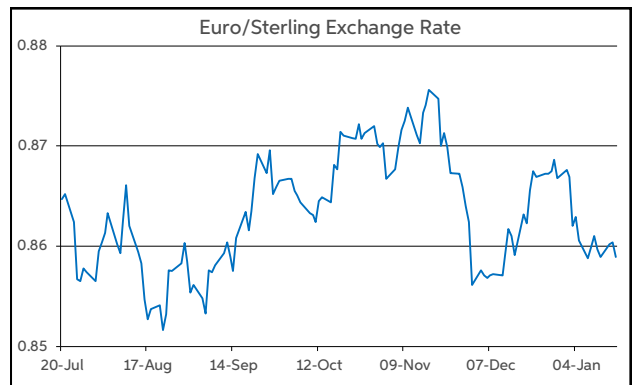
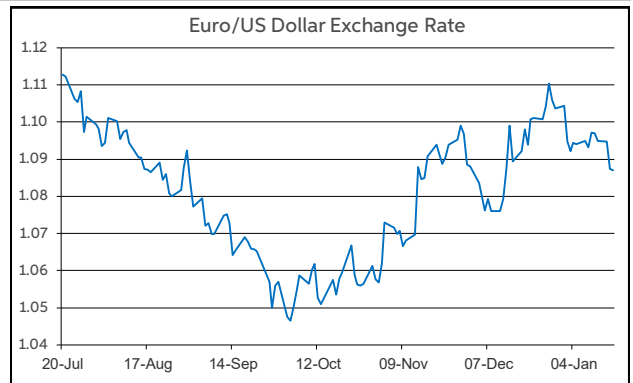
Meanwhile, remarks from Fed Governor Waller led to a modest firming in US futures contracts yesterday. Waller, acknowledged that the Fed may be able to cut rates this year, but reiterated that the timing and total magnitude of rate cuts will depend on the incoming data. Investors reduced bets that the Fed will cut rates in March and scaled back the total amount of tightening priced in for this year to 155bps following the comments.

On the currency front, the main FX pairs once again operated in narrow trading ranges. Of the limited price action to register, the euro was under some slight downward pressure. This saw EUR/USD fall to \$1.087, its lowest level since the 13th of December.

In level terms, EUR/USD opens this morning between \$1.08-1.09. GBP/USD is changing hands down near the midpoint of \$1.26-1.27. Elsewhere, EUR/GBP is trading just below the 86p threshold.

Already this morning, UK CPI inflation for December has printed above the consensus. The headline rate rose to 4% from 3.9%, while core CPI remained at 5.1%. Sterling has been holding a firmer tone in early trading following the release. Later today, the final reading of Eurozone inflation is set to confirm headline HICP rose to 2.9% and core HICP eased to 3.9% in December. In the US, retail sales and industrial production for December are due.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0875	-0.35	-1.46
EUR/GBP	0.859	-0.19	-0.90
GBP/USD	1.2657	-0.17	-0.57
GBP/EUR	1.1634	0.19	0.91
USD/JPY	147.79	1.12	4.77
EUR/JPY	160.75	0.76	3.29

\* 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	5.02	4.41	3.99
EUR	4.50	3.87	3.93	3.51	2.99	2.65
GBP	5.25	5.19	5.21	4.84	4.48	3.94

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

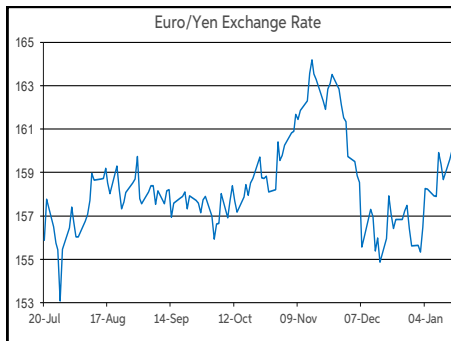
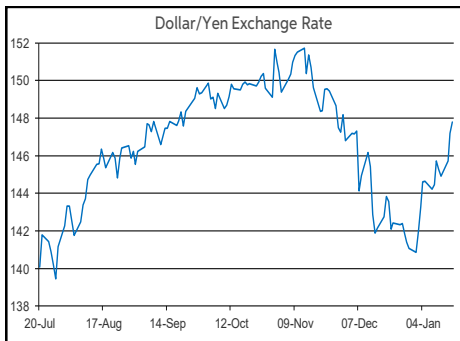
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

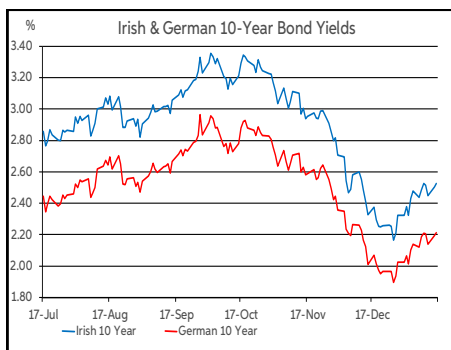
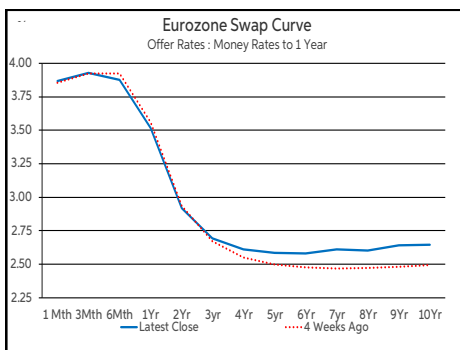
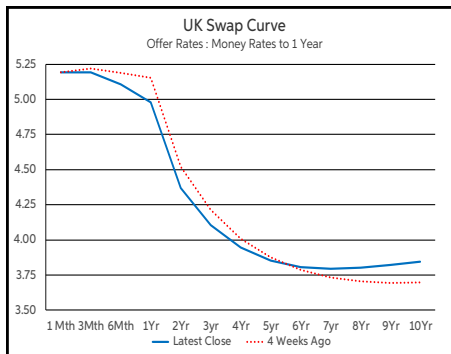
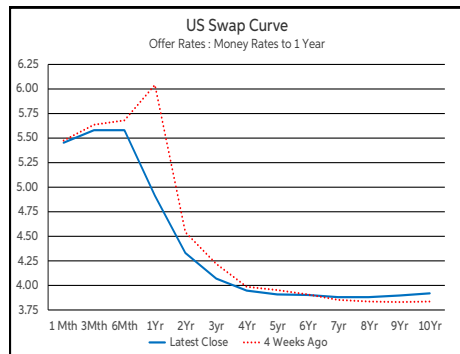
Wednesday 17 January 2024  
08:02 am



Euro		Sterling		Dollar	
EUR/GBP	0.859	GBP/EUR	1.1634	USD/JPY	147.79
EUR/USD	1.0875	GBP/USD	1.2657	USD/CAD	1.3515
EUR/JPY	160.75	GBP/CAD	1.7109	USD/CHF	0.8619
EUR/SEK	11.3747	GBP/NZD	2.0673	USD/CNY	7.1965
EUR/DKK	7.4582	GBP/JPY	187.06	USD/BRL	4.9258
EUR/NOK	11.4122	GBP/SEK	13.237	USD/RUB	88.5375
EUR/CHF	0.9374	GBP/DKK	8.6786	USD/INR	83.0719
EUR/AUD	1.659	GBP/NOK	13.2827	AUD/USD	0.6555
EUR/HKD	8.5091	GBP/CHF	1.0911	NZD/USD	0.6122
EUR/CAD	1.47	GBP/AUD	1.9308		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.05	+12	+12	+19
Germany	2.22	+2	+20	+19
UK	3.80	+0	+14	+26
<b>Ireland</b>				
Ireland	2.57	+4	+24	+18
Belgium	2.86	+2	+21	+18
France	2.75	+2	+23	+19
Italy	3.83	+2	+19	+13
Spain	3.17	+2	+22	+18
Portugal	2.95	+2	+22	+16
Greece	3.29	-4	+12	+22
<b>5 Year Swap %</b>				
US	3.91	+11	-0	+12
Eurozone	2.59	+2	+10	+16
UK	3.85	+3	-2	+20
<b>2 Year Swap %</b>				
US	4.33	+8	-17	-0
Eurozone	2.92	+0	-1	+12
UK	4.37	+3	-14	+11
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	35	+2	+4	-0
Belgium	64	-0	+1	-1
France	53	-0	+3	+0
Italy	161	+0	-1	-6
Spain	96	+0	+1	-1
Portugal	73	+0	+2	-2
Greece	108	-5	-8	+3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.29	+0.18	-1.19	+1.62
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2027.6	-1.31	-0.61	-1.70

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