

Main FX pairs confined to narrow ranges

There was a positive tone to investor sentiment yesterday, with the Euro Stoxx 50 and the S&P 500 recouping some of their recent losses. Both indices rose by close to 1%. Meantime on bond markets, German Bund and US Treasury yields climbed 2-9bps higher. In contrast, UK Gilt yields fell by 5-8bps, having surged by circa 20bps on Wednesday. The decline in UK yields coincided with a softening in UK futures contracts of around 15bps.

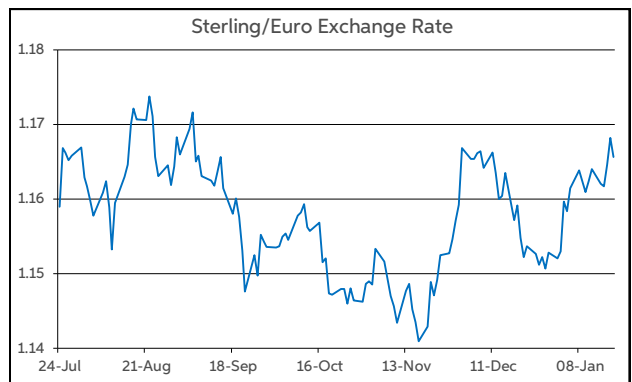
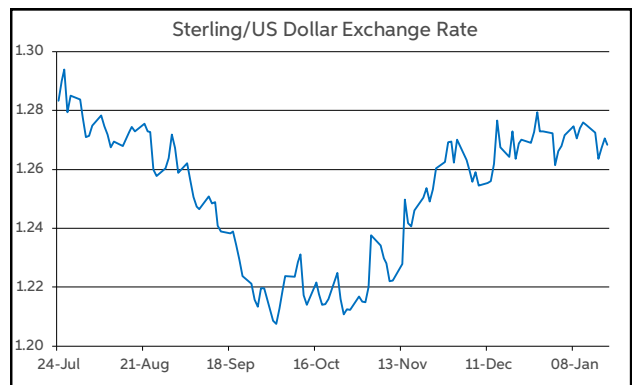
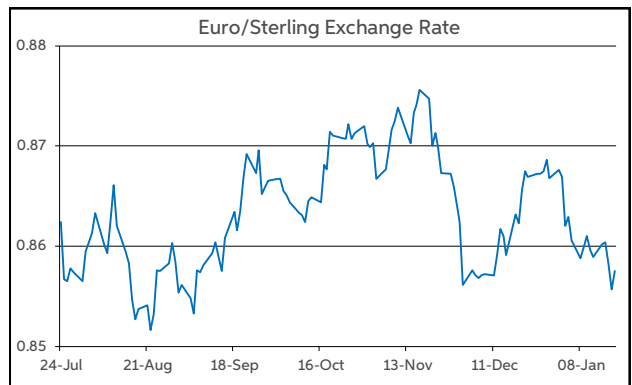
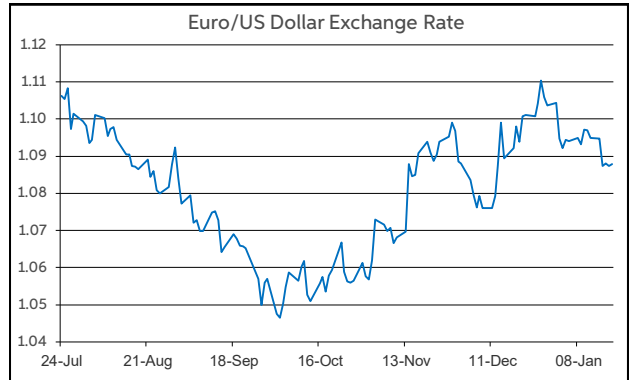
Data-wise, the main highlight yesterday was the release of the ECB meeting minutes from December. However, the minutes provided little new information. The overarching message from the minutes was that the ECB is of the view that it is too early to declare victory over inflation, suggesting that rate cuts are unlikely in Q1. Elsewhere, the latest US initial jobless claims figure printed at 187k, the lowest weekly number since September 2022, and well below the 207k consensus.

On the currency front, the main FX pairs were confined to narrow trading corridors. Of the limited price action to note, the euro was under some modest downward pressure. Overnight though, the single currency has recovered some of its losses.

In level terms, EUR/GBP opens this morning in the top half of 85-86p. Elsewhere, EUR/USD is in the upper half of the \$1.08-1.09 corridor. GBP/USD is changing hands in the \$1.26-1.27 corridor.

Already this morning UK retail sales data for December have been released. Sales were much weaker than anticipated, contracting by 3.2% in the month (vs. -0.5% f'cast). Sterling has holding a softer tone in early trading following the release. The data schedule is quiet for the remainder of the day.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0879	-0.13	-1.42
EUR/GBP	0.8575	-0.12	-1.07
GBP/USD	1.2682	-0.04	-0.37
GBP/EUR	1.1655	0.12	1.08
USD/JPY	148.25	0.26	5.10
EUR/JPY	161.3	0.13	3.64

* 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	5.57	5.06	4.47	4.07
EUR	4.50	3.88	3.90	3.57	3.01	2.68
GBP	5.25	5.18	5.20	4.82	4.47	3.98

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

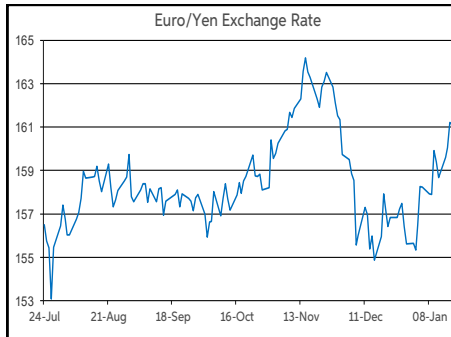
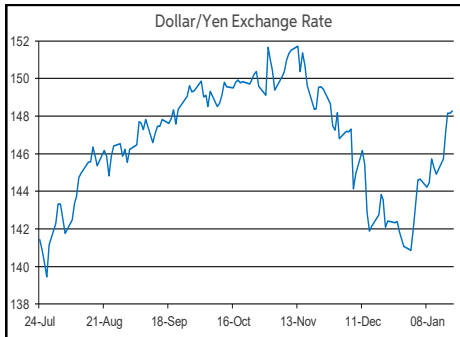
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

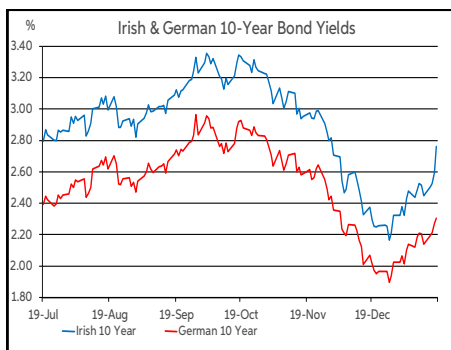
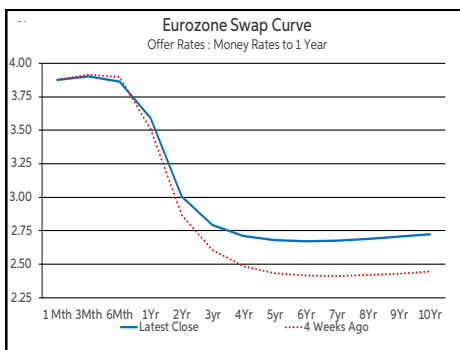
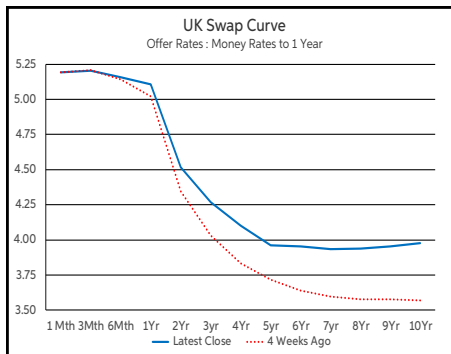
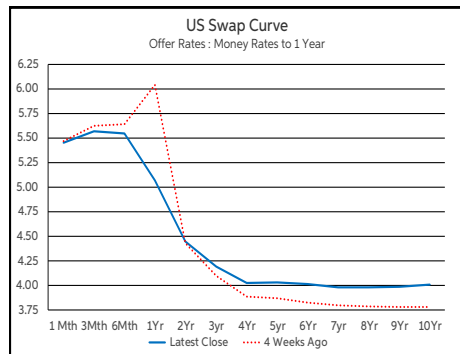
Friday 19 January 2024
07:58 am



Euro		Sterling		Dollar	
EUR/GBP	0.8575	GBP/EUR	1.1655	USD/JPY	148.25
EUR/USD	1.0879	GBP/USD	1.2682	USD/CAD	1.3487
EUR/JPY	161.3	GBP/CAD	1.7104	USD/CHF	0.8681
EUR/SEK	11.394	GBP/NZD	2.0775	USD/CNY	7.1927
EUR/DKK	7.4569	GBP/JPY	188.01	USD/BRL	4.9294
EUR/NOK	11.4411	GBP/SEK	13.2879	USD/RUB	88.6875
EUR/CHF	0.9443	GBP/DKK	8.6919	USD/INR	83.11
EUR/AUD	1.6531	GBP/NOK	13.3386		
EUR/HKD	8.5078	GBP/CHF	1.101	AUD/USD	0.6581
EUR/CAD	1.467	GBP/AUD	1.9272	NZD/USD	0.6103



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.14	+4	+25	+28
Germany	2.31	+3	+35	+28
UK	3.93	-5	+40	+39
Ireland				
Ireland	2.80	+18	+53	+42
Belgium	2.95	+3	+36	+27
France	2.85	+3	+38	+29
Italy	3.93	+1	+34	+23
Spain	3.27	+2	+38	+28
Portugal	3.05	+2	+38	+26
Greece	3.39	+1	+35	+32
5 Year Swap %				
US	4.04	+3	+21	+24
Eurozone	2.68	+2	+26	+25
UK	3.96	-6	+25	+31
2 Year Swap %				
US	4.45	+0	+6	+11
Eurozone	3.01	+1	+15	+21
UK	4.52	-7	+18	+25
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+15	+18	+14
Belgium	64	-0	+1	-1
France	54	-0	+3	+1
Italy	162	-3	-1	-5
Spain	96	-1	+2	+0
Portugal	74	-2	+3	-2
Greece	109	-2	+0	+4



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.1	+1.57	-0.37	+2.67
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2022.7	+0.85	-1.12	-1.94

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