

## Dollar regains some ground

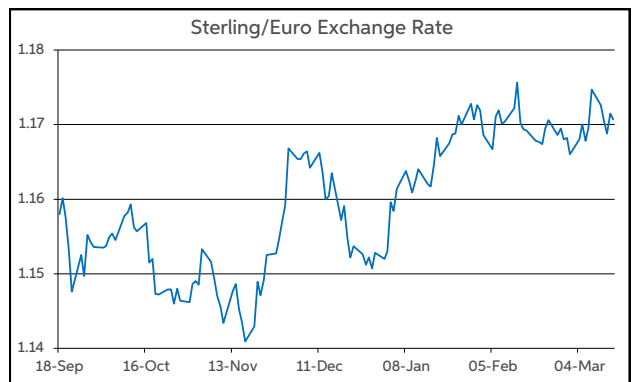
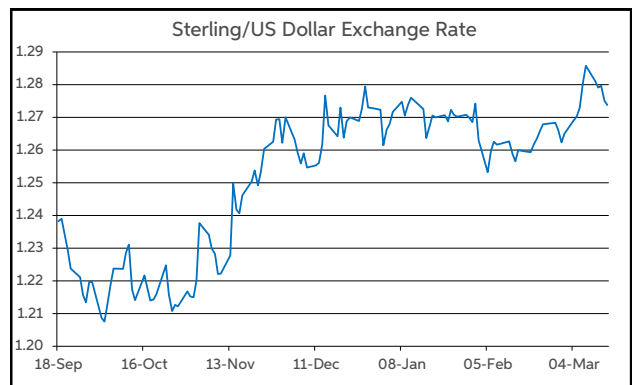
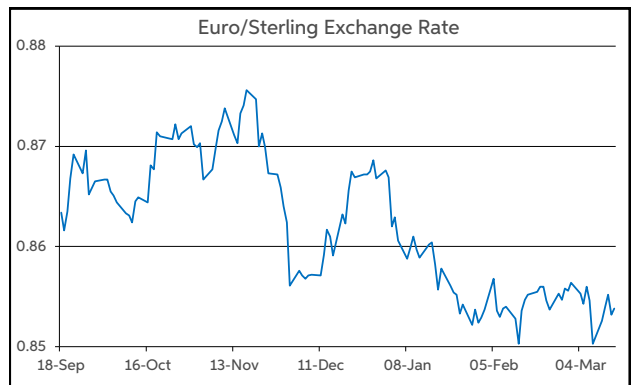
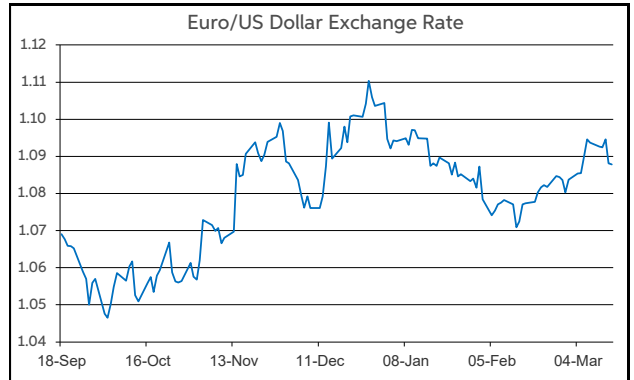
Markets were digesting US macro newsflow yesterday. Producer price inflation for February was higher than expected. The headline PPI rate printed at 1.6% y/y (forecast for 1.1%). Meanwhile, retail sales for February disappointed, rising by 0.6% m/m (forecast for +0.8%). Weakness in some key discretionary categories and downward revisions to prior months indicate some softening in the all-important consumer spending sector of the world's largest economy.

Against this macro backdrop, investor sentiment was holding a cautious tone yesterday. This was evident in modest falls in the main equity indices on both sides of the Atlantic. At the closing bell on Wall Street last night, the S&P 500 was 0.3% lower on the day. On bond markets, yields were higher, led by US Treasuries as the market digested the PPI data. The 10-year US Treasury yield rose by 10bps, while the 10-year German yield was 6bps higher. At the same time, there was some firming in US rate expectations, with the market now attaching around a 70% probability to a Fed rate cut in June (was nearer to 75% at the start of the day).

From a currency viewpoint, the dollar was in the ascendancy, aided by higher US yields. This is reflected in EUR/USD opening this morning back below the \$1.09 level and GBP/USD changing hands in the lower half of \$1.27-1.28. Elsewhere, the EUR/GBP pair continues to be defined by very tight range trading. It has spent the last 24 hours operating in a 85.3-85.5p corridor.

Looking ahead to today, the macro focus will remain on the US economy with a raft of releases due. The diary will feature industrial production (Feb), the regional Empire manufacturing survey and consumer sentiment (both March).

**John Fahey, Senior Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2023 |
| EUR/USD                  | 1.0878 | -0.56    | -1.43    |
| EUR/GBP                  | 0.8538 | -0.16    | -1.50    |
| GBP/USD                  | 1.2736 | -0.41    | 0.05     |
| GBP/EUR                  | 1.1705 | 0.16     | 1.52     |
| USD/JPY                  | 148.24 | 0.22     | 5.09     |
| EUR/JPY                  | 161.27 | -0.33    | 3.62     |

\* 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      | 5.44         | 5.59  | 5.31       | 4.85 | 4.33 |
| EUR                    | 4.50      | 3.86         | 3.94  | 3.68       | 3.22 | 2.78 |
| GBP                    | 5.25      | 5.18         | 5.19  | 4.96       | 4.77 | 4.22 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

# Opening Levels

Friday 15 March 2024  
07:16 am



## Euro

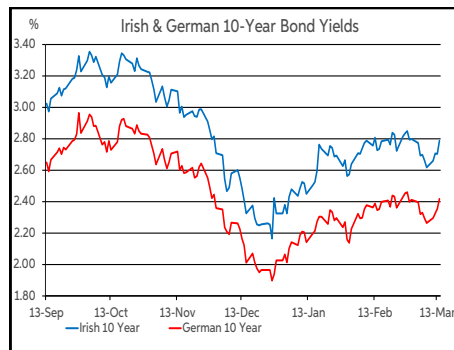
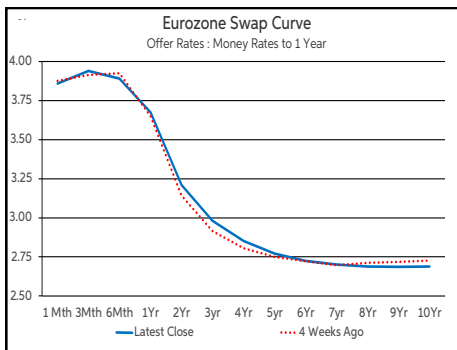
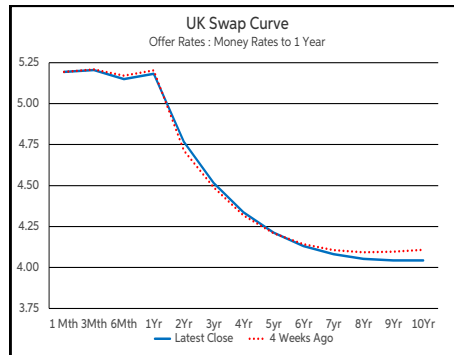
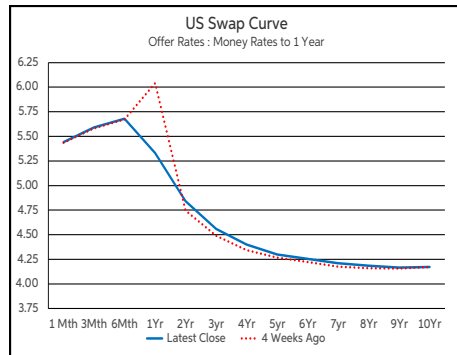
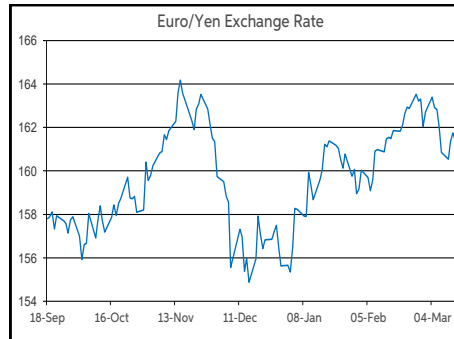
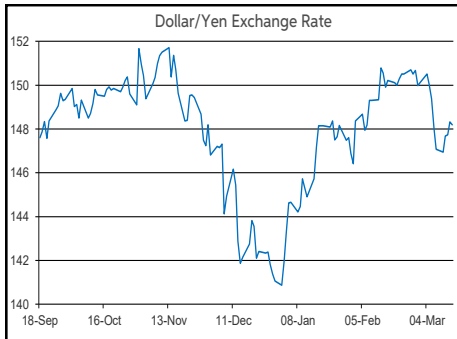
|         |         |
|---------|---------|
| EUR/GBP | 0.8538  |
| EUR/USD | 1.0879  |
| EUR/JPY | 161.28  |
| EUR/SEK | 11.263  |
| EUR/DKK | 7.456   |
| EUR/NOK | 11.5132 |
| EUR/CHF | 0.9625  |
| EUR/AUD | 1.6558  |
| EUR/HKD | 8.5105  |
| EUR/CAD | 1.4723  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1704  |
| GBP/USD | 1.2736  |
| GBP/CAD | 1.724   |
| GBP/NZD | 2.0865  |
| GBP/JPY | 188.8   |
| GBP/SEK | 13.1866 |
| GBP/DKK | 8.7289  |
| GBP/NOK | 13.4863 |
| GBP/CHF | 1.1272  |
| GBP/AUD | 1.9387  |

## Dollar

|         |        |
|---------|--------|
| USD/JPY | 148.24 |
| USD/CAD | 1.3532 |
| USD/CHF | 0.8848 |
| USD/CNY | 7.1955 |
| USD/BRL | 4.9942 |
| USD/RUB | 91.595 |
| USD/INR | 82.888 |
| AUD/USD | 0.657  |
| NZD/USD | 0.6103 |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 23 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 4.29  | +10        | +6      | +43    |
| Germany   | 2.42  | +6         | +7      | +39    |
| UK  | 4.09  | +7         | +4      | +55    |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 4.30  | +8         | +7      | +51    |
| Eurozone  | 2.77  | +8         | +3      | +34    |
| UK  | 4.21  | +8         | +1      | +56    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 4.84  | +7         | +13     | +51    |
| Eurozone  | 3.21  | +4         | +8      | +42    |
| UK  | 4.77  | +6         | +6      | +50    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 41    | +2         | -1      | +6     |
| Belgium   | 54    | +0         | -6      | -11    |
| France  | 45    | +0         | -4      | -8     |
| Italy   | 127   | +3         | -24     | -40    |
| Spain   | 81    | +1         | -11     | -16    |
| Portugal  | 64    | -0         | -4      | -12    |
| Greece  | 83    | -0         | -15     | -22    |

| Commodities    |        |          |         |        |
|----------------|--------|----------|---------|--------|
|                | Close  | % Change |         |        |
|                |        | Day      | 4 Weeks | End 23 |
| Brent Oil      | 85.42  | +1.65    | +3.09   | +10.88 |
| West Texas Oil | 71.65  | -0.17    | -1.90   | -1.27  |
| Gold \$        | 2161.0 | -0.62    | +7.83   | +4.77  |

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