

Dollar starts the week under pressure

Despite choppy trading conditions at times, equity markets moved higher on both sides of the Atlantic last week. The Euro Stoxx 50 outperformed, rising by 2.5% on the week, while the S&P 500 gained 1.6%. Elsewhere, benchmark oil prices fluctuated within a relatively narrow band between \$60-64 per barrel, following the US military action in Venezuela and amid ongoing protests in Iran.

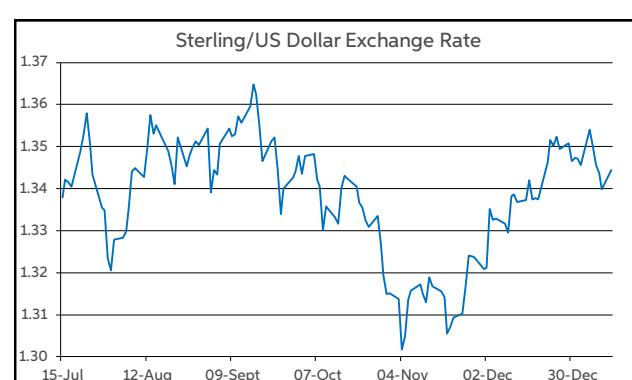
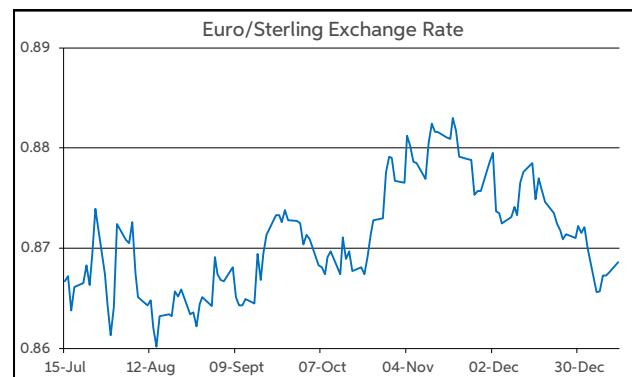
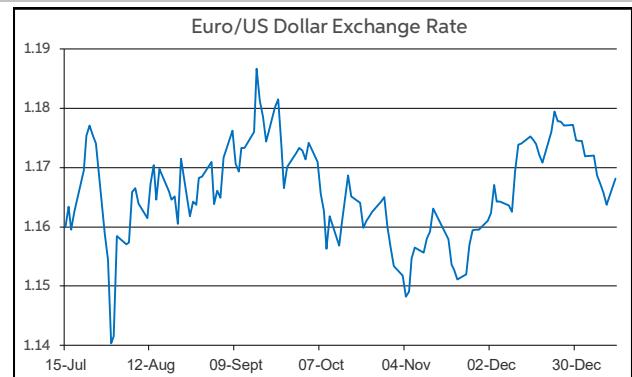
In terms of fixed income, UK Gilts performed strongly, with yields falling by 8-16bps along the curve. German Bund yields declined by a more modest 4-7bps. In contrast, US Treasury yields rose by 1-6bps, partly owing to a modest firming in US futures contracts, following the release of the US labour market report for December. Payroll growth was weaker than expected (+50k vs. +60k f'cast), but the unemployment rate fell to 4.4% (vs. 4.5% f'cast) and average earnings growth accelerated to +3.8% y/y (vs. 3.6% f'cast).

Against that backdrop, the main FX pairs were somewhat volatile last week, albeit the action was contained within narrow trading bands. Overall, weaker than anticipated inflation in the Eurozone weighed on the euro. Elsewhere, sterling started last week on the front-foot, but was unable to hold onto all of its gains. Meantime the dollar benefited from the aforementioned firming in US rates. However, the announcement of subpoenas being issued to the Fed at the weekend has weighed on the dollar at the beginning of this week.

As the European session gets underway this morning, EUR/USD opens in the top half of the \$1.16-1.17 range. EUR/GBP is changing hands near to the 87p handle. GBP/USD is operating close to the midpoint of \$1.34-1.35.

Turning to the week ahead, the main release of note will be US CPI inflation for December. In the UK, the monthly reading of GDP for November will feature. The Eurozone calendar is quite sparse.

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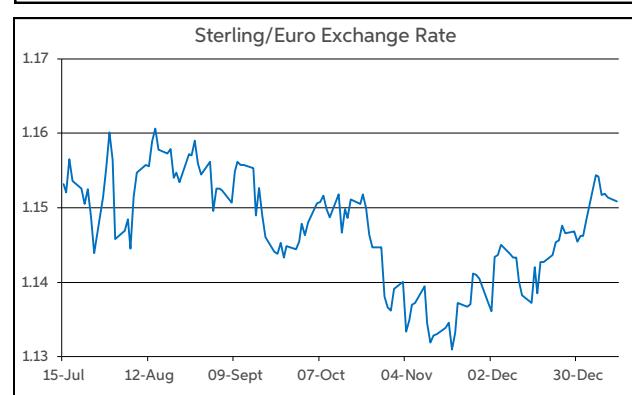
Today's Opening FX Rates			
	% Change		
	Day *	End 2025	
EUR/USD	1.1681	0.27	-0.54
EUR/GBP	0.8686	0.15	-0.33
GBP/USD	1.3444	0.12	-0.22
GBP/EUR	1.1507	-0.15	0.33
USD/JPY	157.87	0.32	0.78
EUR/JPY	184.43	0.58	0.24

* 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	3.63	3.67	3.48	3.68	3.78
EUR	2.00	1.97	2.16	2.25	2.55
GBP	3.75	3.71	3.51	3.69	3.85

All rates quoted are indicative market rates

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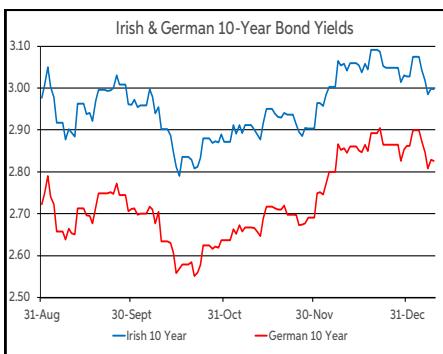
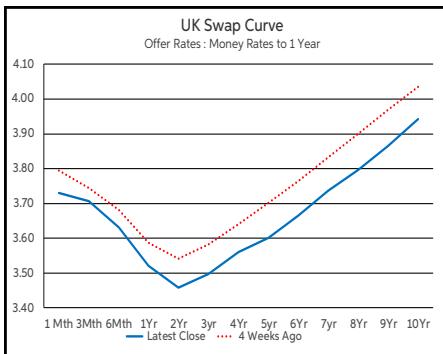
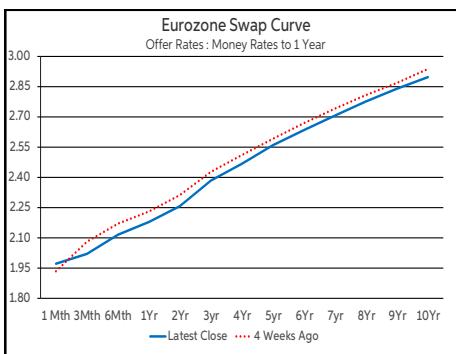
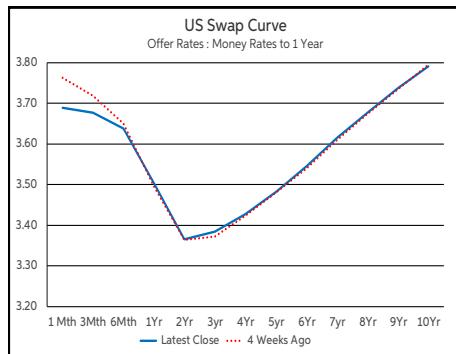
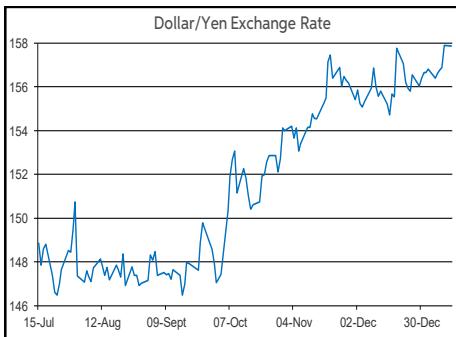
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Euro	
EUR/GBP	0.8686
EUR/USD	1.1681
EUR/JPY	184.43
EUR/SEK	10.714
EUR/DKK	7.4721
EUR/NOK	11.7452
EUR/CHF	0.9303
EUR/AUD	1.7417
EUR/HKD	9.1062
EUR/CAD	1.621

Sterling	
GBP/EUR	1.1507
GBP/USD	1.3444
GBP/CAD	1.8656
GBP/NZD	2.3356
GBP/JPY	212.24
GBP/SEK	12.3304
GBP/DKK	8.6
GBP/NOK	13.5185
GBP/CHF	1.071
GBP/AUD	2.004

Dollar	
USD/JPY	157.87
USD/CAD	1.3877
USD/CHF	0.7965
USD/CNY	6.9745
USD/BRL	5.3708
USD/RUB	79
USD/INR	90.235
AUD/USD	0.6706
NZD/USD	0.5753



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.17	-1	-2	+2
Germany	2.83	-0	-4	-4
UK	4.38	-2	-14	-10
Ireland	3.00	-0	-6	-3
Belgium	3.32	+1	-5	-3
France	3.53	-1	-5	-4
Italy	3.46	-2	-10	-5
Spain	3.25	-1	-6	-4
Portugal	3.11	-1	-7	-4
Greece	3.39	-2	-10	-9
5 Year Swap %				
US	3.71	+2	+2	-2
Eurozone	2.54	+2	-4	-2
UK	3.85	-2	-9	-5
2 Year Swap %				
US	3.63	+4	+2	+5
Eurozone	2.25	+2	-3	-1
UK	3.69	-2	-8	-4
10 Year Government Bond Spreads to Benchmark bps				
Ireland	17	+0	-3	+1
Belgium	49	+1	-1	+1
France	70	-0	-2	+0
Italy	63	-1	-6	-2
Spain	43	-0	-2	-0
Portugal	29	-0	-3	-1
Greece	57	-2	-6	-5

	Commodities			
	Close	Day	4 Weeks	End 25
Brent Oil	63.34	+2.18	+3.63	+4.09
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4509.8	+0.76	+4.83	+4.54

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