

US CPI inflation in focus

The positive tone to investor sentiment from last week carried over into yesterday's European session. Amid a sparse data schedule, trading conditions remained benign. Against this backdrop, the Euro Stoxx 50 gained 0.6%. However, on Wall Street, the mood soured late on, with the S&P 500 inching down by 0.1%.

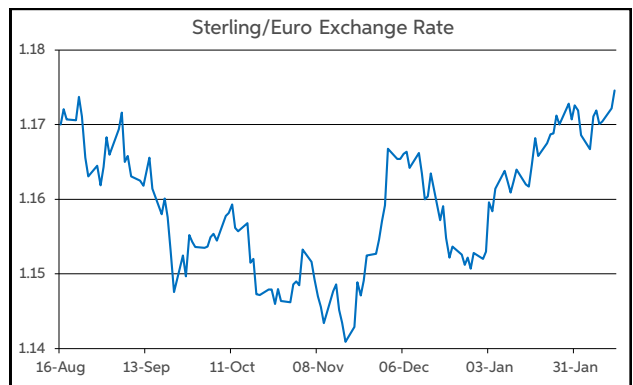
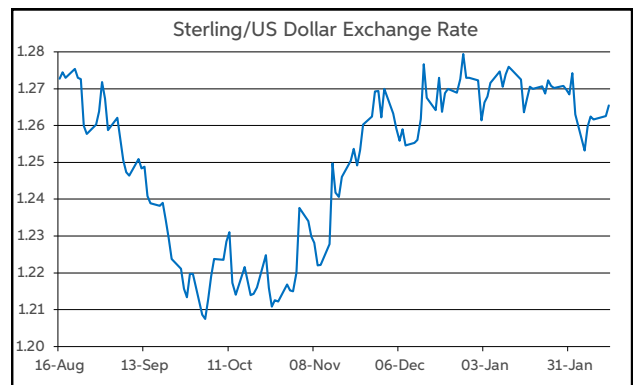
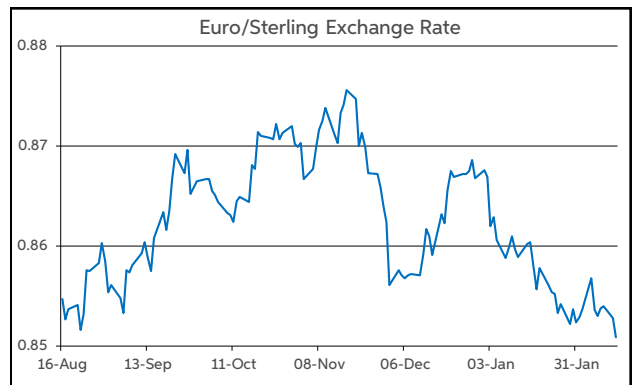
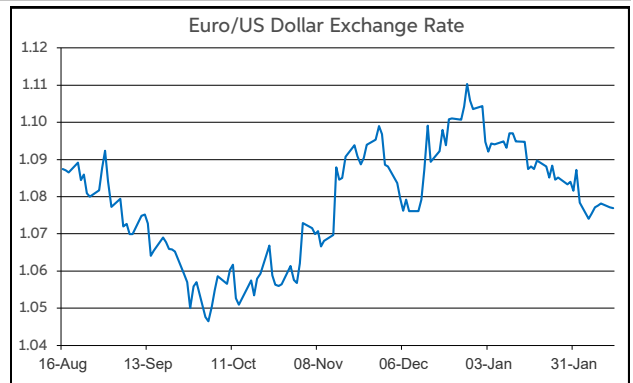
On bond markets, yields drifted marginally lower across the board. Benchmark sovereign yields declined by 1-3bps in the US, UK and Eurozone. However, there were no obvious catalysts for these moves. Elsewhere, Brent crude remained at \$82 per barrel.

Currency-wise, the main FX pairs were confined to very tight ranges yesterday. Of the limited price action to register, the euro was under some slight downward pressure overnight. In level terms, this sees EUR/USD open this morning in the top half of \$1.07-1.08. EUR/GBP is operating back near to the 85p threshold. Elsewhere, GBP/USD is at the midpoint of the \$1.26-1.27 corridor.

Already today, UK labour market data have been released. The unemployment rate fell to 3.8% in December (vs. 4% f'cast). At the same time, average earnings growth slowed to +5.8% y/y in Q4, above the 5.6% consensus. Overall, the data indicate that the UK labour market remains quite tight. Sterling has been holding a firmer tone in early trading following the release.

For the remainder of the day, the main focus will be on US CPI inflation data for January. Both the headline and core rates are projected to decline. The latter is expected to fall to 3.7% from 3.9%, while the former is forecast to drop to 2.9% from 3.4%. The data pose some event risk for the dollar. In the Eurozone, the German ZEW (February) will garner some interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.077	-0.18	-2.41
EUR/GBP	0.8511	-0.39	-1.81
GBP/USD	1.265	0.18	-0.62
GBP/EUR	1.1741	0.39	1.84
USD/JPY	149.53	0.22	6.00
EUR/JPY	161.08	0.05	3.50

* 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	5.57	5.15	4.63	4.17
EUR	4.50	3.84	3.89	3.59	3.09	2.75
GBP	5.25	5.18	5.21	5.00	4.76	4.25

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

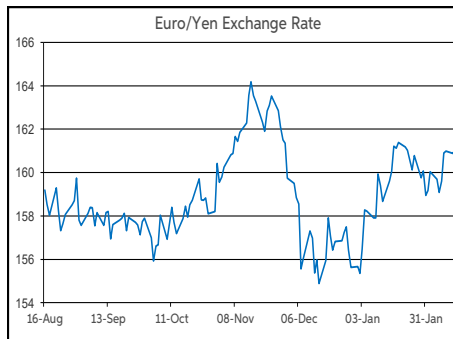
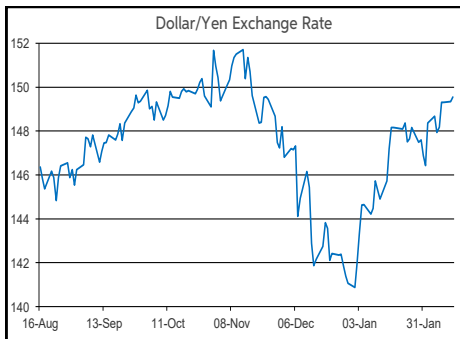
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

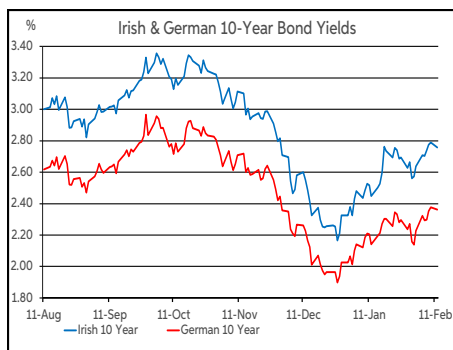
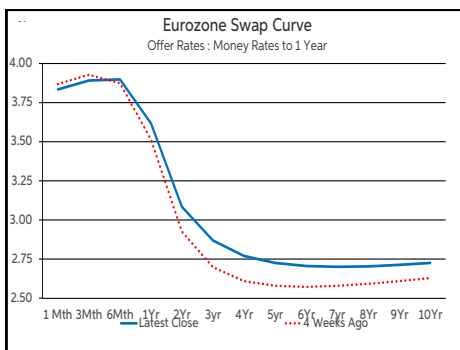
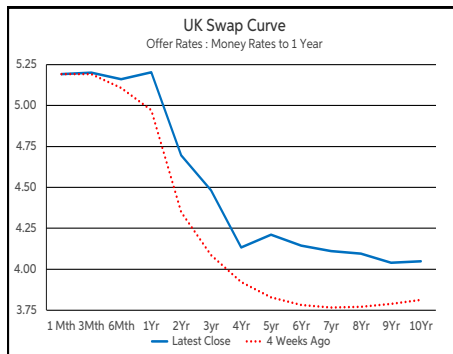
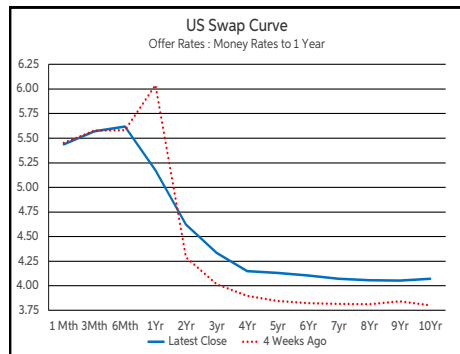
Tuesday 13 February 2024
07:37 am



Euro		Sterling		Dollar	
EUR/GBP	0.851	GBP/EUR	1.1742	USD/JPY	149.54
EUR/USD	1.077	GBP/USD	1.2651	USD/CAD	1.345
EUR/JPY	161.07	GBP/CAD	1.7018	USD/CHF	0.8794
EUR/SEK	11.2231	GBP/NZD	2.0716	USD/CNY	7.1929
EUR/DKK	7.4551	GBP/JPY	189.18	USD/BRL	4.9536
EUR/NOK	11.3143	GBP/SEK	13.1817	USD/RUB	91.145
EUR/CHF	0.9472	GBP/DKK	8.7556	USD/INR	83.015
EUR/AUD	1.6519	GBP/NOK	13.2867	AUD/USD	0.6517
EUR/HKD	8.4212	GBP/CHF	1.1128	NZD/USD	0.6105
EUR/CAD	1.4487	GBP/AUD	1.9407		



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	4.18	+0	+24	+31
Germany	2.37	-1	+17	+34
UK	4.06	-3	+26	+52
5 Year Swap %				
US	4.13	+0	+33	+34
Eurozone	2.73	-3	+16	+30
UK	4.21	-4	+39	+56
2 Year Swap %				
US	4.62	+2	+37	+29
Eurozone	3.09	-3	+17	+29
UK	4.70	-5	+35	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-2	+12	+9
Belgium	61	-2	-4	-5
France	50	-2	-4	-3
Italy	155	-5	-7	-13
Spain	96	-3	+0	-1
Portugal	72	-1	-2	-4
Greece	104	-2	-9	-1



Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	82	-0.23	+4.93	+6.44
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2019.8	-0.22	-1.69	-2.08

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