

BoJ exits negative interest rates

There was a quiet start to the week on financial markets yesterday, as investors kept their powder dry ahead of a busy week of central bank meetings. The Euro Stoxx 50 fell by 0.1%, while the S&P 500 rose by 0.6%. Meantime on bond markets, having risen sharply last week, yields continued to move higher, with US Treasury and German Bund yields rising 2-4bps. Elsewhere, oil prices continued to trend upwards, with Brent crude climbing above \$86 per barrel

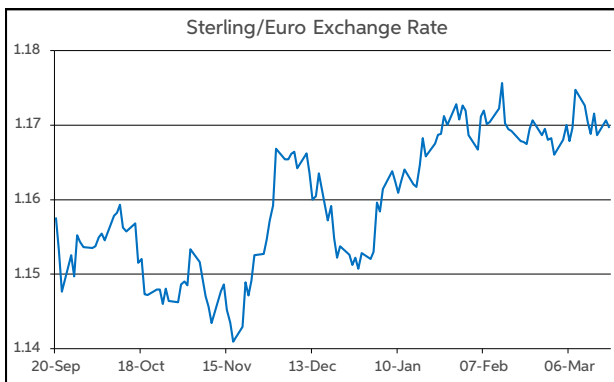
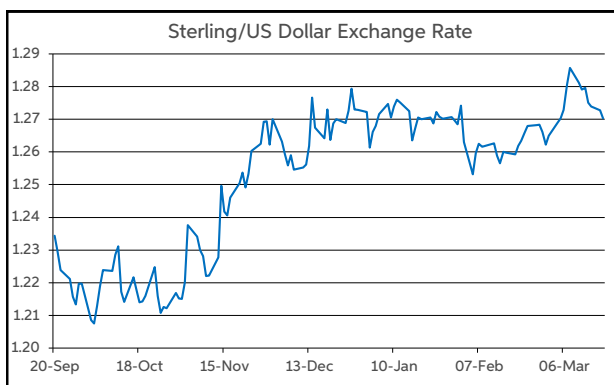
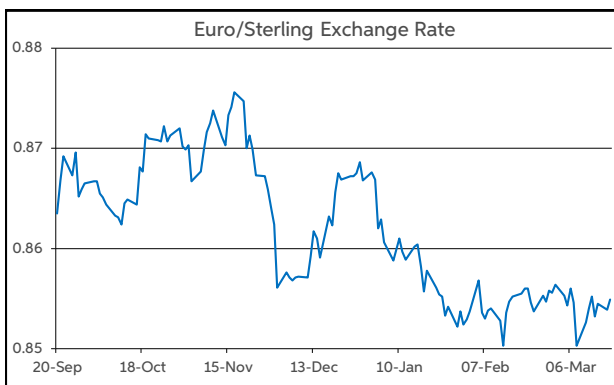
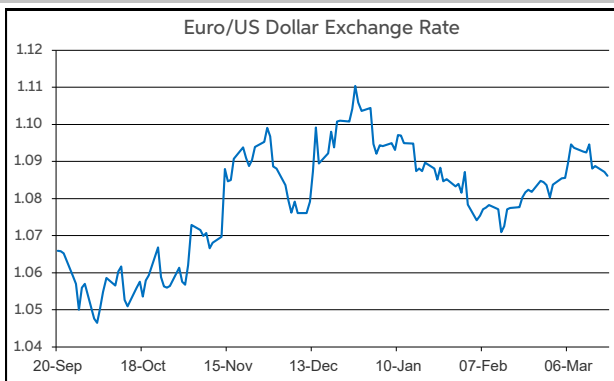
Overnight, the conclusion of the first of the aforementioned central bank meetings saw the Bank of Japan hike rates for the first time since 2007, exiting negative rates for the first time since 2016 in the process. The BoJ has also fully abandoned its yield curve control policy. Speculation had been building in the run-up to the meeting that the BoJ may alter policy, following higher than anticipated wage agreements recently. However, the BoJ remained cautious on the outlook, indicating policy is likely to remain accommodative.

Against this backdrop, the yen has edged lower, falling by 0.5% against the dollar, euro and sterling overnight. Elsewhere on currency markets, the other pairs have been confined to very narrow ranges over the past 24 hours.

In level terms, USD/JPY opens this morning up at the ¥150 handle, with EUR/JPY in and around the ¥163 mark. EUR/USD remains in the top half of the \$1.08-1.09 range. GBP/USD is changing hands at the \$1.27 threshold. Elsewhere, the EUR/GBP continues to operate at the midpoint of 85-86p.

Turning to the day ahead, in the Eurozone updated labour costs data for Q4 will garner attention. Meanwhile in the US, housing starts for February will feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0861	-0.22	-1.59
EUR/GBP	0.8547	-0.02	-1.40
GBP/USD	1.2703	-0.23	-0.20
GBP/EUR	1.1692	0.02	1.42
USD/JPY	150.07	0.64	6.39
EUR/JPY	163.04	0.43	4.76

* 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	5.36	4.91	4.39
EUR	4.50	3.86	3.93	3.70	3.25	2.81
GBP	5.25	5.19	5.20	4.97	4.77	4.24

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 19 March 2024
07:36 am



Euro

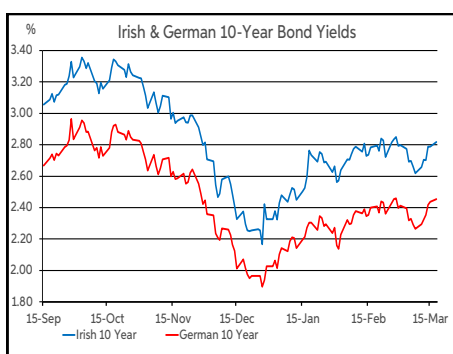
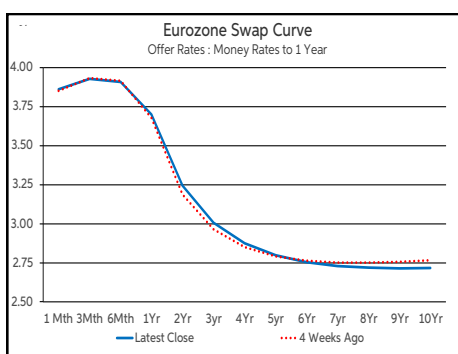
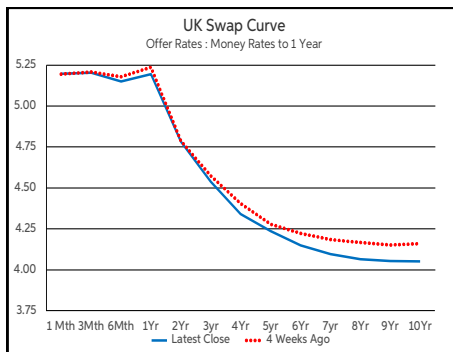
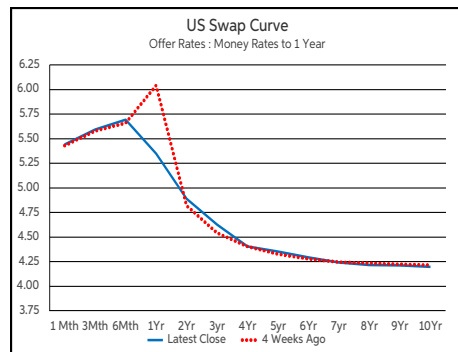
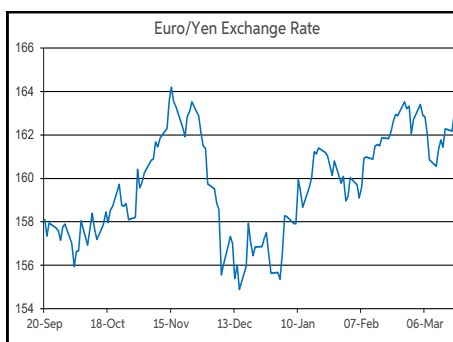
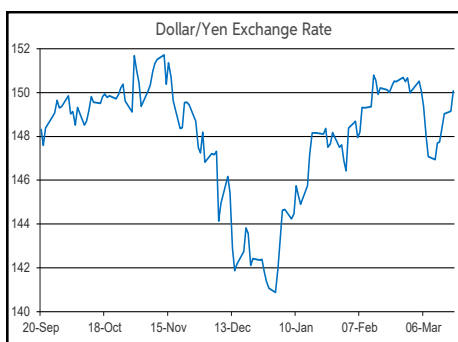
EUR/GBP	0.8547
EUR/USD	1.0861
EUR/JPY	163.04
EUR/SEK	11.3545
EUR/DKK	7.4572
EUR/NOK	11.5904
EUR/CHF	0.9654
EUR/AUD	1.6654
EUR/HKD	8.4956
EUR/CAD	1.4728

Sterling

GBP/EUR	1.1692
GBP/USD	1.2703
GBP/CAD	1.7227
GBP/NZD	2.0989
GBP/JPY	190.63
GBP/SEK	13.2799
GBP/DKK	8.7205
GBP/NOK	13.5569
GBP/CHF	1.129
GBP/AUD	1.9479

Dollar

USD/JPY	150.07
USD/CAD	1.3559
USD/CHF	0.8885
USD/CNY	7.1994
USD/BRL	5.0304
USD/RUB	91.783
USD/INR	82.95
AUD/USD	0.6522
NZD/USD	0.6051



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.33	+2	+5	+46
Germany	2.46	+2	+5	+43
UK	4.09	-1	-2	+55
Ireland	2.84	+1	+1	+46
Belgium	2.97	+1	-2	+29
France	2.89	+1	+0	+33
Italy	3.68	-1	-22	-2
Spain	3.24	+0	-8	+25
Portugal	3.09	+1	+2	+30
Greece	3.32	+7	-8	+25
5 Year Swap %				
US	4.35	+2	+6	+56
Eurozone	2.80	+2	+2	+37
UK	4.23	+1	+1	+58
2 Year Swap %				
US	4.89	+1	+11	+55
Eurozone	3.25	+1	+7	+45
UK	4.78	+0	+0	+52
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-1	-4	+3
Belgium	52	-1	-7	-13
France	43	-1	-4	-10
Italy	123	-3	-27	-45
Spain	78	-2	-12	-18
Portugal	63	-1	-3	-13
Greece	87	+5	-12	-18

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	86.89	+1.82	+3.99	+12.79
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2160.0	+0.21	+7.06	+4.72

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