

US CPI inflation in focus

The relatively muted start to the week on financial markets continued yesterday. On equity markets, the Euro Stoxx 50 fell by 0.7%, led by a retracement in luxury stocks, as the recent boost from the announcement of stimulus packages in China faded. On Wall Street, the S&P 500 finished 0.3% lower for the day.

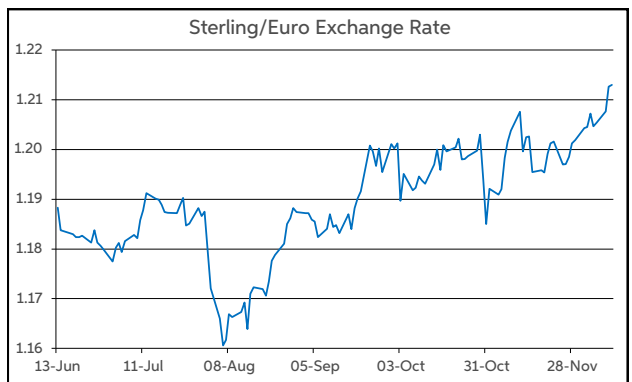
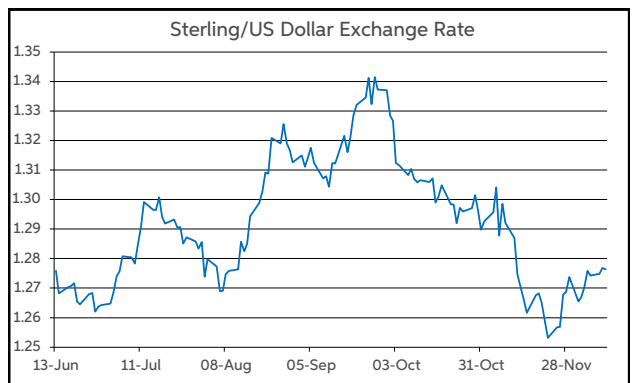
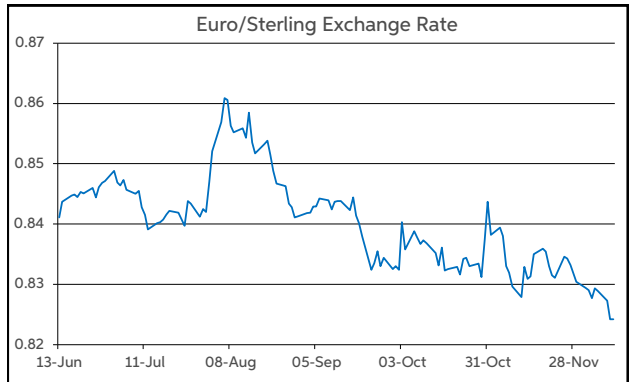
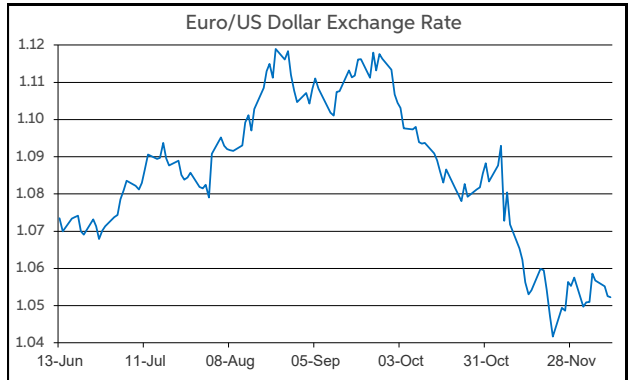
A very sparse data calendar likely contributed to the limited price action yesterday. US NFIB small business optimism was the only release of note. The index jumped to 101.7 in November, its highest level since June 2021 and up from 93.7 in October, amid increased optimism for a more business friendly environment following President Trump's election victory. However, the data had no major impact on markets.

Currency-wise, the euro and yen were under some downward pressure. Both currencies shed circa 0.5% versus the dollar and sterling. This saw EUR/GBP registering a fresh year-to-date low of 82.39p. Elsewhere on forex markets, the main pairs remained relatively range bound.

As trading gets underway this morning, EUR/GBP is close to its low, below the midpoint of 82-83p. Meantime, EUR/USD is operating in the bottom half of the \$1.05-1.06 range. GBP/USD is just above the halfway mark of the \$1.27-1.28 corridor. USD/JPY is changing hands in the top half of ¥151-152.

Turning to the day ahead, the focus will be on US CPI inflation data for November. The consensus is for the headline rate to rise slightly to 2.7% from 2.6%, while the core rate is projected to remain at 3.3%. The release poses some event risk for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0523	-0.37	-4.65
EUR/GBP	0.8242	-0.47	-4.91
GBP/USD	1.2764	0.10	0.27
GBP/EUR	1.2127	0.47	5.17
USD/JPY	151.72	0.53	7.56
EUR/JPY	159.68	0.16	2.60

* 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	4.63	4.44	4.39	4.15	4.26	4.07
EUR	3.40	2.94	2.86	2.33	2.10	2.06
GBP	4.75	4.68	4.62	4.34	4.35	4.10

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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Euro

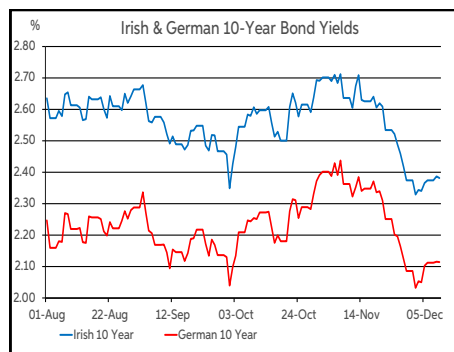
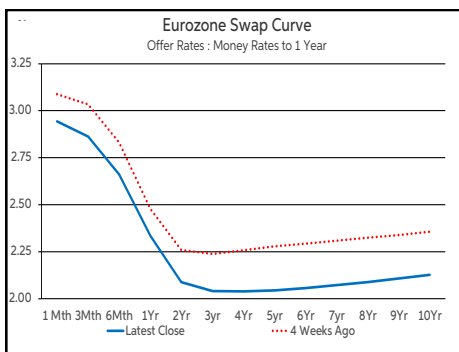
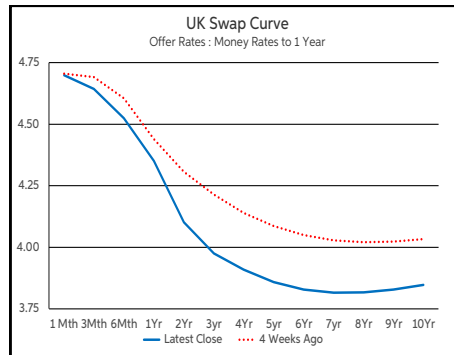
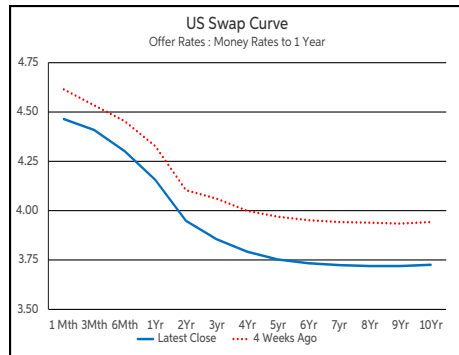
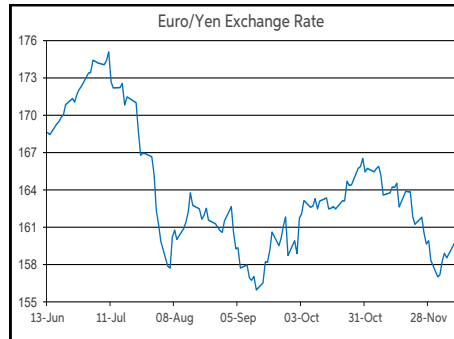
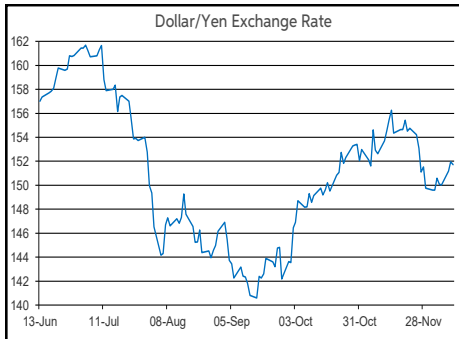
EUR/GBP	0.8242
EUR/USD	1.0523
EUR/JPY	159.68
EUR/SEK	11.549
EUR/DKK	7.4572
EUR/NOK	11.7377
EUR/CHF	0.93
EUR/AUD	1.6519
EUR/HKD	8.1838
EUR/CAD	1.4907

Sterling

GBP/EUR	1.2127
GBP/USD	1.2764
GBP/CAD	1.8078
GBP/NZD	2.2036
GBP/JPY	193.64
GBP/SEK	14.0049
GBP/DKK	9.0425
GBP/NOK	14.2353
GBP/CHF	1.1275
GBP/AUD	2.003

Dollar

USD/JPY	151.71
USD/CAD	1.4164
USD/CHF	0.8836
USD/CNY	7.2494
USD/BRL	6.045
USD/RUB	102
USD/INR	84.84
AUD/USD	0.6369
NZD/USD	0.579



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.22	+2	-21	+36
Germany	2.12	-0	-24	+9
UK	4.33	+5	-18	+79
5 Year Swap %				
Ireland	2.41	-1	-28	+4
Belgium	2.66	+1	-29	-2
France	2.87	+0	-26	+32
Italy	3.21	+1	-43	-49
Spain	2.76	+0	-34	-23
Portugal	2.53	+1	-33	-26
Greece	2.91	+1	-31	-16
2 Year Swap %				
US	4.01	+2	-19	+22
Eurozone	2.05	-1	-22	-38
UK	4.10	+4	-25	+45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	29	-1	-4	-5
Belgium	55	+2	-6	-11
France	76	+0	-3	+23
Italy	109	+1	-19	-58
Spain	65	+1	-11	-32
Portugal	41	+2	-10	-35
Greece	80	+1	-8	-25

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	72.19	+0.07	+0.42	-6.30
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2693.6	+1.31	+3.71	+30.60

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