

## Fed in focus today

There was a mixed tone to investor sentiment yesterday. The Euro Stoxx 50 gained 0.7%, as the German parliament passed a substantial fiscal package to increase defence and infrastructure spending. Meantime, the S&P 500 declined by 1.1%, led lower by a renewed fall in tech stocks.

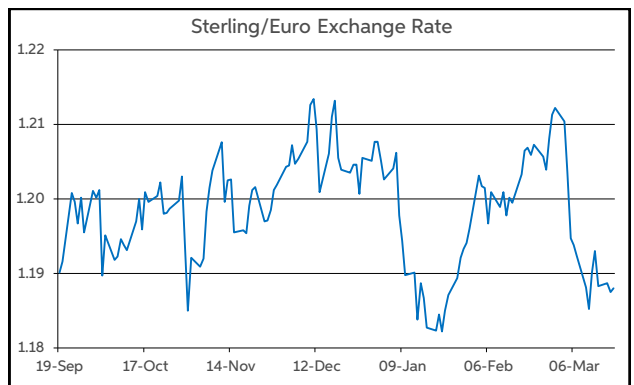
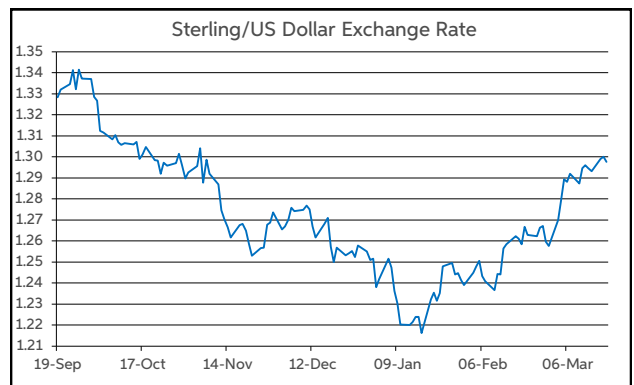
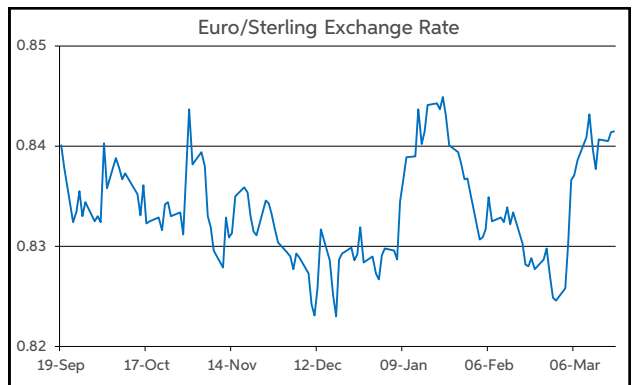
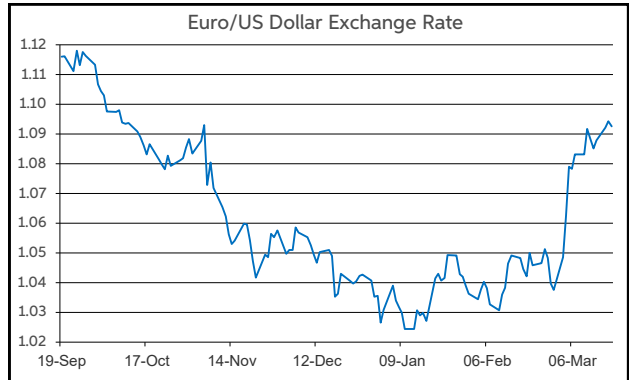
Currency-wise, the dollar started yesterday under some downward pressure. This saw EUR/USD register a new year-to-date high of \$1.0955 in the early part of the European session. GBP/USD also tested above the \$1.30 threshold for the first time since last November. However, the dollar recouped its losses later in the day, amid some better than anticipated US data. Industrial production printed at +0.7% in February, above the consensus for a 0.2% rise in output. At the same time, housing starts jumped to 1.50m in February, compared to expectations for 1.38m.

Overnight, the BoJ left monetary policy on hold, as anticipated. The decision has had a limited impact on the yen thus far. Likewise, an agreement for Russia to halt strikes on energy infrastructure in Ukraine has not influenced markets.

As trading gets underway this morning, EUR/USD is just above the \$1.09 threshold. GBP/USD is in the top half of the \$1.29-1.30 range. Meanwhile, USD/JPY remains in the upper region of the ¥149-150 corridor. EUR/GBP is in the lower half of 84-85p.

Today, the main focus will be on the US Fed policy decision. Rates are expected to be unchanged, but the Fed may provide new guidance on its quantitative tightening programme. Meantime, the updated interest rate dotplot and the post-meeting press conference with Chair Powell will garner significant attention.

**Daniel Noonan, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2024 |
| EUR/USD                  | 1.0926 | 0.17     | 5.53     |
| EUR/GBP                  | 0.8415 | 0.12     | 1.72     |
| GBP/USD                  | 1.2977 | 0.03     | 3.72     |
| GBP/EUR                  | 1.1876 | -0.12    | -1.69    |
| USD/JPY                  | 149.81 | 0.05     | -4.69    |
| EUR/JPY                  | 163.71 | 0.23     | 0.59     |

\* 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                    | 4.38         | 4.31  | 4.30       | 4.09 | 4.17 | 4.09 |
| EUR                    | 2.65         | 2.39  | 2.46       | 2.34 | 2.31 | 2.49 |
| GBP                    | 4.50         | 4.44  | 4.37       | 4.17 | 4.28 | 4.24 |

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

Wednesday 19 March 2025  
06:16 am



## Euro

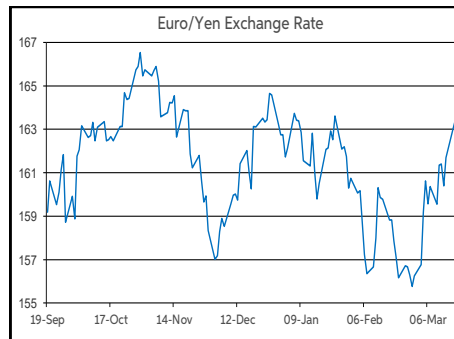
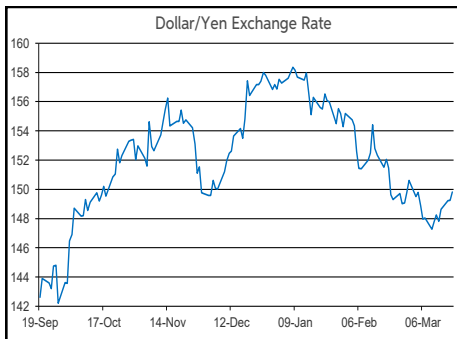
|         |         |
|---------|---------|
| EUR/GBP | 0.8415  |
| EUR/USD | 1.0926  |
| EUR/JPY | 163.71  |
| EUR/SEK | 10.999  |
| EUR/DKK | 7.459   |
| EUR/NOK | 11.5427 |
| EUR/CHF | 0.9581  |
| EUR/AUD | 1.719   |
| EUR/HKD | 8.4901  |
| EUR/CAD | 1.5636  |

## Sterling

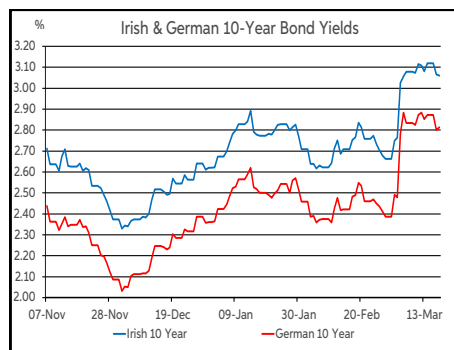
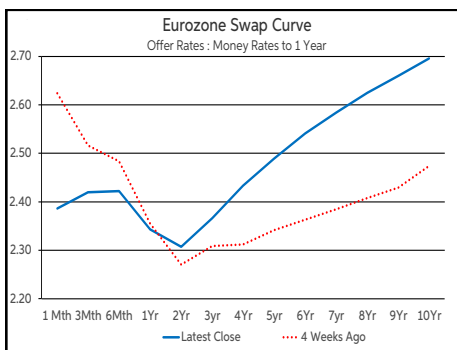
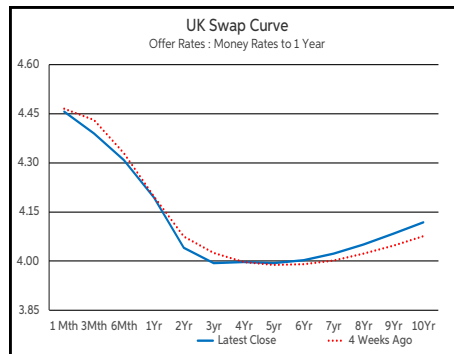
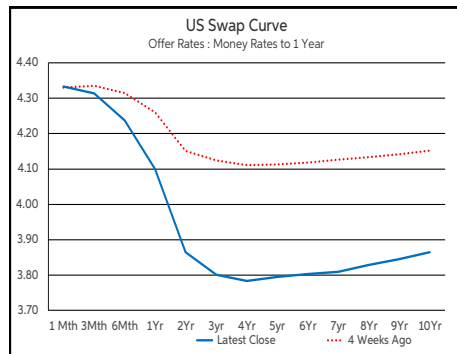
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|---------|---------|
| GBP/EUR | 1.1876  |
| GBP/USD | 1.2977  |
| GBP/CAD | 1.8574  |
| GBP/NZD | 2.2327  |
| GBP/JPY | 194.41  |
| GBP/SEK | 13.0635 |
| GBP/DKK | 8.8583  |
| GBP/NOK | 13.7132 |
| GBP/CHF | 1.1383  |
| GBP/AUD | 2.0415  |

## Dollar

|         |        |
|---------|--------|
| USD/JPY | 149.81 |
| USD/CAD | 1.4312 |
| USD/CHF | 0.8769 |
| USD/CNY | 7.2346 |
| USD/BRL | 5.6729 |
| USD/RUB | 82.2   |
| USD/INR | 86.48  |
| AUD/USD | 0.6354 |
| NZD/USD | 0.5809 |



| Debt Markets  |       |     |         |        |
|---|-------|-----|---------|--------|
|   | Close | Day | 4 Weeks | End 24 |
| <b>10 Year Yield %</b>                                  |       |     |         |        |
| US  | 4.28  | -3  | -26     | -30    |
| Germany   | 2.82  | +1  | +33     | +45    |
| UK  | 4.65  | +1  | +9      | +7     |
|   |       |     |         |        |
| Ireland   | 3.10  | -0  | +31     | +45    |
| Belgium   | 3.37  | +3  | +32     | +39    |
| France  | 3.49  | +1  | +33     | +30    |
| Italy   | 3.88  | +2  | +33     | +35    |
| Spain   | 3.44  | +1  | +29     | +37    |
|   |       |     |         |        |
| Portugal  | 3.33  | +3  | +33     | +48    |
| Greece  | 3.68  | +4  | +32     | +43    |
|   |       |     |         |        |
| <b>5 Year Swap %</b>                                    |       |     |         |        |
| US  | 4.04  | -2  | -32     | -25    |
| Eurozone  | 2.48  | -2  | +15     | +24    |
| UK  | 4.23  | +0  | +0      | -5     |
|   |       |     |         |        |
| <b>2 Year Swap %</b>                                    |       |     |         |        |
| US  | 4.12  | -1  | -28     | -21    |
| Eurozone  | 2.30  | -0  | +4      | +11    |
| UK  | 4.28  | -0  | -3      | -21    |
|   |       |     |         |        |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |     |         |        |
| Ireland   | 28    | -1  | -2      | -1     |
|   |       |     |         |        |
| Belgium   | 56    | +2  | -0      | -6     |
| France  | 68    | -1  | +1      | -16    |
| Italy   | 106   | +0  | +0      | -10    |
| Spain   | 62    | -1  | -3      | -8     |
|   |       |     |         |        |
| Portugal  | 52    | +2  | +1      | +3     |
| Greece  | 87    | +2  | -0      | -2     |



| Commodities    |        |       |         |        |
|----------------|--------|-------|---------|--------|
|                | Close  | Day   | 4 Weeks | End 24 |
| Brent Oil      | 70.56  | -0.72 | -6.96   | -5.47  |
| West Texas Oil | 71.65  | -0.17 | -1.90   | -1.27  |
|                |        |       |         |        |
| Gold \$        | 3033.9 | +1.08 | +3.35   | +15.63 |

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