

Market eyes Eurozone inflation today

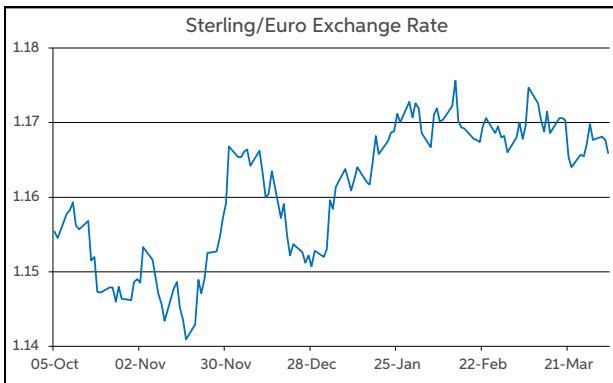
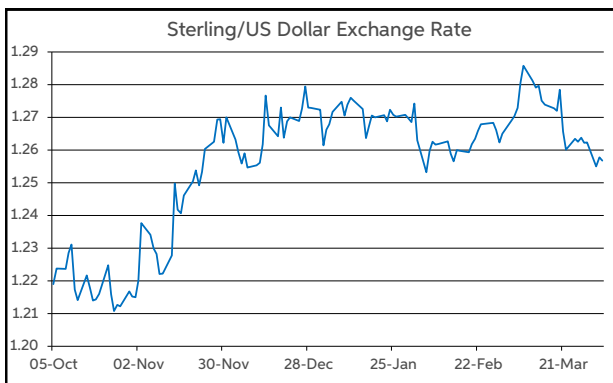
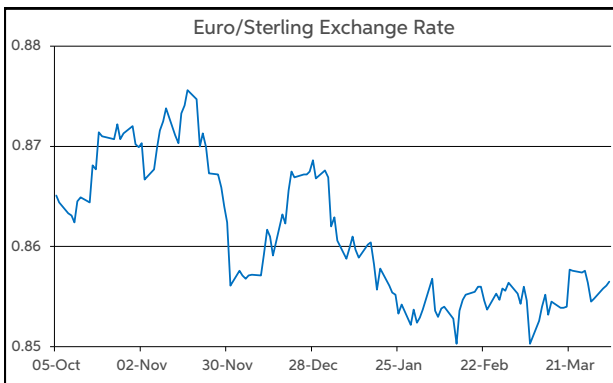
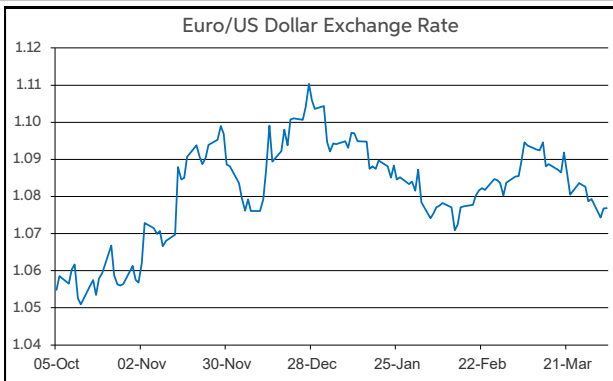
There was a risk averse mood to investor sentiment yesterday as European markets returned from their Easter break. The 'risk off' atmosphere was evident on both sides of the Atlantic though. In Europe, the Euro Stoxx 50 fell by 0.8%. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 index was 0.7% lower on the day.

The nervousness amongst market participants was against the backdrop of rising bond yields, as well as futures contracts now being less certain of a June rate cut from the Fed. This reassessment is amid some recent better than expected US activity data and comments from a raft of Fed speakers, which suggests they are in hurry to cut rates. The 10-year Treasury yield continued on its upward trajectory from Monday, rising up to 4.35%. The 10-year German Bund yield rose up to the 2.4% mark.

Currency-wise, the dollar came into yesterday with some upward momentum, boosted by rising US yields on Monday when European markets were still on their Easter holiday. However, both the euro and sterling managed to recover some lost ground yesterday, albeit the magnitude of the moves were modest. EUR/USD edged into the upper half of \$1.07-1.08. GBP/USD traded back above the midpoint of \$1.25-1.26. Elsewhere, EUR/GBP continued to operate within the 85-86p band.

Looking ahead to today's macro diary, the 'data' focus will be on the Eurozone calendar, with the flash reading of HICP inflation for March due. The consensus is for the headline rate to print at 2.6%. However, there are downside risks to this forecast given national data already released from the 'Big Four' economies. Meanwhile, in the US, a speech by Fed Chair Powell is a key highlight.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.077	0.36	-2.41
EUR/GBP	0.8566	0.14	-1.18
GBP/USD	1.2571	0.23	-1.24
GBP/EUR	1.1668	-0.14	1.19
USD/JPY	151.65	-0.07	7.51
EUR/JPY	163.34	0.28	4.95

* v Previous Day's European Open
See Next Page for More Rates

	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.57	5.31	4.89	4.40
EUR	4.50	3.86	3.89	3.60	3.14	2.71
GBP	5.25	5.19	5.16	4.87	4.68	4.15

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

Wednesday 03 April 2024
07:24 am



Euro

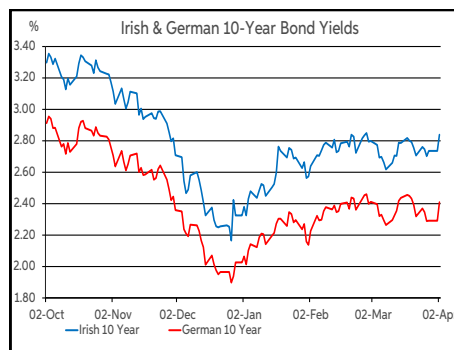
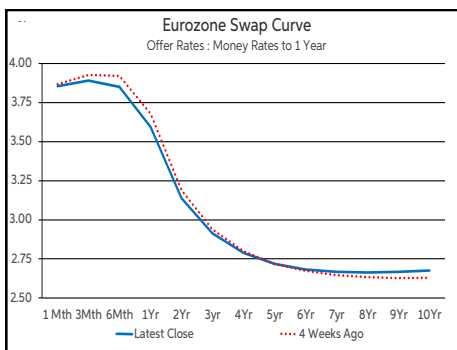
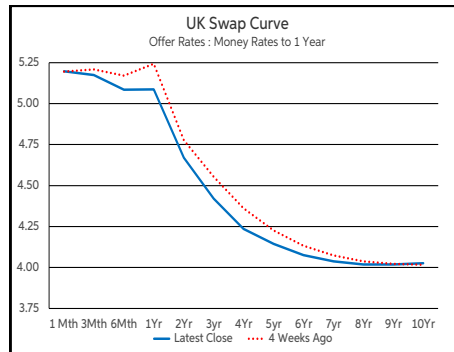
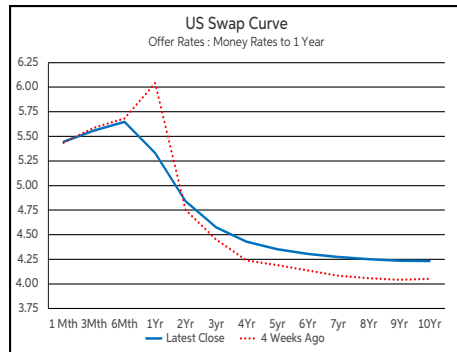
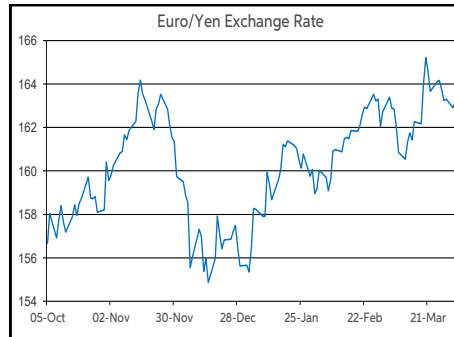
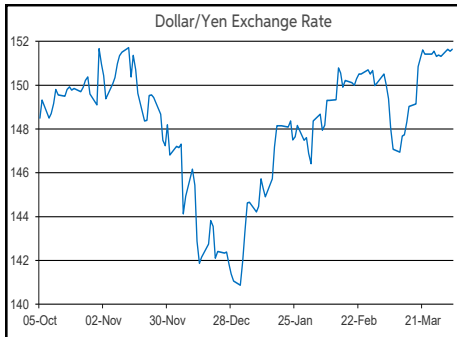
EUR/GBP	0.8566
EUR/USD	1.077
EUR/JPY	163.34
EUR/SEK	11.5677
EUR/DKK	7.4577
EUR/NOK	11.6738
EUR/CHF	0.9789
EUR/AUD	1.6534
EUR/HKD	8.4333
EUR/CAD	1.4622

Sterling

GBP/EUR	1.1668
GBP/USD	1.2571
GBP/CAD	1.7067
GBP/NZD	2.1052
GBP/JPY	190.64
GBP/SEK	13.5039
GBP/DKK	8.7032
GBP/NOK	13.624
GBP/CHF	1.1426
GBP/AUD	1.9297

Dollar

USD/JPY	151.65
USD/CAD	1.3577
USD/CHF	0.9088
USD/CNY	7.2352
USD/BRL	5.0659
USD/RUB	92.4925
USD/INR	83.42
AUD/USD	0.6512
NZD/USD	0.597



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.35	+4	+20	+49
Germany	2.41	+12	+9	+38
UK	4.09	+16	+8	+55
Ireland	2.87	+10	+14	+48
Belgium	3.00	+12	+12	+32
France	2.92	+12	+13	+37
Italy	3.81	+13	+10	+11
Spain	3.26	+11	+9	+27
Portugal	3.11	+11	+16	+32
Greece	3.41	+12	+9	+33
5 Year Swap %				
US	4.35	+2	+20	+56
Eurozone	2.72	+6	+1	+29
UK	4.14	+11	-8	+49
2 Year Swap %				
US	4.84	-3	+13	+51
Eurozone	3.14	+1	-4	+34
UK	4.67	+5	-10	+41
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-1	+5	+10
Belgium	59	+0	+3	-6
France	51	+0	+4	-2
Italy	140	+1	+1	-27
Spain	85	-1	-0	-11
Portugal	70	-1	+7	-6
Greece	100	+0	+0	-5

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	88.92	+1.72	+8.39	+15.42
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2280.1	+1.32	+7.17	+10.55

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