

## Sterling softens slightly

Investor sentiment was holding a positive tone yesterday, amid a relatively quiet start to the week on financial markets. The Euro Stoxx 50 gained 0.4% on the day. Meantime on Wall Street, the S&P 500 rose by 0.9%. On bond markets, US Treasury and German Bund yields declined by 1-4bps, while UK Gilt yields fell by 1-10bps along the curve.

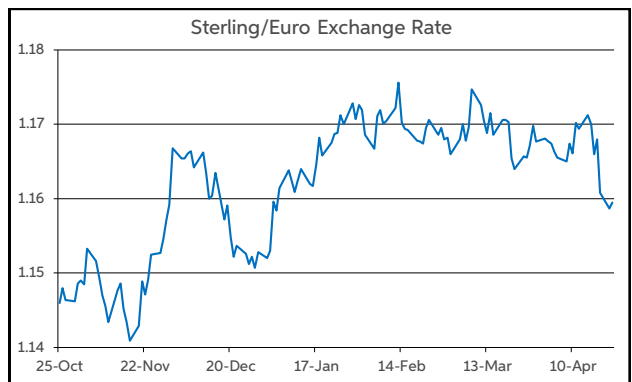
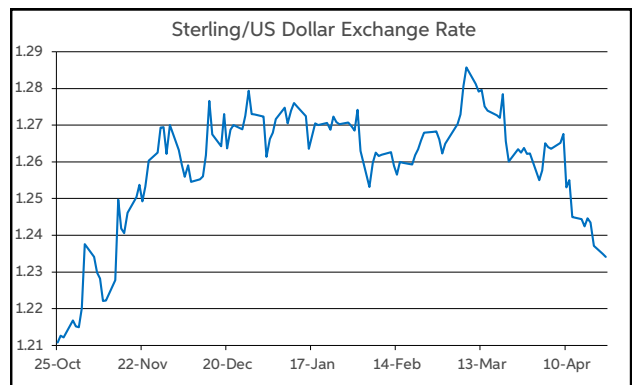
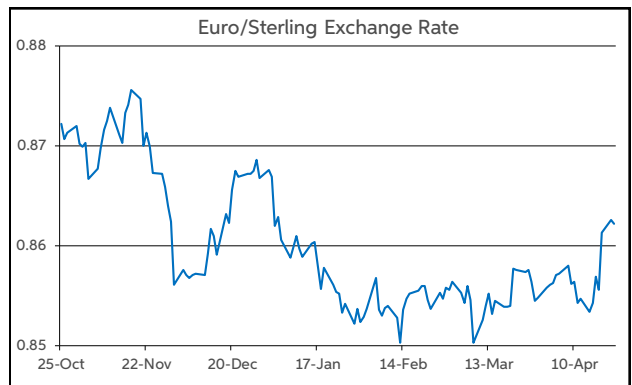
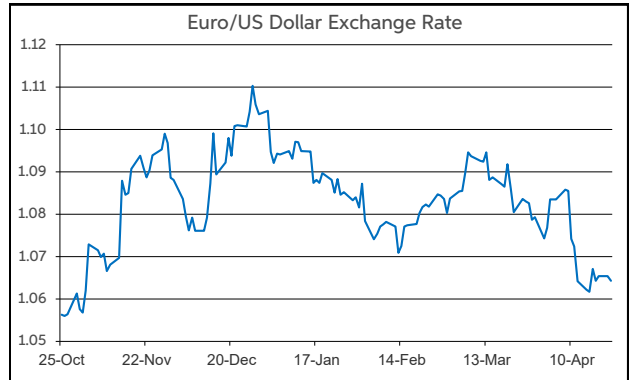
The more pronounced move lower in UK Gilts yields coincided with a modest softening in UK futures contracts. Current pricing is consistent with circa 55bps worth of easing by year end (compared to 50bps previously). Markets also see around a 60% chance of a first UK rate cut in June. However, there was no obvious catalyst for the softening in UK market rate expectations yesterday.

On the currency front, amid the softening in UK futures, sterling remained under some downward pressure. The pound edged 0.2-0.4% lower versus the euro and the dollar. Elsewhere, the euro was on the back-foot also.

In level terms, EUR/GBP opens this morning in the lower half of the 86-87p range. GBP/USD is operating down below the midpoint of the \$1.23-1.24 corridor. Meanwhile, EUR/USD is changing hands close to the halfway mark of the \$1.06-1.07 trading band. USD/JPY remains in the top half of ¥154-155.

Turning to the day ahead, the main release of note will be the flash reading of the PMIs for April in the main advanced economies. The Eurozone and US PMIs are forecast to improve marginally, while the UK readings are expected to be little changed. However, barring any major surprises, the data may not impact on currency markets.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0643	-0.20	-3.56
EUR/GBP	0.8622	0.14	-0.53
GBP/USD	1.234	-0.36	-3.06
GBP/EUR	1.159	-0.14	0.53
USD/JPY	154.74	0.02	9.70
EUR/JPY	164.74	-0.16	5.85

\* 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	5.43	5.59	5.47	5.16	4.69
EUR	4.50	3.84	3.89	3.65	3.29	2.87
GBP	5.25	5.18	5.15	4.91	4.81	4.32

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

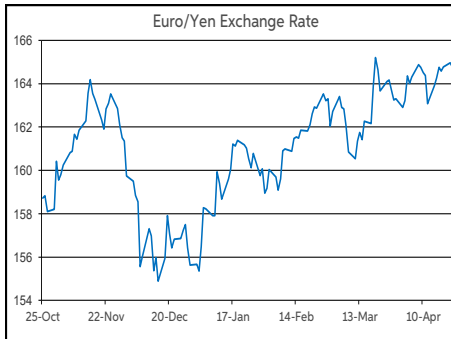
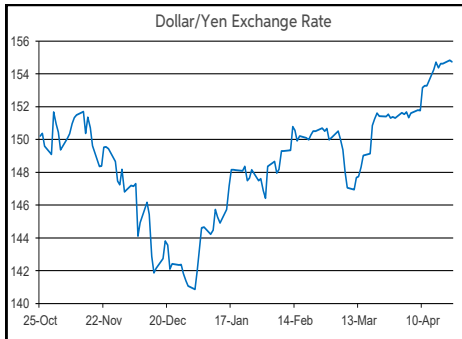
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

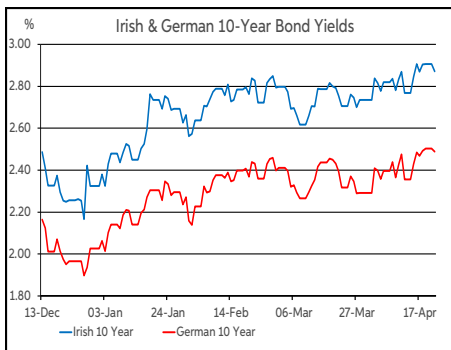
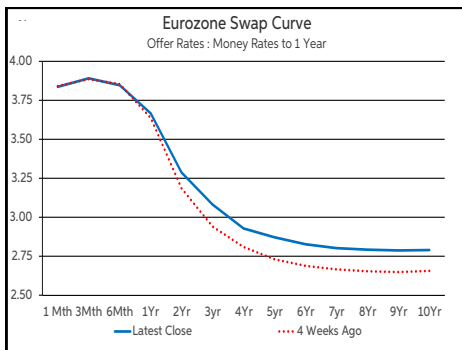
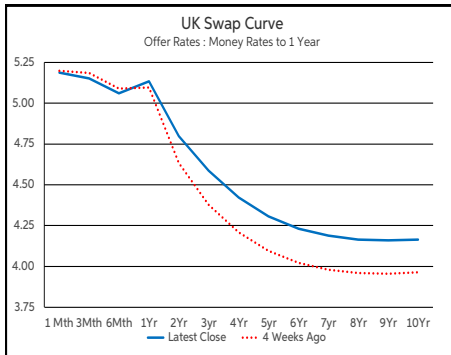
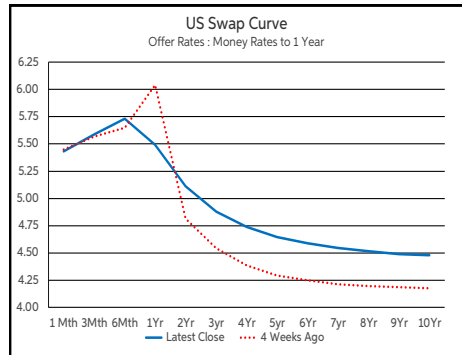
Tuesday 23 April 2024  
07:40 am



Euro		Sterling		Dollar	
EUR/GBP	0.8622	GBP/EUR	1.159	USD/JPY	154.74
EUR/USD	1.0643	GBP/USD	1.234	USD/CAD	1.37
EUR/JPY	164.74	GBP/CAD	1.691	USD/CHF	0.9126
EUR/SEK	11.5991	GBP/NZD	2.0863	USD/CNY	7.2454
EUR/DKK	7.4606	GBP/JPY	190.95	USD/BRL	5.1658
EUR/NOK	11.7117	GBP/SEK	13.4451	USD/RUB	93.3725
EUR/CHF	0.9716	GBP/DKK	8.6481	USD/INR	83.3675
EUR/AUD	1.6495	GBP/NOK	13.576	AUD/USD	0.6452
EUR/HKD	8.3425	GBP/CHF	1.1263	NZD/USD	0.5913
EUR/CAD	1.4585	GBP/AUD	1.9125		



Debt Markets				
	Close	Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.62	+1	+37	+76
Germany	2.49	-1	+12	+46
UK	4.21	-2	+22	+67
<b>5 Year Swap %</b>				
US	4.65	-3	+39	+85
Eurozone	2.87	-2	+15	+44
UK	4.31	-5	+22	+65
<b>2 Year Swap %</b>				
US	5.11	-4	+34	+78
Eurozone	3.29	-4	+11	+49
UK	4.80	-6	+17	+53
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-3	-3	+5
Belgium	55	-1	-1	-11
France	50	-1	+2	-3
Italy	133	-7	+1	-35
Spain	77	-3	-6	-19
Portugal	64	-2	-3	-11
Greece	99	-0	+9	-6



Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	87	-0.33	+0.29	+12.93
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2326.3	-2.68	+7.13	+12.78

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