

## Over and out for 2024

Monetary policy was front and centre last week. Most notably, the Fed delivered a “hawkish cut”, lowering rates by 25bps to 4.25-4.50% but indicating a slower pace of easing in 2025. Elsewhere, the BoE and the BoJ both left policy on hold as expected.

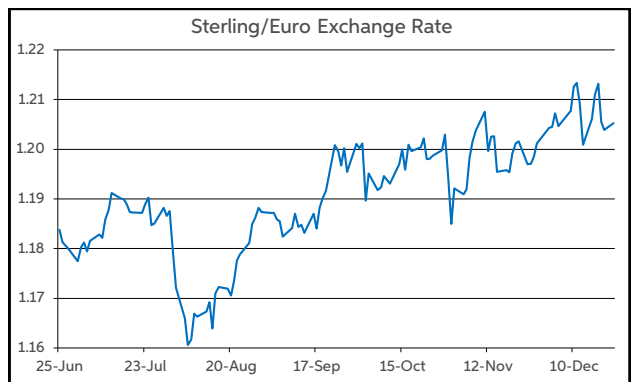
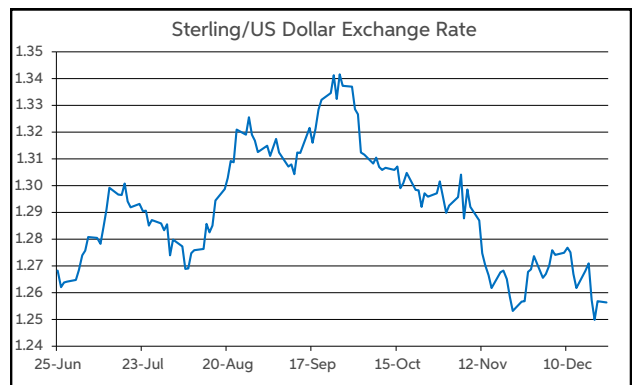
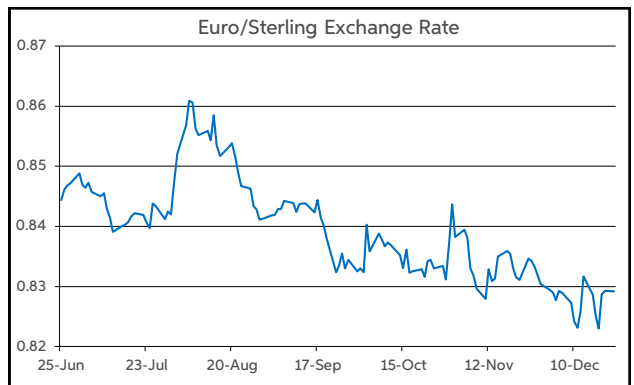
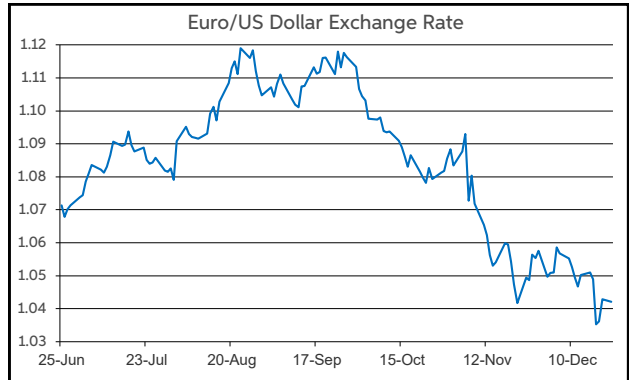
Data-wise, a busy schedule included updates on inflation in the US, UK and Eurozone. In the US, core-PCE printed a touch lower than the consensus, remaining at 2.8% in November (vs. 2.9% f'cast). Meantime, Eurozone headline and core HICP inflation were revised down slightly to 2.2% and 2.7% in November. UK headline and core CPI inflation rose to 2.6% and 3.5% in November, broadly in-line with expectations. UK wage inflation was stronger than anticipated though, rising to +5.2% in the three months to October.

Against this backdrop, there was some volatility on forex and interest rate markets. Overall, US and UK futures are firmer on the week. Current pricing is for 40bps of policy easing from the Fed in 2025, compared to 50bps last Monday. Like-wise, rate cuts worth circa 60bps are priced-in for the UK, down from 70bps last week.

Currency-wise, the dollar was in the ascendancy. At the same time, sterling registered some gains versus the yen. EUR/GBP opens this morning in top half of the 82-83p range. EUR/USD is down in the bottom half of the \$1.04-1.05 corridor. GBP/USD is below the \$1.26 mark. USD/JPY is north of the ¥156 handle, up from near ¥153 this time last Monday.

Finally, this is our last Morning Comment of 2024. Our next publication will be on Thursday, 2nd January 2025. We would like to take this opportunity to wish all of our readers a Merry Christmas, and a safe and prosperous 2025.

**Daniel Noonan, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2023 |
| EUR/USD                  | 1.0421 | 0.53     | -5.57    |
| EUR/GBP                  | 0.8292 | -0.08    | -4.34    |
| GBP/USD                  | 1.2563 | 0.63     | -1.30    |
| GBP/EUR                  | 1.2051 | 0.08     | 4.53     |
| USD/JPY                  | 156.72 | -0.20    | 11.10    |
| EUR/JPY                  | 163.31 | 0.32     | 4.93     |

\* 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         | 4.34  | 4.32       | 4.21 | 4.42 | 4.34 |
| EUR                    | 3.15         | 2.80  | 2.77       | 2.37 | 2.20 | 2.24 |
| GBP                    | 4.75         | 4.69  | 4.63       | 4.43 | 4.47 | 4.25 |

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

Monday 23 December 2024  
07:47 am



## Euro

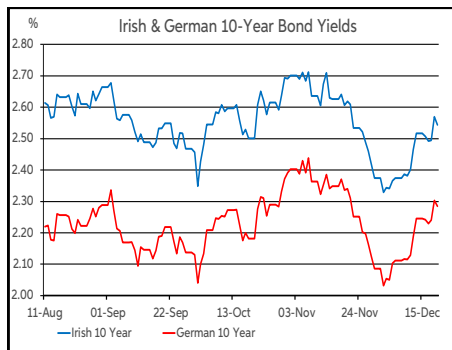
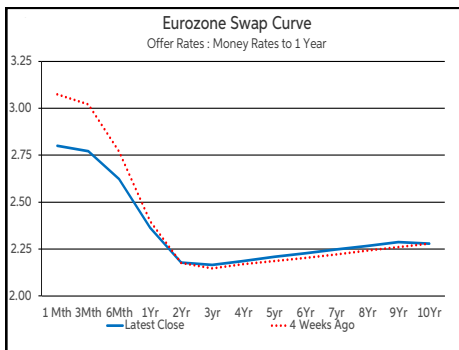
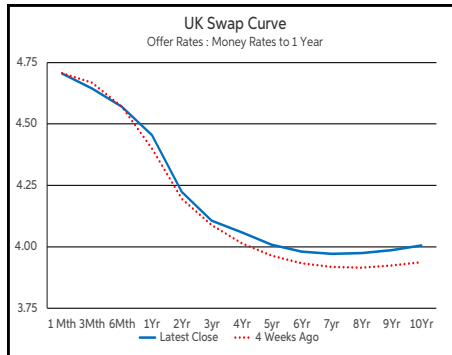
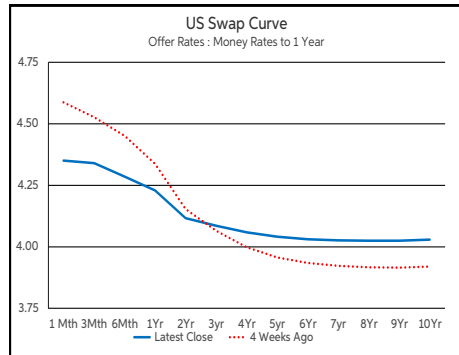
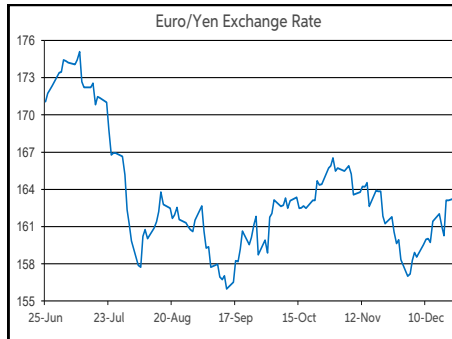
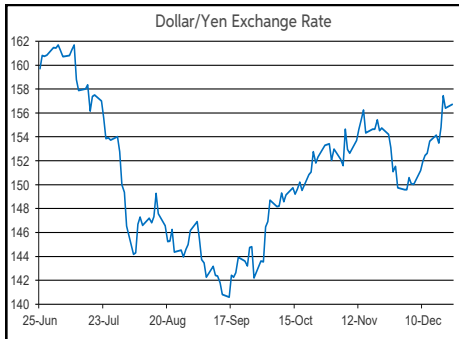
|         |         |
|---------|---------|
| EUR/GBP | 0.8292  |
| EUR/USD | 1.0421  |
| EUR/JPY | 163.31  |
| EUR/SEK | 11.5038 |
| EUR/DKK | 7.4589  |
| EUR/NOK | 11.8088 |
| EUR/CHF | 0.9319  |
| EUR/AUD | 1.6661  |
| EUR/HKD | 8.097   |
| EUR/CAD | 1.4981  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.2051  |
| GBP/USD | 1.2563  |
| GBP/CAD | 1.806   |
| GBP/NZD | 2.2226  |
| GBP/JPY | 196.89  |
| GBP/SEK | 13.8601 |
| GBP/DKK | 8.9915  |
| GBP/NOK | 14.2315 |
| GBP/CHF | 1.1233  |
| GBP/AUD | 2.0086  |

## Dollar

|         |        |
|---------|--------|
| USD/JPY | 156.72 |
| USD/CAD | 1.438  |
| USD/CHF | 0.8941 |
| USD/CNY | 7.2989 |
| USD/BRL | 6.0793 |
| USD/RUB | 101.8  |
| USD/INR | 85.075 |
| AUD/USD | 0.6251 |
| NZD/USD | 0.5649 |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 23 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 4.52  | -5         | +11     | +66    |
| Germany   | 2.29  | -2         | +3      | +26    |
| UK  | 4.51  | -7         | +12     | +97    |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 4.30  | -5         | +10     | +51    |
| Eurozone  | 2.21  | -1         | +3      | -22    |
| UK  | 4.25  | -7         | +6      | +59    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 4.38  | -2         | -3      | +4     |
| Eurozone  | 2.18  | -3         | +1      | -62    |
| UK  | 4.48  | -3         | +8      | +22    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 28    | -0         | -4      | -6     |
| Belgium   | 60    | -0         | -2      | -6     |
| France  | 80    | -1         | +0      | +27    |
| Italy   | 116   | -0         | -9      | -51    |
| Spain   | 69    | -0         | -3      | -27    |
| Portugal  | 49    | +0         | +1      | -27    |
| Greece  | 88    | +0         | -1      | -17    |

| Commodities    |          |       |         |        |
|----------------|----------|-------|---------|--------|
|                | % Change |       |         |        |
|                | Close    | Day   | 4 Weeks | End 23 |
| Brent Oil      | 72.94    | +0.08 | -2.97   | -5.32  |
| West Texas Oil | 71.65    | -0.17 | -1.90   | -1.27  |
| Gold \$        | 2620.8   | +1.04 | -3.38   | +27.06 |

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