

## US payrolls round out a busy week

The BoE left monetary policy unchanged yesterday, in line with market expectations. However, the BoE removed its tightening bias, reflecting the central bank's assessment that inflation risks have become more balanced. However, at the press conference, Governor Bailey noted that the BoE is "not yet at a point where we can lower interest rates". The market reaction to the meeting was muted. Overall, futures contracts show that markets expect the BoE to cut rates by circa 105bps this year, beginning in June.

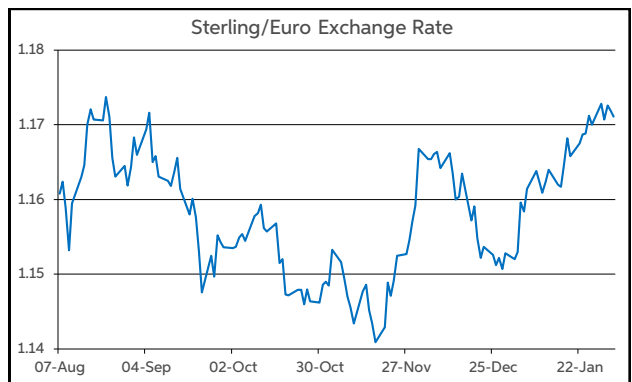
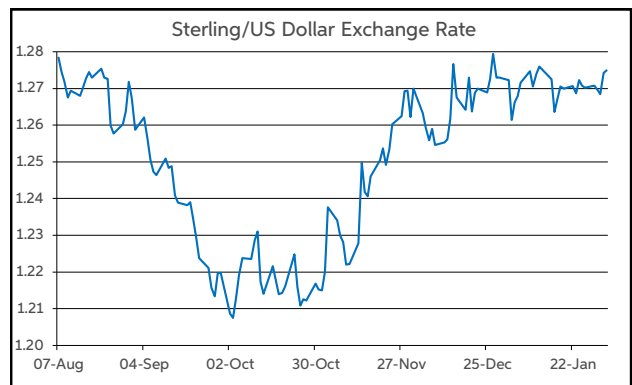
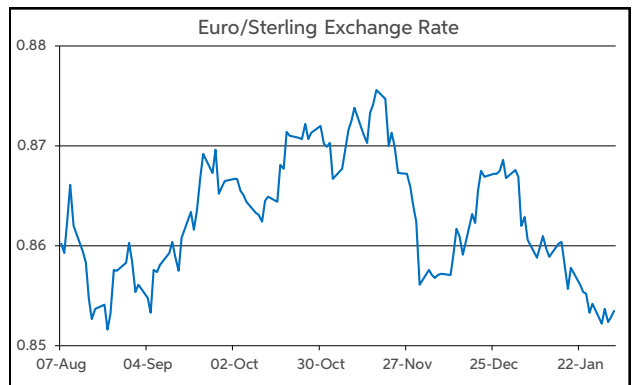
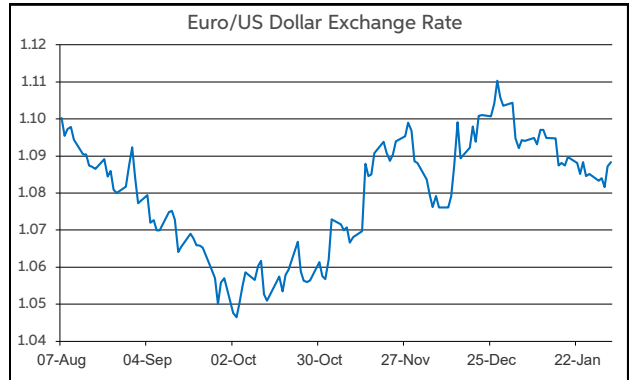
Data-wise, Eurozone flash HICP inflation eased to 2.8% in January, matching the consensus. Core inflation though printed at 3.3%, marginally above the 3.2% forecast. Elsewhere, the latest US weekly initial jobless claims figure jumped to 224k (vs. 214k f'cast). Meantime, the manufacturing ISM rose to 49.1 (vs. 47.0 f'cast). However, the data had a negligible impact on market sentiment.

Currency-wise, the dollar handed back some of its gains from the day before. The move coincided with a marginal softening in US futures contracts. Overall the greenback shed circa 0.7% against the euro and sterling. Meanwhile, on bond markets, benchmark sovereign yields were 2-5bps lower across the board.

As trading gets underway this morning, EUR/USD opens up in the top half of the \$1.08-1.09 range. GBP/USD is up at the midpoint of \$1.27-1.28. Elsewhere, EUR/GBP remains in the lower half 85-86p.

Today, the main release of note will be the US labour market report for January. The forecast is for payrolls to rise by 180k in the month (compared to 216k previously). The unemployment rate is projected to rise slightly to 3.8% from 3.7%, while average earnings growth is expected to remain unchanged, at an elevated +4.1% y/y.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0884	0.77	-1.38
EUR/GBP	0.8536	0.12	-1.52
GBP/USD	1.2749	0.66	0.16
GBP/EUR	1.1712	-0.12	1.55
USD/JPY	146.54	-0.22	3.88
EUR/JPY	159.51	0.55	2.49

\* 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	5.44	5.58	4.99	4.39	3.87
EUR	4.50	3.88	3.91	3.47	2.91	2.56
GBP	5.25	5.18	5.20	4.83	4.49	3.90

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

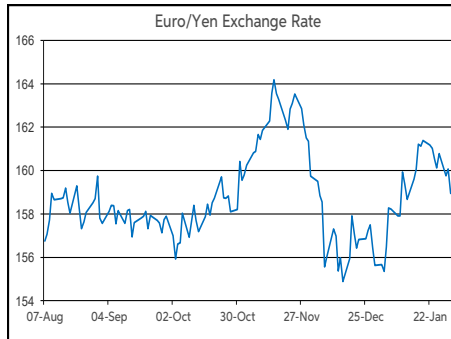
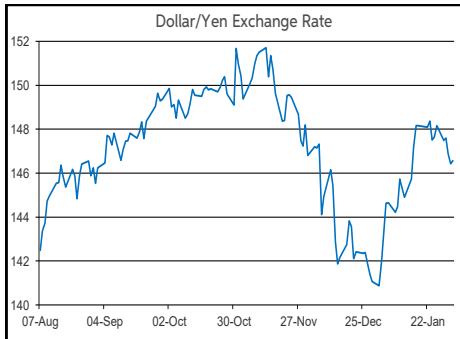
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

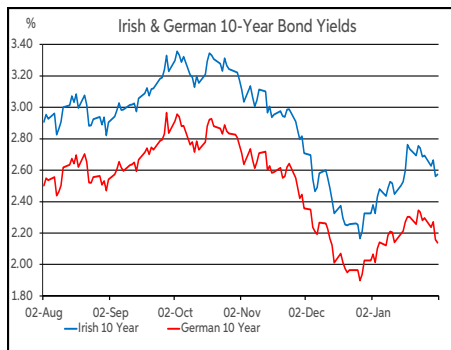
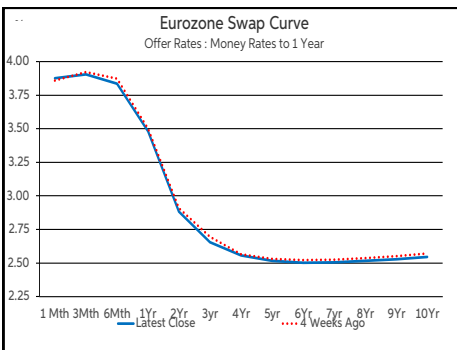
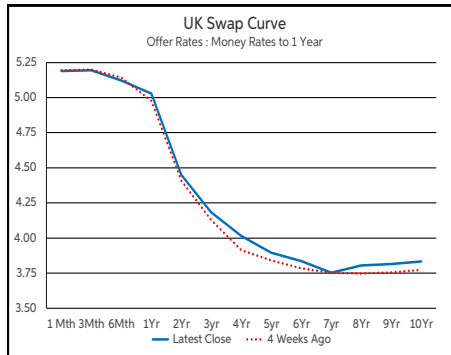
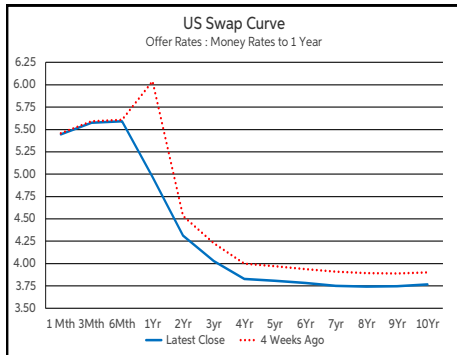
Friday 02 February 2024  
07:37 am



Euro		Sterling		Dollar	
EUR/GBP	0.8536	GBP/EUR	1.1712	USD/JPY	146.54
EUR/USD	1.0884	GBP/USD	1.2749	USD/CAD	1.3374
EUR/JPY	159.51	GBP/CAD	1.7052	USD/CHF	0.8568
EUR/SEK	11.2979	GBP/NZD	2.073	USD/CNY	7.1792
EUR/DKK	7.4537	GBP/JPY	186.82	USD/BRL	4.9163
EUR/NOK	11.357	GBP/SEK	13.233	USD/RUB	90.6525
EUR/CHF	0.9326	GBP/DKK	8.7308	USD/INR	82.848
EUR/AUD	1.6501	GBP/NOK	13.3	AUD/USD	0.6595
EUR/HKD	8.5094	GBP/CHF	1.0925	NZD/USD	0.615
EUR/CAD	1.4556	GBP/AUD	1.9331		



Debt Markets				
	Close	Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	3.88	-4	-12	+2
Germany	2.14	-2	+3	+11
UK	3.75	-5	+2	+21
<b>5 Year Swap %</b>				
US	3.81	-4	-12	+2
Eurozone	2.52	+0	-1	+9
UK	3.90	-2	+6	+24
<b>2 Year Swap %</b>				
US	4.31	-2	-18	-2
Eurozone	2.88	+2	-1	+9
UK	4.45	+1	+5	+19
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	47	+3	+12	+12
Belgium	61	+1	-5	-4
France	51	+1	-4	-2
Italy	158	+1	-12	-9
Spain	94	+1	-6	-2
Portugal	73	+2	-4	-3
Greece	111	+3	-6	+6



Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	78.7	-3.68	+1.43	+2.15
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2054.9	+0.87	+0.57	-0.37

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