Morning Comment

AIB Treasury Economic Research Unit



Tuesday 13 February 2024 07:37 am

US CPI inflation in focus

The positive tone to investor sentiment from last week carried over into yesterday's European session. Amid a sparse data schedule, trading conditions remained benign. Against this backdrop, the Euro Stoxx 50 gained 0.6%. However, on Wall Street, the mood soured late on, with the S&P 500 inching down by 0.1%.

On bond markets, yields drifted marginally lower across the board. Benchmark sovereign yields declined by 1-3bps in the US, UK and Eurozone. However, there were no obvious catalysts for these moves. Elsewhere, Brent crude remained at \$82 per barrel.

Currency-wise, the main FX pairs were confined to very tight ranges yesterday. Of the limited price action to register, the euro was under some slight downward pressure overnight. In level terms, this sees EUR/USD open this morning in the top half of \$1.07 -1.08. EUR/GBP is operating back near to the 85p threshold. Elsewhere, GBP/USD is at the midpoint of the \$1.26-1.27 corridor.

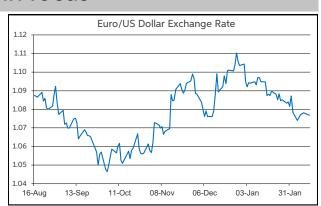
Already today, UK labour market data have been released. The unemployment rate fell to 3.8% in December (vs. 4% f'cast). At the same time, average earnings growth slowed to +5.8% y/y in Q4, above the 5.6% consensus. Overall, the data indicate that the UK labour market remains quite tight. Sterling has been holding a firmer tone in early trading following the release.

For the remainder of the day, the main focus will be on US CPI inflation data for January. Both the headline and core rates are projected to decline. The latter is expected to fall to 3.7% from 3.9%, while the former is forecast to drop to 2.9% from 3.4%. The data pose some event risk for the dollar. In the Eurozone, the German ZEW (February) will garner some interest.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates				
		% Change		
		Day *	End 2023	
EUR/USD	1.077	-0.18	-2.41	
EUR/GBP	0.8511	-0.39	-1.81	
GBP/USD	1.265	0.18	-0.62	
GBP/EUR	1.1741	0.39	1.84	
USD/JPY	149.53	0.22	6.00	
EUR/JPY	161.08	0.05	3.50	
* v Previous Day's European Open				

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.57	5.15	4.63	4.17
EUR	4.50	3.84	3.89	3.59	3.09	2.75
GBP	5.25	5.18	5.21	5.00	4.76	4.25









All rates quoted are indicative market rates

See Next Page for More Rates

See Next Page For More Rates & Charts

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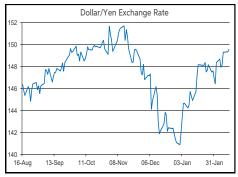
Opening Levels



Euro	
EUR/GBP	0.851
EUR/USD	1.077
EUR/JPY	161.07
EUR/SEK	11.2231
EUR/DKK	7.4551
EUR/NOK	11.3143
EUR/CHF	0.9472
EUR/AUD	1.6519
EUR/HKD	8.4212
EUR/CAD	1.4487

Sterlin	g
GBP/EUR	1.1742
GBP/USD	1.2651
GBP/CAD	1.7018
GBP/NZD	2.0716
GBP/JPY	189.18
GBP/SEK	13.1817
GBP/DKK	8.7556
GBP/NOK	13.2867
GBP/CHF	1.1128
GBP/AUD	1.9407

Dollar				
USD/JPY	149.54			
USD/CAD	1.345			
USD/CHF	0.8794			
USD/CNY	7.1929			
USD/BRL	4.9536			
USD/RUB	91.145			
USD/INR	83.015			
AUD/USD	0.6517			
NZD/USD	0.6105			



US Swap Curve Offer Rates : Money Rates to 1 Year

6.25

5.75 5.50

5.25

4.75

4.50 4.25

4.00 3.75



5.25

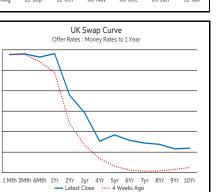
4.75

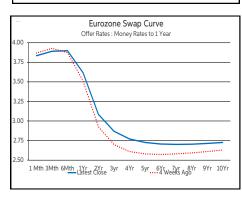
4.50

4.25

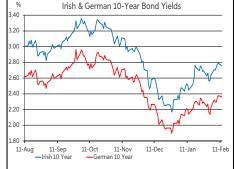
4.00

3.75





1 Mth 3Mth 6Mth 1Yr 2Yr 3yr 4Yr 5yr 6Yr 7yr 8Yr 9Yr 10Yr
— Latest Close ---- 4 Weeks Ago



	Debt	Markets	Chanal		
			Change bps		
	Close	Day	4 Weeks	End 23	
10 Year Yield %					
US	4.18	+0	+24	+31	
Germany	2.37	-1	+17	+34	
UK	4.06	-3	+26	+52	
Ireland	2.81	-3	+28	+43	
Belgium	2.97	-4	+13	+29	
France	2.86	-3	+13	+31	
Italy	3.91	-6	+10	+21	
Spain	3.32	-5	+17	+33	
Portugal	3.08	-2	+15	+30	
Greece	3.41	-3	+8	+33	
5 Year Swap %					
US	4.13	+0	+33	+34	
Eurozone	2.73	-3	+16	+30	
UK	4.21	-4	+39	+56	
2 Year Swap %					
US	4.62	+2	+37	+29	
Eurozone	3.09	-3	+17	+29	
UK	4.70	-5	+35	+43	
10 Year Government Bond Spreads to Benchmark bps					
Ireland	45	-2	+12	+9	
Belgium	61	-2	-4	-5	
France	50	-2	-4	-3	
Italy	155	-5	-7	-13	
Spain	96	-3	+0	-1	
Portugal	72	-1	-2	-4	
Greece	104	-2	-9	-1	

Commodities					
		% Change			
	Close	Day	4 Weeks	End 23	
Brent Oil	82	-0.23	+4.93	+6.44	
West Texas Oil	71.65	-0.17	-1.90	-1.27	
Gold \$	2019.8	-0.22	-1.69	-2.08	

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