

## Flash PMIs due today

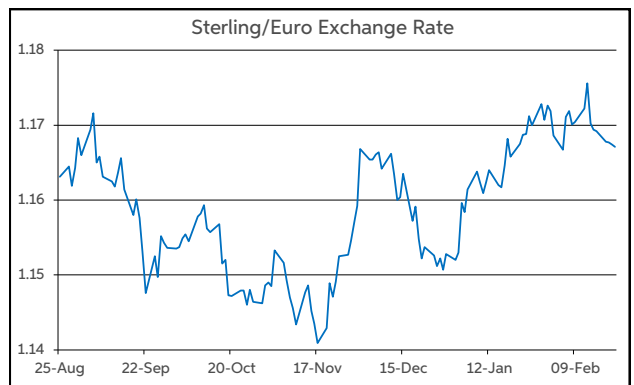
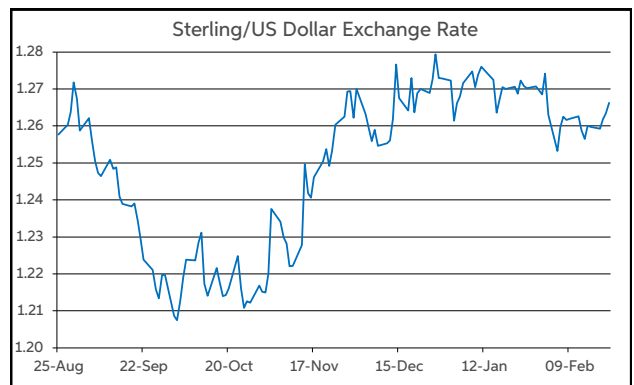
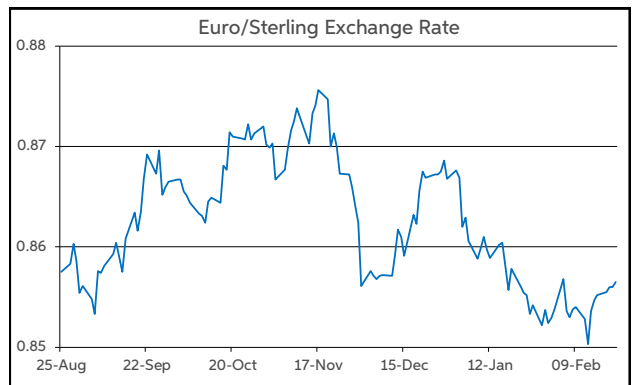
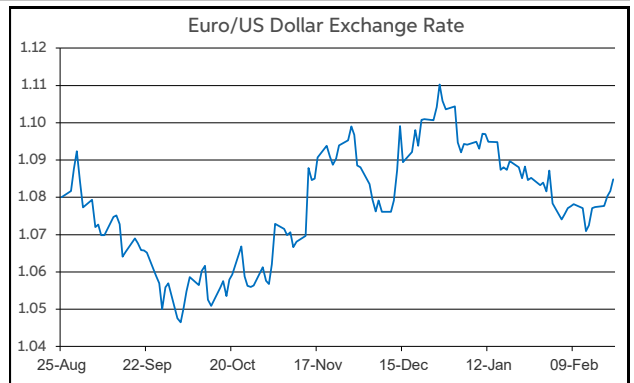
There was a mixed mood on markets throughout yesterday's European session. Overall, the price action was rather subdued. This was partly due to investor's keeping their powder dry, ahead the latest Fed FOMC meeting minutes, due after the European close. Against this backdrop, the Euro Stoxx 50 edged 0.3% higher. Meantime, having initially traded lower, the S&P 500 rallied late on to register a 0.1% rise.

Elsewhere, market rate expectations hardened in the build-up to the release of the Fed meeting minutes. Futures contracts suggest that markets expect rate cuts worth 100bps in the Eurozone, 90bps in the US, and circa 65bps in the UK by year end. A somewhat hawkish tone in the minutes, and hawkish remarks from Fed officials have consolidated this pricing overnight. Amid the hardening in rates, bond yields rose by 2-9bps across the board, erasing their declines from the day prior.

On the currency front, the main FX pairs were confined to tight ranges. Of the limited activity to note, the yen and the dollar were on the defensive. This is reflected in EUR/USD opening this morning up at the midpoint of the \$1.08-1.09 corridor. GBP/USD is in the upper half of \$1.26-1.27 also. Meanwhile, EUR/JPY is up near the ¥163 threshold. EUR/GBP is in the top half of 85-86p.

Turning to the day ahead, a busy data calendar includes the flash PMIs for February in the Eurozone, US and UK. However, barring any major surprises, the data are unlikely to impact markets. The final reading of Eurozone inflation for January, and initial jobless claims in the US are also due. On the monetary policy front, the latest ECB Monetary Policy Meeting Account will garner attention. Remarks from a number of Fed officials will also be in focus.

**Daniel Noonan, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2023 |
| EUR/USD                  | 1.0848 | 0.31     | -1.70    |
| EUR/GBP                  | 0.8565 | 0.08     | -1.19    |
| GBP/USD                  | 1.2663 | 0.25     | -0.52    |
| GBP/EUR                  | 1.1669 | -0.08    | 1.20     |
| USD/JPY                  | 150.13 | 0.11     | 6.43     |
| EUR/JPY                  | 162.9  | 0.41     | 4.67     |

\* 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  | 5.29       | 4.82 | 4.32 |
| EUR | 4.50                   | 3.90         | 3.94  | 3.69       | 3.21 | 2.84 |
| GBP | 5.25                   | 5.19         | 5.21  | 5.00       | 4.79 | 4.30 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

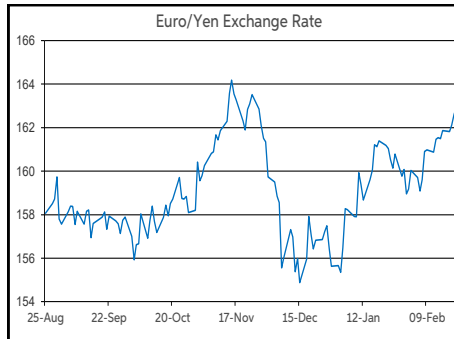
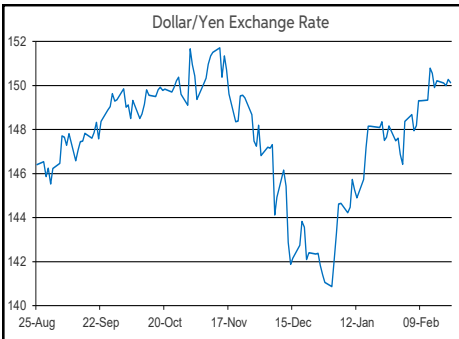
|         |                            |            |            |                  |                           |                 |                                   |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| 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

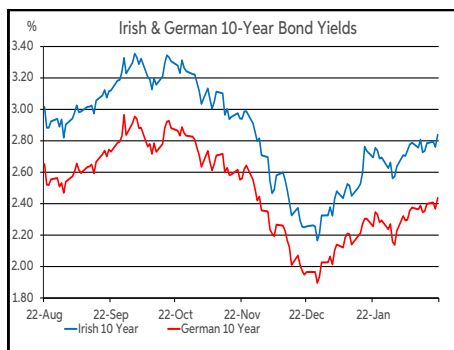
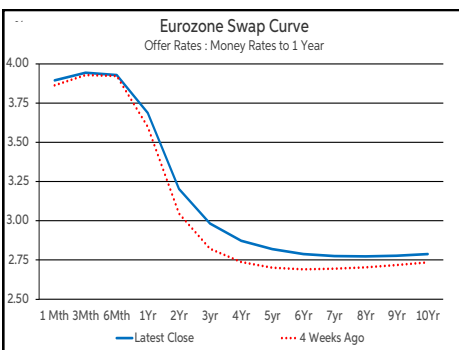
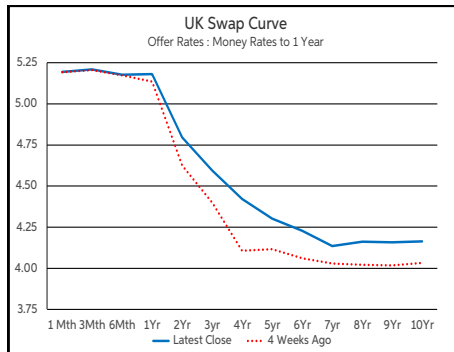
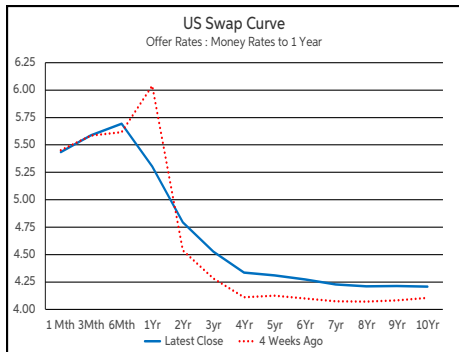
Thursday 22 February 2024  
07:31 am



| Euro    |         | Sterling |         | Dollar  |         |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.8565  | GBP/EUR  | 1.1669  | USD/JPY | 150.13  |
| EUR/USD | 1.0848  | GBP/USD  | 1.2663  | USD/CAD | 1.3455  |
| EUR/JPY | 162.9   | GBP/CAD  | 1.7041  | USD/CHF | 0.8758  |
| EUR/SEK | 11.191  | GBP/NZD  | 2.0383  | USD/CNY | 7.1875  |
| EUR/DKK | 7.454   | GBP/JPY  | 190.11  | USD/BRL | 4.9377  |
| EUR/NOK | 11.3277 | GBP/SEK  | 13.0652 | USD/RUB | 92.3775 |
| EUR/CHF | 0.9503  | GBP/DKK  | 8.6992  | USD/INR | 82.8975 |
| EUR/AUD | 1.648   | GBP/NOK  | 13.2204 | AUD/USD | 0.6583  |
| EUR/HKD | 8.4871  | GBP/CHF  | 1.1094  | NZD/USD | 0.621   |
| EUR/CAD | 1.4599  | GBP/AUD  | 1.9235  |         |         |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 23 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 4.32  | +4         | +14     | +45    |
| Germany   | 2.44  | +7         | +11     | +41    |
| UK  | 4.11  | +7         | +10     | +57    |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 4.31  | +5         | +23     | +52    |
| Eurozone  | 2.82  | +7         | +13     | +39    |
| UK  | 4.30  | +8         | +24     | +65    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 4.79  | +6         | +30     | +46    |
| Eurozone  | 3.20  | +6         | +17     | +41    |
| UK  | 4.80  | +8         | +18     | +53    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 44    | +1         | -0      | +8     |
| Belgium   | 58    | +0         | -3      | -7     |
| France  | 49    | +1         | -2      | -4     |
| Italy   | 151   | +2         | -6      | -16    |
| Spain   | 92    | +1         | -1      | -4     |
| Portugal  | 64    | -3         | -8      | -12    |
| Greece  | 95    | -4         | -6      | -10    |



| Commodities    |        |          |         |        |
|----------------|--------|----------|---------|--------|
|                | Close  | % Change |         |        |
|                |        | Day      | 4 Weeks | End 23 |
| Brent Oil      | 83.03  | +0.84    | +3.74   | +7.78  |
| West Texas Oil | 71.65  | -0.17    | -1.90   | -1.27  |
| Gold \$        | 2025.0 | +0.07    | +0.62   | -1.82  |

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