

No New Year cheer on markets

Investor sentiment was holding a rather subdued tone throughout the first full trading day of 2024. The Euro Stoxx 50 fell by 0.2%, while on Wall street, the S&P 500 shed 0.6%. In terms of fixed income, yields rose sharply across the board. 10-year German Bund, US Treasury and UK Gilt yields climbed 4-10bps higher.

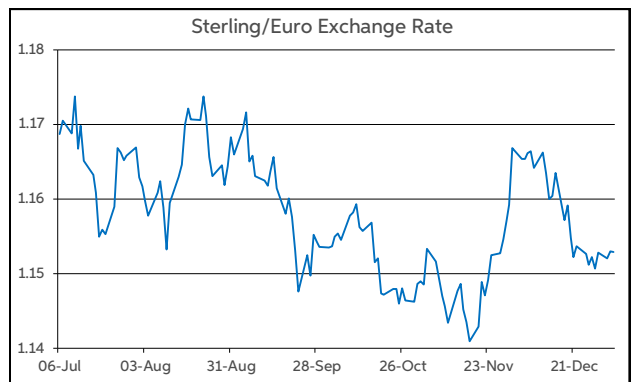
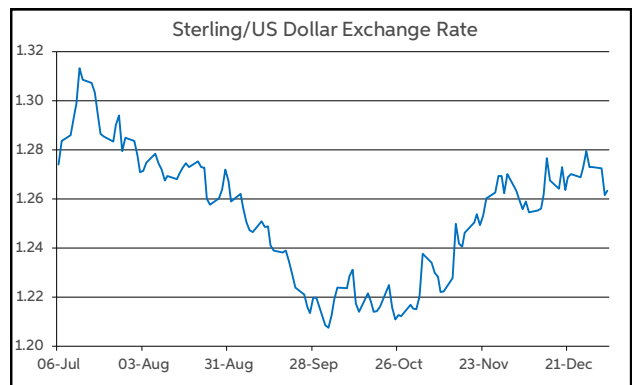
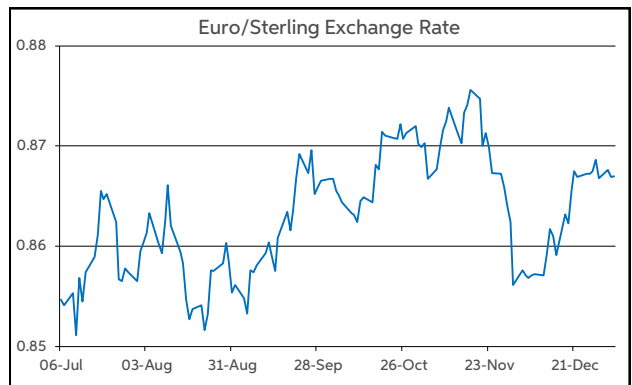
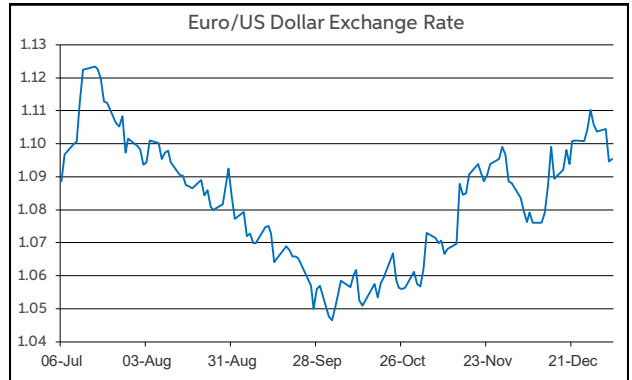
Currency-wise, the dollar was in the ascendancy. Having been on the back foot for much of the festive period, the greenback rose by circa 0.8% against the euro, sterling and yen yesterday. The dollar benefitted from the risk averse backdrop. The yen also benefitted from the softer tone to risk appetite, but it was unable to hold onto its gains overnight.

In level terms, the firmer tone to the dollar is reflected by EUR/USD opening this morning back at the midpoint of the \$1.09-1.10 range. GBP/USD is changing hands below the halfway mark of the \$1.26-1.27 corridor. Elsewhere, EUR/GBP remains in the top half of 86-87p. EUR/JPY is trading in and around the ¥156 handle.

Today, a busy US data schedule includes the manufacturing ISM for December. The index is forecast to stay in contraction territory, but improve slightly to 47.1 from 46.7. Meantime, JOLTS job openings are projected to edge up to 8.85m in November from 8.73m in October.

On the monetary policy front, the release of the latest Fed meeting minutes will garner close attention. Futures contracts softened significantly amid some dovish rhetoric from Chair Powell at the December meeting. Currently, 150bps of rate cuts are priced in before year end. However, barring any major surprises, the data/meeting minutes are unlikely to impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0954	-0.72	-0.74
EUR/GBP	0.8669	0.09	0.01
GBP/USD	1.2632	-0.80	-0.76
GBP/EUR	1.1528	-0.09	-0.01
USD/JPY	142.44	0.79	0.98
EUR/JPY	156.07	0.08	0.28

* 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	5.47	5.59	5.08	4.47	3.91
EUR	4.50	3.85	3.91	3.48	2.86	2.50
GBP	5.25	5.19	5.20	4.74	4.31	3.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

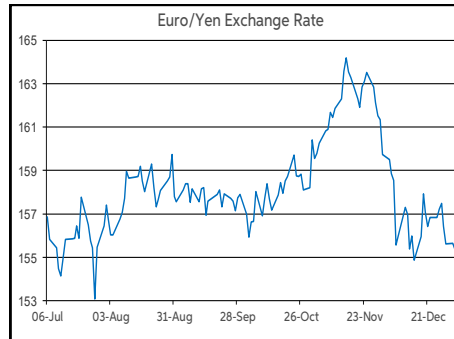
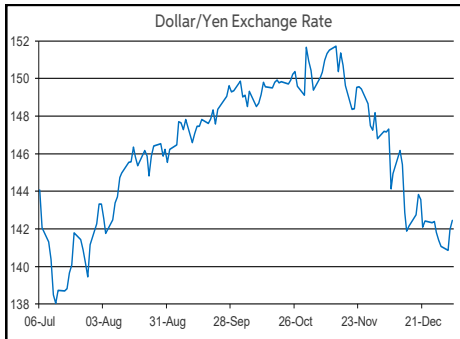
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

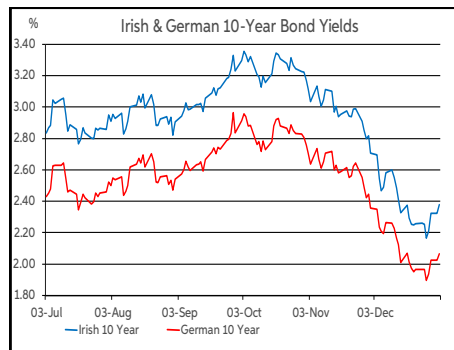
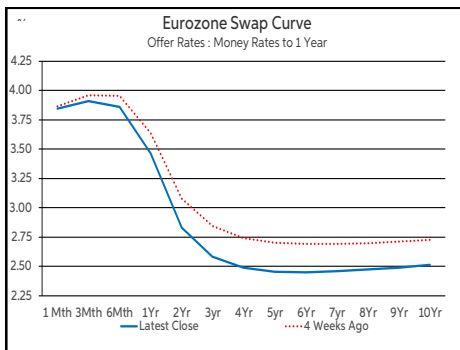
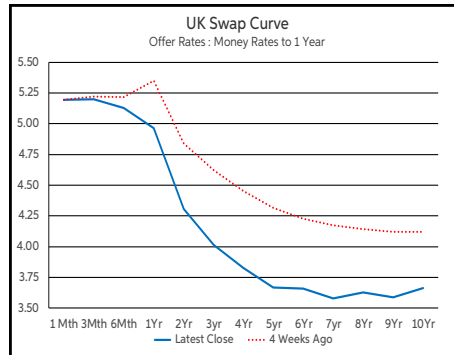
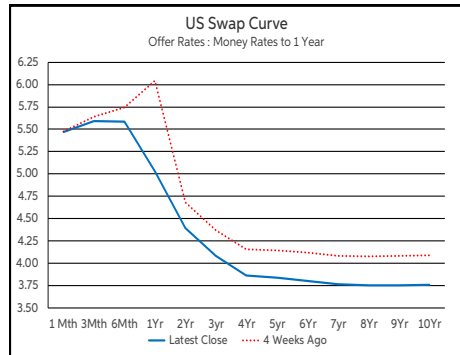
Wednesday 03 January 2024
07:49 am



Euro		Sterling		Dollar	
EUR/GBP	0.8669	GBP/EUR	1.1528	USD/JPY	142.44
EUR/USD	1.0954	GBP/USD	1.2632	USD/CAD	1.3329
EUR/JPY	156.07	GBP/CAD	1.684	USD/CHF	0.8508
EUR/SEK	11.1648	GBP/NZD	2.0169	USD/CNY	7.147
EUR/DKK	7.4555	GBP/JPY	179.93	USD/BRL	4.9235
EUR/NOK	11.3263	GBP/SEK	12.8725	USD/RUB	91.385
EUR/CHF	0.932	GBP/DKK	8.596	USD/INR	83.28
EUR/AUD	1.6202	GBP/NOK	13.0617	AUD/USD	0.6758
EUR/HKD	8.5571	GBP/CHF	1.075	NZD/USD	0.6262
EUR/CAD	1.4603	GBP/AUD	1.8689		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.94	+7	-23	+7
Germany	2.07	+4	-17	+4
UK	3.64	+10	-39	+10
5 Year Swap %				
US	3.84	+5	-26	+5
Eurozone	2.46	+2	-24	+3
UK	3.67	+1	-65	+1
2 Year Swap %				
US	4.40	+6	-24	+6
Eurozone	2.83	+2	-24	+4
UK	4.30	+4	-53	+4
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	-2	-0	-2
Belgium	65	-0	+5	-0
France	53	-0	-3	-0
Italy	165	-2	-10	-2
Spain	96	-0	-5	-0
Portugal	75	-1	+5	-1
Greece	105	+0	-14	+0



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	75.89	-1.49	-1.70	-1.49
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2058.9	-0.18	+1.95	-0.18

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