

## EUR/GBP back near 86p

Risk appetite soured further yesterday. Central bank newsflow and ongoing tensions in the Middle East weighed on equity markets. The Euro Stoxx 50 fell sharply by 1.4%, while the S&P 500 declined by 0.8%. On bond markets, trading conditions were choppy, amid some volatility in market rate expectations. Overall, US Treasury and German Bund yields moved 2-5bps lower. Elsewhere, oil prices rose by over 3%, with Brent crude up above \$78 per barrel.

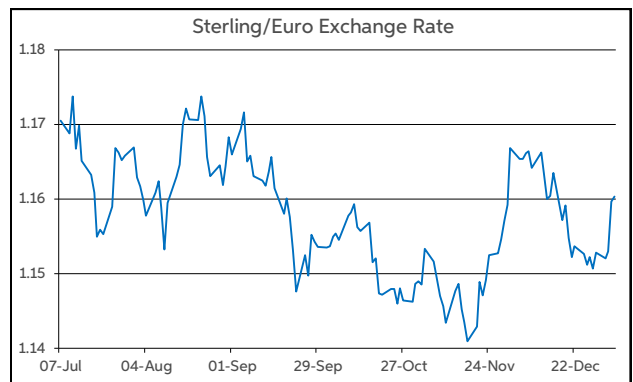
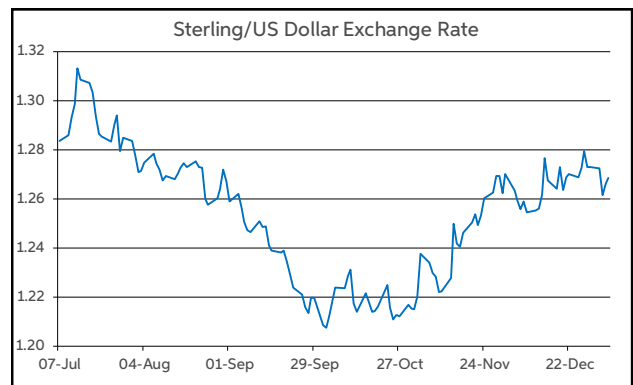
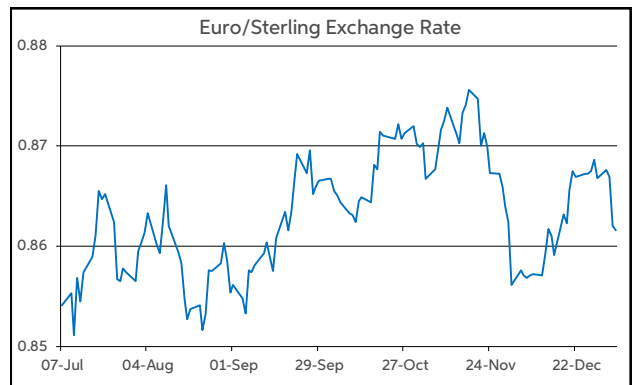
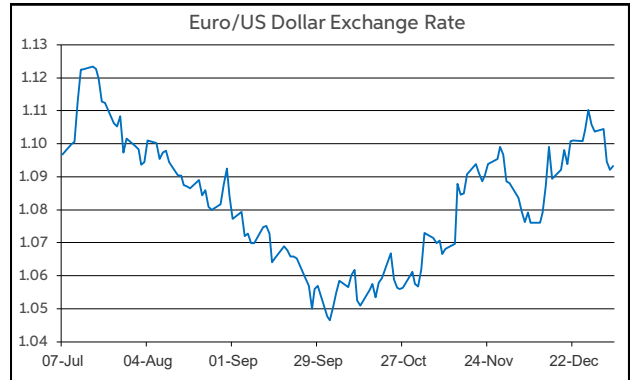
On the monetary policy front, Fed official Barkin noted that there is a risk that US rates may need to be hiked again. However, the Fed FOMC meeting minutes from December were somewhat mixed, containing both dovish and hawkish signals. Data-wise, the US manufacturing ISM printed at 47.4 in December, broadly in line with expectations. Meantime, JOLTS job openings fell to 8.79m in November, down from a revised 8.85m.

US rates were initially firmer yesterday, following the hawkish remarks from Barkin. However, rate expectations softened across the board late on. Against this backdrop, the dollar was on the front-foot throughout the European session, before handing back most of its gains overnight. Elsewhere, sterling was holding a slightly firmer tone, and the yen was on the defensive.

In level terms, EUR/USD opens this morning back in the lower half of \$1.09-1.10. GBP/USD is in the top half \$1.26-1.27. Meanwhile, EUR/GBP is operating back near the 86p threshold.

Today, the main releases of note will be the flash readings of December HICP inflation for a number of Eurozone countries. Notably, the headline German HICP rate is forecast to rise to 3.8% from 2.3%, owing to unfavourable base effects.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0932	-0.17	-0.94
EUR/GBP	0.8618	-0.58	-0.58
GBP/USD	1.2683	0.42	-0.36
GBP/EUR	1.1597	0.58	0.58
USD/JPY	143.43	0.92	1.68
EUR/JPY	156.82	0.76	0.76

\* 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	5.46	5.59	5.06	4.41	3.87
EUR	4.50	3.86	3.91	3.42	2.77	2.38
GBP	5.25	5.19	5.20	4.72	4.30	3.69

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

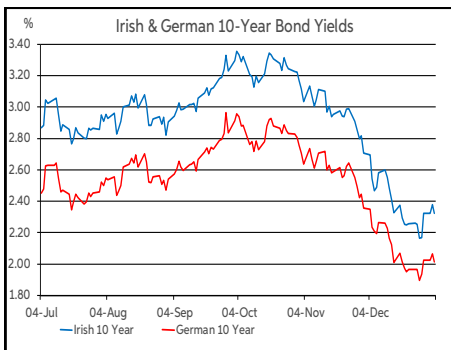
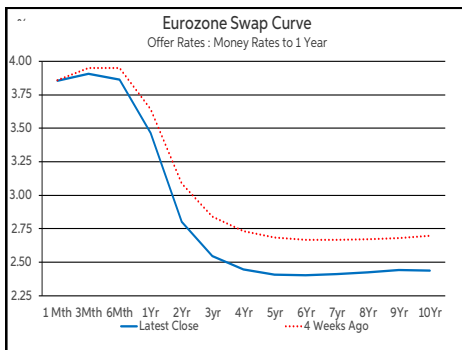
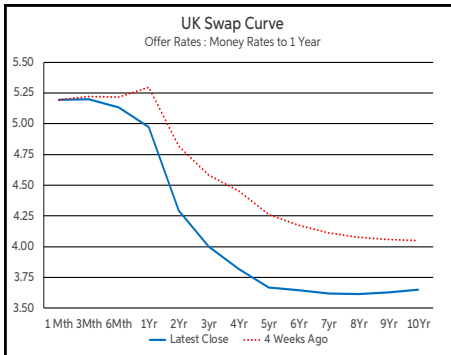
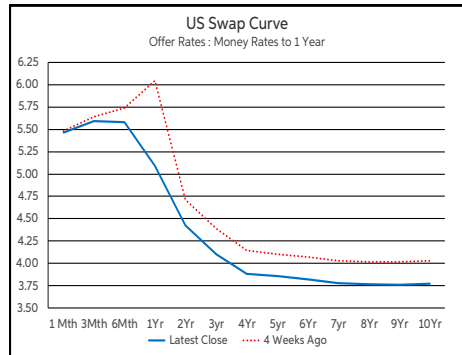
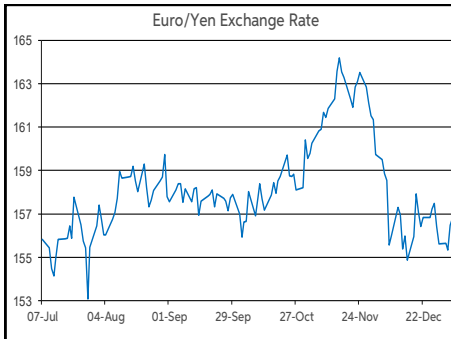
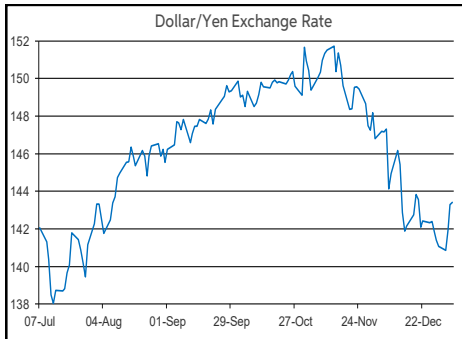
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

# Opening Levels

Thursday 04 January 2024  
07:31 am



Euro		Sterling		Dollar	
EUR/GBP	0.8618	GBP/EUR	1.1597	USD/JPY	143.43
EUR/USD	1.0932	GBP/USD	1.2683	USD/CAD	1.3324
EUR/JPY	156.82	GBP/CAD	1.6898	USD/CHF	0.8482
EUR/SEK	11.2077	GBP/NZD	2.0206	USD/CNY	7.1501
EUR/DKK	7.4578	GBP/JPY	181.91	USD/BRL	4.9198
EUR/NOK	11.2658	GBP/SEK	12.9992	USD/RUB	91.5775
EUR/CHF	0.9275	GBP/DKK	8.6498	USD/INR	83.2425
EUR/AUD	1.6188	GBP/NOK	13.07	AUD/USD	0.6753
EUR/HKD	8.538	GBP/CHF	1.076	NZD/USD	0.6276
EUR/CAD	1.4566	GBP/AUD	1.8778		



	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	3.92	-2	-19	+5
Germany	2.02	-5	-20	-1
UK	3.64	+0	-30	+10
Ireland	2.37	-3	-13	-2
Belgium	2.67	-4	-11	-1
France	2.56	-4	-19	-0
Italy	3.70	-2	-25	+0
Spain	3.00	-3	-21	+1
Portugal	2.79	-2	-9	+0
Greece	3.17	+5	-21	+9
<b>5 Year Swap %</b>				
US	3.86	+0	-21	+7
Eurozone	2.41	-5	-27	-2
UK	3.67	+0	-59	+2
<b>2 Year Swap %</b>				
US	4.42	+1	-25	+9
Eurozone	2.80	-2	-27	+1
UK	4.29	-1	-52	+3
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	35	+2	+7	-1
Belgium	65	+1	+8	+0
France	54	+1	+1	+1
Italy	168	+3	-5	+1
Spain	98	+2	-1	+2
Portugal	77	+3	+11	+1
Greece	115	+10	-1	+11

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.25	+3.11	+5.32	+1.57
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2040.8	-0.88	+0.78	-1.06

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.