

## US payrolls and Eurozone flash HICP due today

There was a mixed mood on markets yesterday. The Euro Stoxx 50 registered its first daily gain of 2024, rising by 0.6%. However, at the closing bell on Wall Street, the S&P 500 was down by 0.3%. On bond markets, yields rose across the board. Notably, the move upwards was concentrated at the front-end of the curves amid a firming in market rate expectations. 2-year US Treasury, German Bund and UK Gilt yields climbed 8-15bps higher.

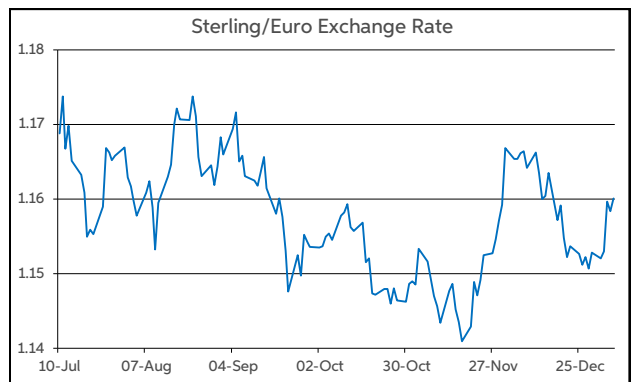
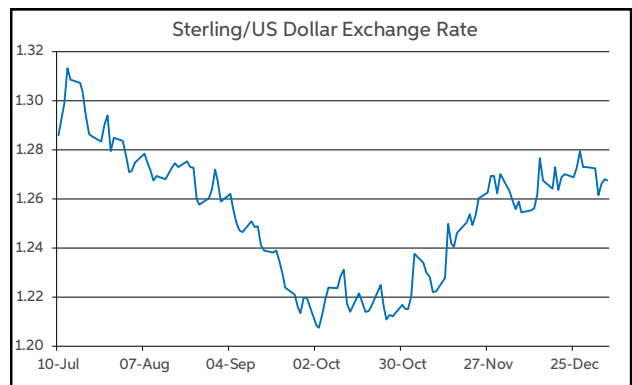
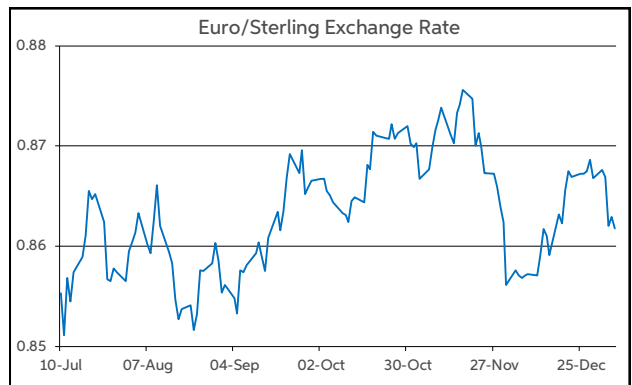
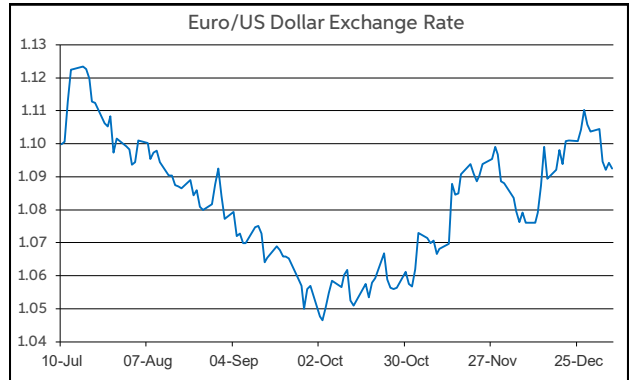
Overall, futures contracts hardened yesterday by 10-15bps, and are now pricing in a lower magnitude of rate cuts in the Eurozone, UK, and US. The move coincided with an upward revision to the UK and Eurozone services PMIs for December, albeit, the latter stayed in contraction mode. Meantime, the flash readings of German and French HICP both increased, but printed in line with expectations.

Currency-wise, the main pairs were confined to quite tight ranges. Of the limited price action to note, the dollar was under some marginal downward pressure. Overnight though, the greenback recouped its losses. Meanwhile, the yen was on the defensive, shedding close to 1%, as short-dated bond yields rose elsewhere.

As trading gets underway this morning, EUR/USD opens in the lower half of \$1.09-1.10. GBP/USD is operating between \$1.26-1.27. Meantime, EUR/GBP remains in the bottom half of 86-87p. The weaker yen sees EUR/JPY at the midpoint of ¥158-159.

Today, the main US release will be the labour market report for December. The consensus is for payrolls to rise by 170k. In the Eurozone, the flash reading of HICP for December is projected to rise from 2.4% to 3%, but the core rate is expected to slow to 3.9% from 4.2%. The data pose event risk for the euro and the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0927	0.02	-0.99
EUR/GBP	0.8616	-0.12	-0.60
GBP/USD	1.2677	0.11	-0.41
GBP/EUR	1.16	0.12	0.60
USD/JPY	145.05	0.89	2.83
EUR/JPY	158.52	0.90	1.86

\* 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	5.13	4.52	3.99
EUR	4.50	3.87	3.93	3.52	2.94	2.55
GBP	5.25	5.19	5.20	4.81	4.45	3.85

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

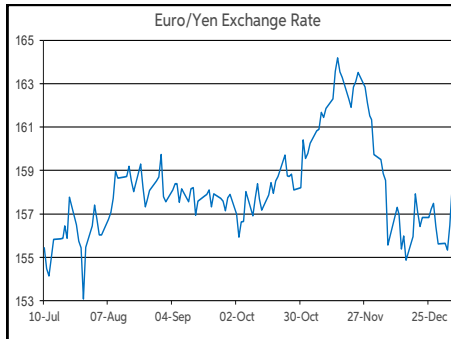
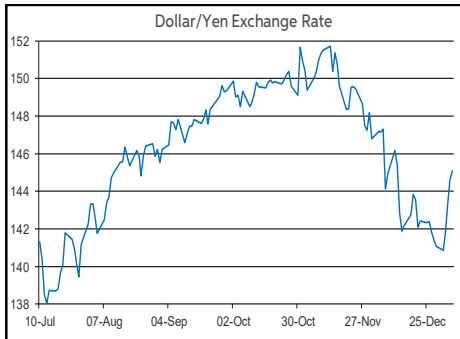
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

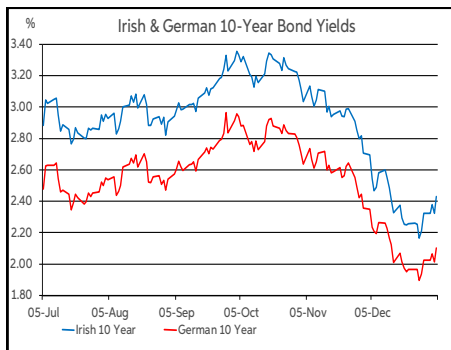
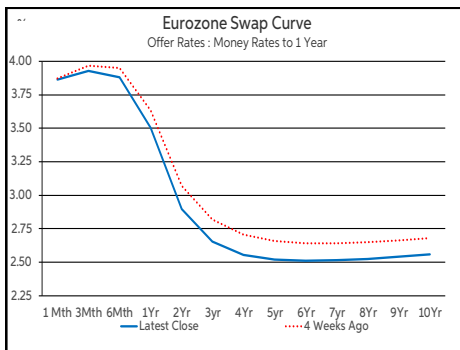
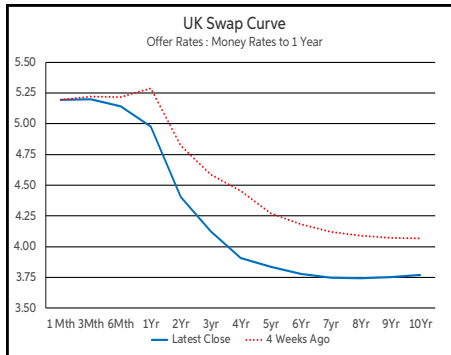
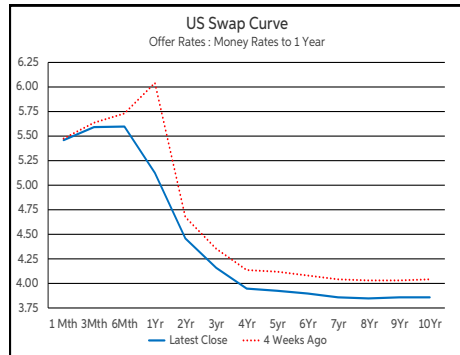
Friday 05 January 2024  
07:51 am



Euro		Sterling		Dollar	
EUR/GBP	0.8616	GBP/EUR	1.16	USD/JPY	145.05
EUR/USD	1.0927	GBP/USD	1.2677	USD/CAD	1.3361
EUR/JPY	158.52	GBP/CAD	1.6939	USD/CHF	0.8518
EUR/SEK	11.1884	GBP/NZD	2.0359	USD/CNY	7.1647
EUR/DKK	7.4577	GBP/JPY	183.88	USD/BRL	4.8968
EUR/NOK	11.2625	GBP/SEK	12.9802	USD/RUB	91.2275
EUR/CHF	0.9309	GBP/DKK	8.6521	USD/INR	83.14
EUR/AUD	1.6304	GBP/NOK	13.061		
EUR/HKD	8.533	GBP/CHF	1.08	AUD/USD	0.67
EUR/CAD	1.46	GBP/AUD	1.8917	NZD/USD	0.6225



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.00	+8	-15	+14
Germany	2.10	+9	-9	+8
UK	3.73	+9	-24	+19
Ireland	2.46	+9	-6	+7
Belgium	2.77	+9	-1	+9
France	2.65	+10	-8	+10
Italy	3.80	+10	-15	+10
Spain	3.10	+10	-9	+11
Portugal	2.88	+9	-10	+9
Greece	3.27	+10	-11	+20
<b>5 Year Swap %</b>				
US	3.93	+9	-15	+14
Eurozone	2.52	+11	-13	+9
UK	3.84	+17	-43	+18
<b>2 Year Swap %</b>				
US	4.46	+3	-17	+13
Eurozone	2.90	+9	-16	+10
UK	4.40	+11	-41	+14
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	35	+0	+3	-0
Belgium	66	+1	+8	+1
France	55	+1	+2	+2
Italy	170	+1	-5	+2
Spain	100	+2	+0	+4
Portugal	77	+0	-1	+1
Greece	117	+1	-1	+12



Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	77.59	-0.84	+4.78	+0.71
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2043.3	+0.12	+0.74	-0.94

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