

## US data drives the dollar higher

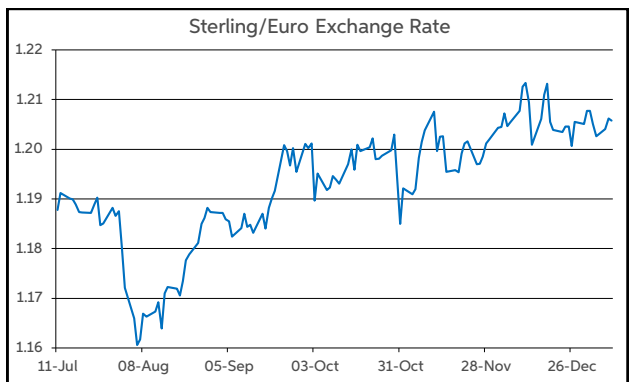
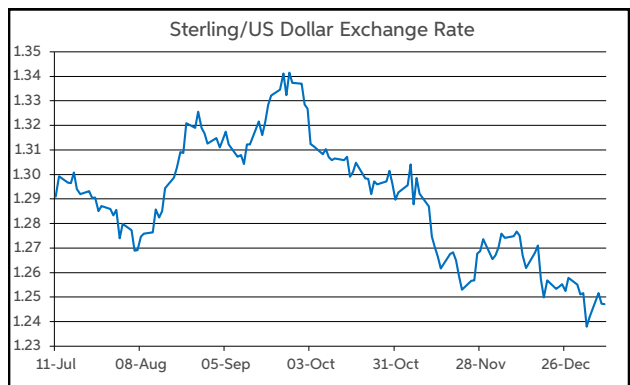
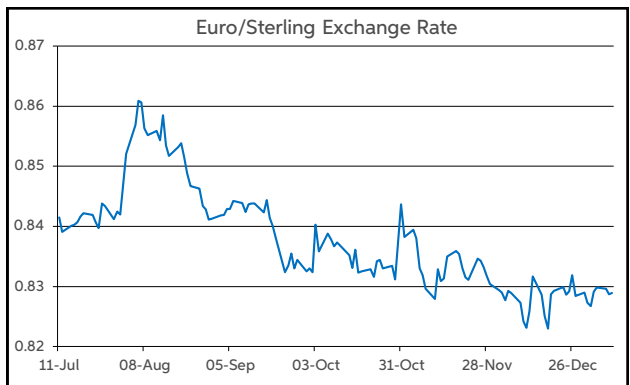
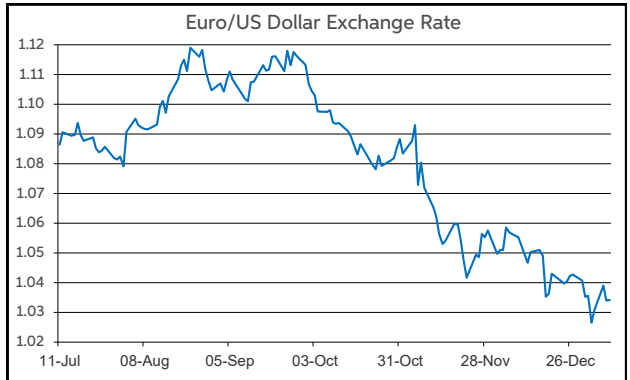
Data-wise, the US non-manufacturing ISM for December printed above the consensus yesterday, rising to 54.1 (vs. 53.3 f'cast). The prices paid component also increased sharply to 64.4 from 58.2. Elsewhere in the US, JOLTS job openings jumped to 8.1m in November (vs. 7.7m f'cast). Overall, the data suggest the US economy maintains good momentum, the demand for labour is high, and price pressures remain elevated. Against this backdrop, US futures contracts hardened slightly yesterday.

Current pricing now indicates the market does not expect a first rate cut in the US until June. A total of just 35-40bps of policy easing is priced-in by end-2025. In contrast, Eurozone market rate expectations were little changed yesterday, as flash HICP inflation printed broadly in-line with the consensus. The headline rate rose to 2.4% and the core rate edged higher to 2.8% in December. Futures contracts suggest the ECB will cut rates at its first two meetings of this year, and by 100bps in total before year-end.

The divergence in rate expectations impacted on equity and currency markets yesterday. The Euro Stoxx 50 maintained good momentum, rising by 0.5%. In contrast, the S&P 500 fell by 1.1%. Currency-wise, the dollar was holding a firmer tone. The greenback gained circa 0.5% versus the euro and sterling. This sees EUR/USD open this morning down in the bottom half of the \$1.03-1.04 range. GBP/USD is operating back below the \$1.25 mark. Elsewhere, EUR/GBP remains just under the 83p threshold.

Today, the main data release of note will be the EC sentiment indicators for December. In the US, the Fed FOMC meeting minutes from December will be in focus. Remarks from Fed Governor Waller will also be under the microscope.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0341	-0.52	-0.12
EUR/GBP	0.8291	0.01	0.22
GBP/USD	1.2471	-0.53	-0.32
GBP/EUR	1.2057	-0.01	-0.22
USD/JPY	158.05	0.13	0.55
EUR/JPY	163.46	-0.40	0.44

\* 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	4.38	4.30	4.29	4.20	4.42	4.43
EUR	3.15	2.84	2.76	2.44	2.32	2.37
GBP	4.75	4.68	4.57	4.43	4.52	4.37

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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## Euro

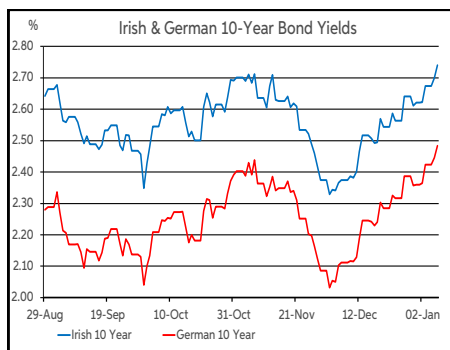
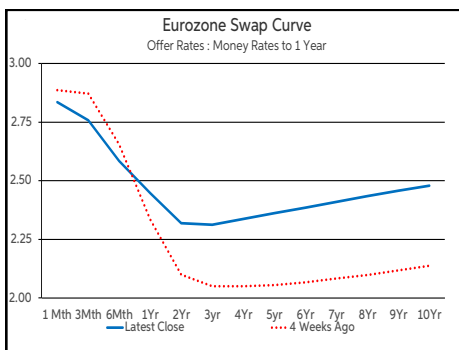
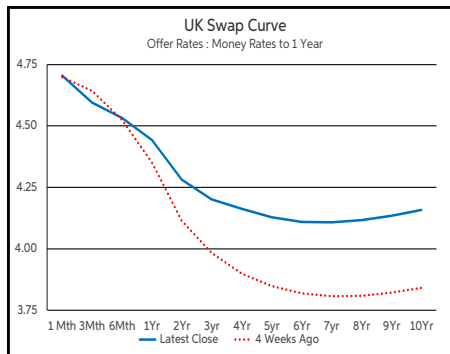
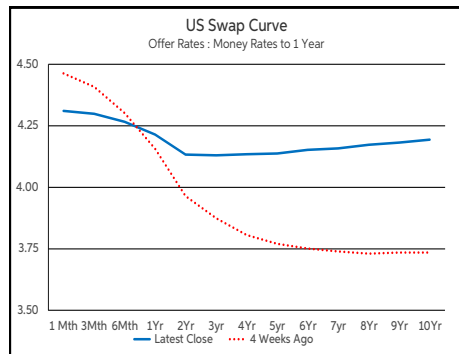
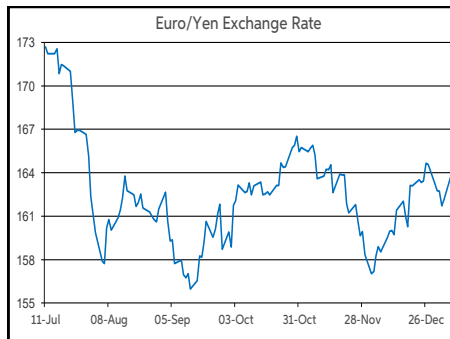
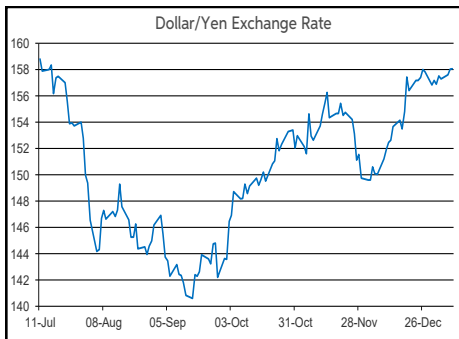
EUR/GBP	0.8291
EUR/USD	1.0341
EUR/JPY	163.46
EUR/SEK	11.5053
EUR/DKK	7.4605
EUR/NOK	11.722
EUR/CHF	0.9406
EUR/AUD	1.6606
EUR/HKD	8.0406
EUR/CAD	1.4846

## Sterling

GBP/EUR	1.2057
GBP/USD	1.2471
GBP/CAD	1.7903
GBP/NZD	2.2139
GBP/JPY	197.1
GBP/SEK	13.876
GBP/DKK	8.9959
GBP/NOK	14.13
GBP/CHF	1.1344
GBP/AUD	2.0022

## Dollar

USD/JPY	158.05
USD/CAD	1.4355
USD/CHF	0.9097
USD/CNY	7.3315
USD/BRL	6.101
USD/RUB	105
USD/INR	85.809
AUD/USD	0.6226
NZD/USD	0.5631



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.69	+7	+46	+11
Germany	2.49	+4	+37	+12
UK	4.69	+7	+36	+11
<b>5 Year Swap %</b>				
US	4.40	+6	+39	+11
Eurozone	2.36	+1	+32	+13
UK	4.36	+5	+27	+8
<b>2 Year Swap %</b>				
US	4.39	+2	+18	+5
Eurozone	2.32	+0	+23	+13
UK	4.52	+1	+18	+3
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	28	-1	-1	-1
Belgium	59	+1	+5	-3
France	81	-0	+6	-2
Italy	114	+1	+6	-1
Spain	66	-0	+1	-4
Portugal	47	+0	+6	-2
Greece	75	-6	-4	-13

Commodities				
	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	77.05	+0.98	+6.73	+3.23
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2649.5	+0.54	-1.64	+0.98

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