

US CPI inflation in focus today

Trading conditions remained relatively calm on financial markets yesterday. The Euro Stoxx traded sideways for the day, while the S&P 500 notched a 0.6% gain. On bond markets, yields were little changed across the board. Meanwhile, Brent crude oil prices held steady below the \$78 per barrel mark.

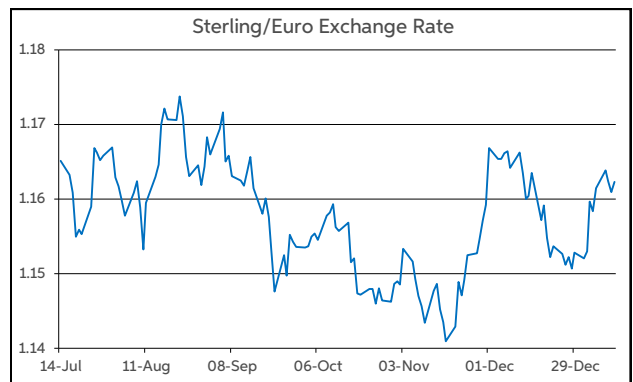
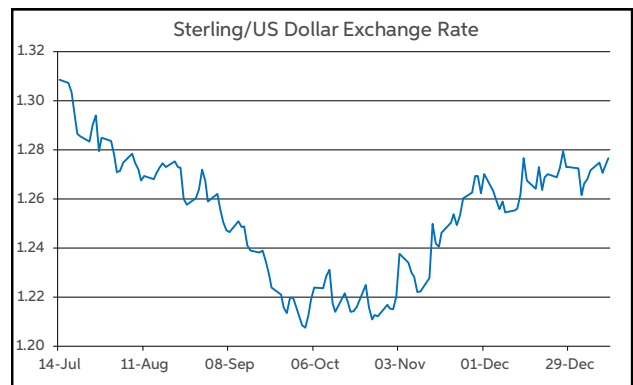
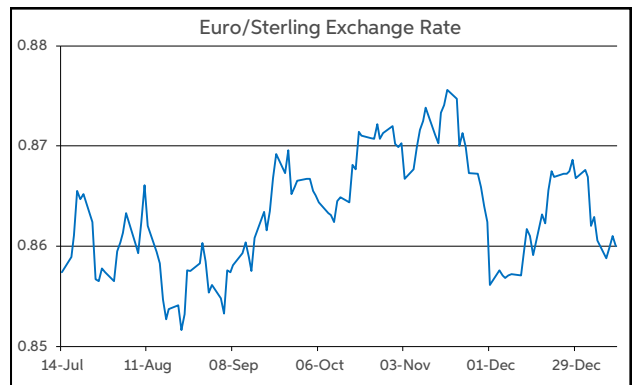
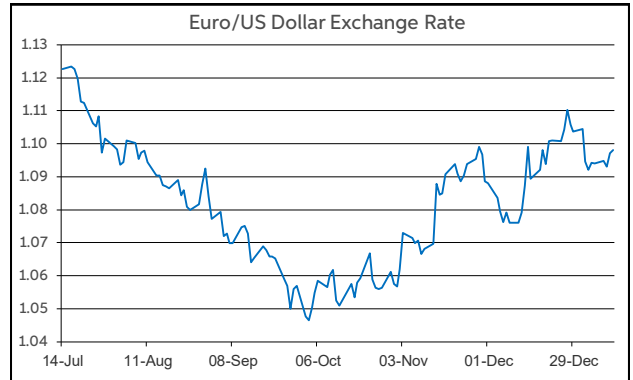
A sparse data docket likely contributed to the lacklustre price action. Elsewhere, remarks from a number of key ECB, Fed and BoE officials provided no new information on the outlook for policy. Indeed, the key message from officials remains that, although inflation is expected to continue to decline, it is too early to declare that price stability has been fully restored, meaning monetary policy will remain highly data-dependent in the near-term.

Currency-wise, against this backdrop, the main FX pairs continued to operate in narrow trading ranges. Overall, the dollar was under some modest downward pressure, handing back its gains from the day before. Elsewhere, the yen stayed on the defensive, as markets continued to digest weaker than anticipated inflation and wage data from earlier in the week.

As trading gets underway this morning, EUR/USD opens up in the top half of \$1.09-1.10. EUR/GBP remains in and around the 86p threshold. Elsewhere, GBP/USD is operating between the \$1.27-1.28 corridor. USD/JPY is changing hands above the ¥145 mark.

Today, the main data highlight will be the December reading of US CPI inflation. The consensus is for the headline rate to rise slightly to 3.2% from 3.1%, while the core rate is projected to decline to 3.8% from 4%. The release poses some event risk for the dollar. The latest US initial jobless claims figures will also feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.098	0.44	-0.51
EUR/GBP	0.8598	-0.09	-0.81
GBP/USD	1.2765	0.50	0.28
GBP/EUR	1.1621	0.09	0.81
USD/JPY	145.38	0.41	3.06
EUR/JPY	159.66	0.88	2.59

* 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	5.45	5.59	5.06	4.46	3.96
EUR	4.50	3.87	3.93	3.57	3.01	2.63
GBP	5.25	5.18	5.19	4.84	4.47	3.91

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

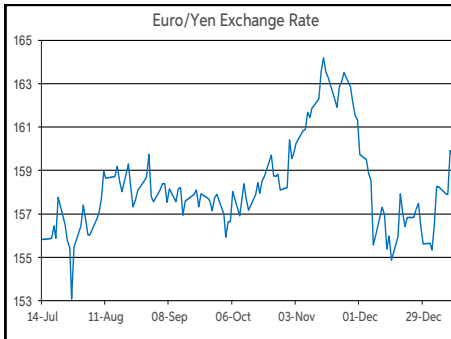
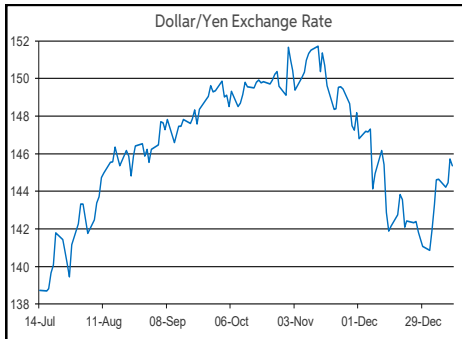
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

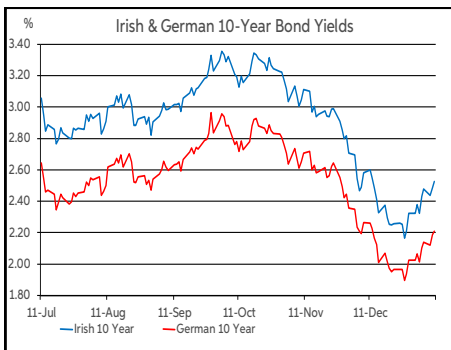
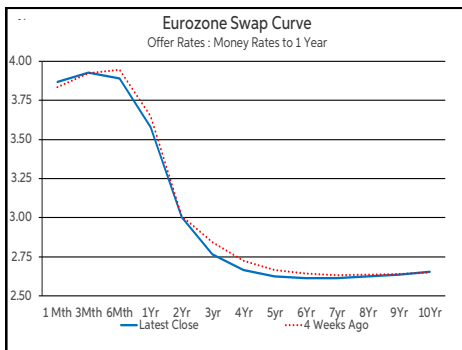
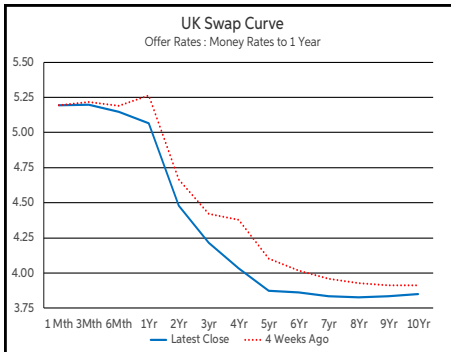
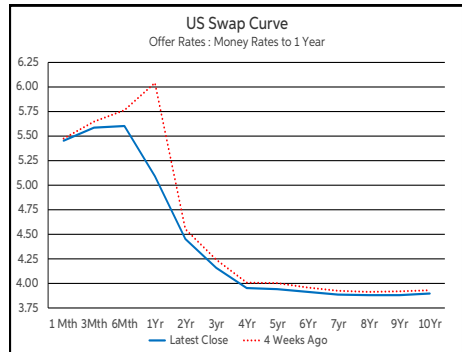
Thursday 11 January 2024
07:39 am



Euro		Sterling		Dollar	
EUR/GBP	0.8598	GBP/EUR	1.1621	USD/JPY	145.38
EUR/USD	1.098	GBP/USD	1.2765	USD/CAD	1.3359
EUR/JPY	159.66	GBP/CAD	1.7055	USD/CHF	0.8499
EUR/SEK	11.2036	GBP/NZD	2.042	USD/CNY	7.1594
EUR/DKK	7.4572	GBP/JPY	185.58	USD/BRL	4.8925
EUR/NOK	11.3357	GBP/SEK	13.0287	USD/RUB	88.88
EUR/CHF	0.9334	GBP/DKK	8.6682	USD/INR	83.0103
EUR/AUD	1.6339	GBP/NOK	13.1795	AUD/USD	0.6719
EUR/HKD	8.5836	GBP/CHF	1.0852	NZD/USD	0.6248
EUR/CAD	1.4669	GBP/AUD	1.9001		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.03	+1	+1	+16
Germany	2.21	+2	+4	+19
UK	3.82	+4	-1	+28
5 Year Swap %				
US	3.94	-1	-2	+15
Eurozone	2.63	+3	-3	+20
UK	3.88	+3	-22	+22
2 Year Swap %				
US	4.45	-1	-6	+12
Eurozone	3.00	+3	-0	+21
UK	4.48	+3	-18	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+1	-0	-2
Belgium	64	+1	-2	-1
France	54	+0	-1	+1
Italy	164	-3	-13	-3
Spain	97	-1	-4	+0
Portugal	75	-1	-3	-1
Greece	107	-5	-18	+3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	76.8	-1.02	+3.42	-0.31
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2023.4	-0.31	-0.15	-1.90

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.