

US CPI prints above the consensus

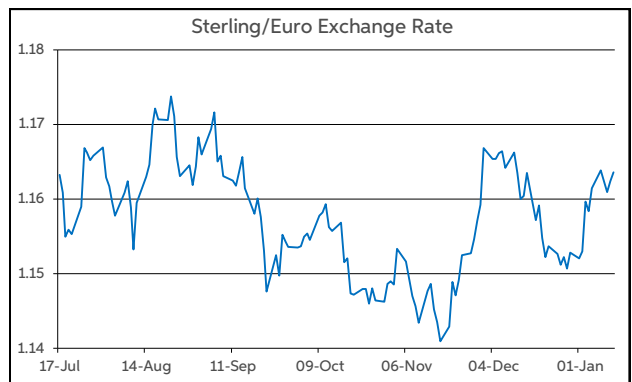
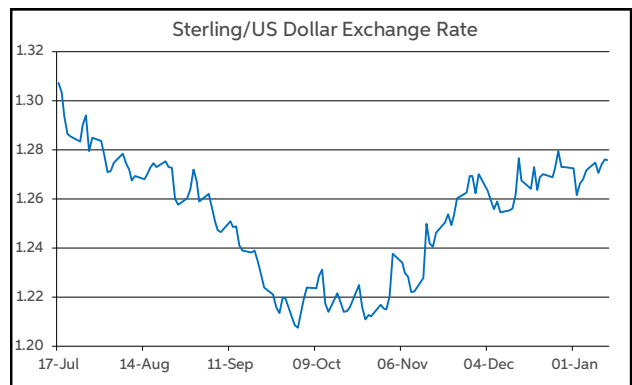
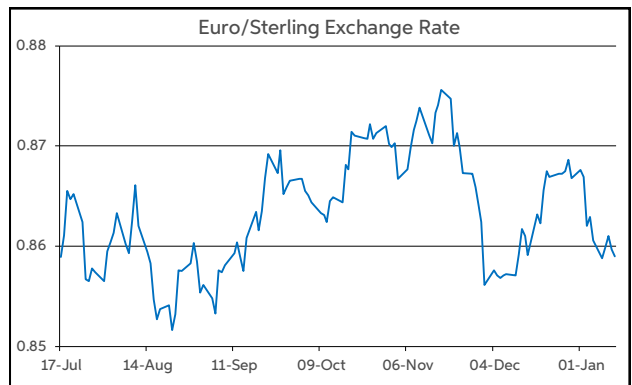
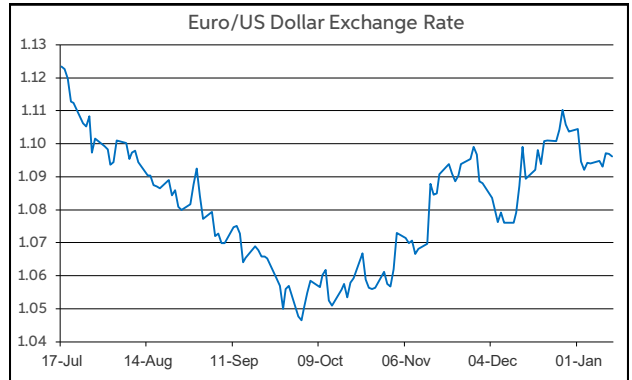
Equity markets declined on both sides of the Atlantic yesterday, following slightly stronger than expected US CPI inflation data for December. The Euro Stoxx 50, which had been moving higher before the release, fell by 0.6%. Meantime, the S&P 500 inched 0.1% lower. Elsewhere, oil prices moved higher yesterday and rose further overnight, amid ongoing tensions in the Middle East. Brent Crude is currently up near \$79 per barrel.

Headline US CPI inflation accelerated to 3.4%, above the 3.2% consensus and up from 3.1% in November. Meanwhile, core-CPI edged down to 3.9% from 4%, but printed above the forecast of 3.8%. Despite the data suggesting inflation is somewhat sticky in the US, futures contracts were little changed in the initial aftermath of the release. However, market rate expectations softened overnight. US rate cuts worth 150bps are now priced-in by year.

On the currency front, the main FX pairs remained range bound. The dollar reversed its losses from the day before, registering modest gains throughout the European session. As rates softened overnight though, the greenback handed back some of its gains. In level terms, EUR/USD opens this morning near the midpoint of \$1.09-1.10. EUR/GBP remains in and around 86p. Elsewhere, GBP/USD is at the halfway mark of the \$1.27-1.28 range.

Already today, the November reading of UK GDP has printed slightly above expectations, rising by 0.3% in the month. However, the data have not impacted sterling so far in early trading. Later today, the final reading of French and Spanish HICP inflation for December are due. Barring any major revisions though, the data are unlikely to affect the euro. In the US, Q4 2023 bank earnings reports may influence investor sentiment.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0961	-0.15	-0.68
EUR/GBP	0.8591	-0.12	-0.89
GBP/USD	1.2754	-0.07	0.20
GBP/EUR	1.1635	0.12	0.90
USD/JPY	145.2	-0.20	2.93
EUR/JPY	159.17	-0.34	2.27

* 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	5.02	4.42	3.92
EUR	4.50	3.88	3.94	3.53	2.94	2.57
GBP	5.25	5.19	5.20	4.80	4.43	3.93

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

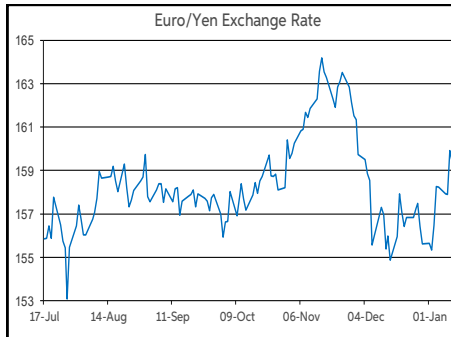
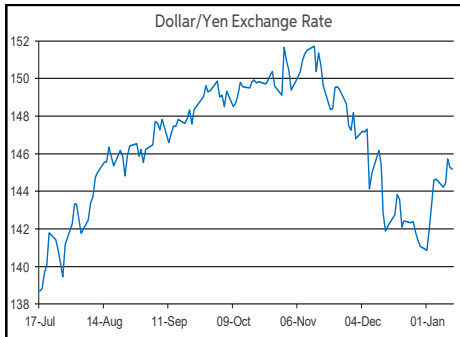
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

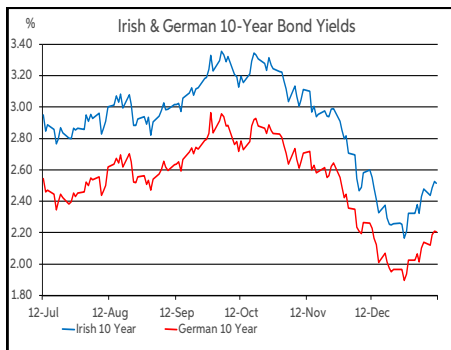
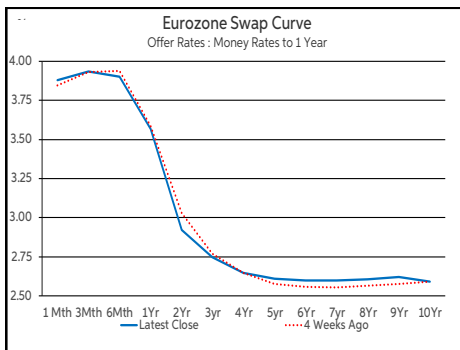
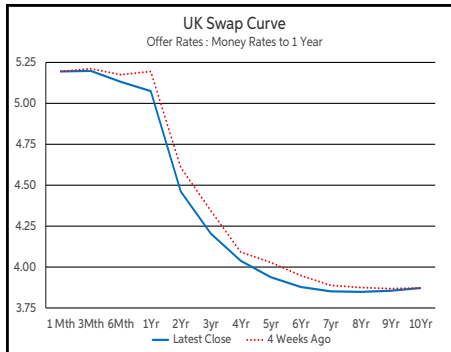
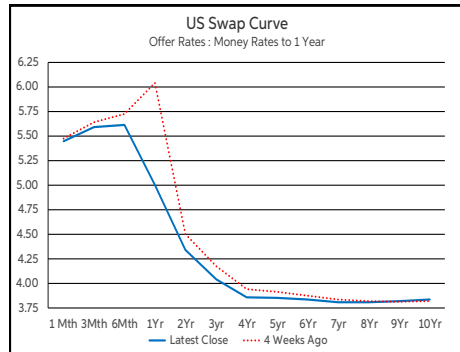
Friday 12 January 2024
07:39 am



Euro		Sterling		Dollar	
EUR/GBP	0.8591	GBP/EUR	1.1635	USD/JPY	145.2
EUR/USD	1.0961	GBP/USD	1.2754	USD/CAD	1.3382
EUR/JPY	159.17	GBP/CAD	1.7069	USD/CHF	0.8532
EUR/SEK	11.2548	GBP/NZD	2.0453	USD/CNY	7.1661
EUR/DKK	7.4565	GBP/JPY	185.2	USD/BRL	4.8696
EUR/NOK	11.3051	GBP/SEK	13.0959	USD/RUB	88.2125
EUR/CHF	0.9352	GBP/DKK	8.6753	USD/INR	82.932
EUR/AUD	1.6375	GBP/NOK	13.1561	AUD/USD	0.6692
EUR/HKD	8.5696	GBP/CHF	1.0883	NZD/USD	0.6235
EUR/CAD	1.4667	GBP/AUD	1.9056		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.98	-5	+5	+11
Germany	2.21	-1	+8	+18
UK	3.85	+2	+6	+31
5 Year Swap %				
US	3.85	-10	-2	+6
Eurozone	2.61	-2	+4	+18
UK	3.94	+6	-9	+29
2 Year Swap %				
US	4.34	-10	-12	+1
Eurozone	2.92	-8	-10	+13
UK	4.46	-2	-14	+20
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	-1	+1	-3
Belgium	64	-0	+0	-1
France	54	+0	+2	+1
Italy	161	-3	-5	-6
Spain	96	-1	+0	-1
Portugal	74	-0	+0	-1
Greece	110	+2	-11	+5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	77.41	+0.79	+1.04	+0.48
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2028.1	+0.23	-0.37	-1.67

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