

Morning Comment

AIB Treasury Economic Research Unit



Friday 23 January 2024

07:19 am

Softer dollar tone

The positive tone from US investor sentiment on Wednesday carried over into yesterday's European trading session. The easing of tensions between the US and EU in relation to Greenland, at least in the near term, helped to support risk appetite. The Euro Stoxx 50 rose by 1.2% on the day. The gains were more modest on Wall Street, with the S&P 500 up 0.5% after having had the positive 'EU-US' news to digest the evening before, when it closed 1.2% higher.

Yesterday's macro diary was US centric. The only Eurozone release of note was the flash reading of consumer confidence for January. It surprised to the upside of expectations, although sentiment still remains subdued. Meanwhile, in the US, the final reading of Q3'25 GDP saw a modest upward revision, to 4.4% from 4.3%, for annualised growth. There was positive news from the labour market, with weekly jobless claims coming in below the consensus. There was also encouraging signs in household expenditure, with personal consumption rising by 0.5% m/m in November.

Currency-wise, despite the upbeat tone to US macro data, the dollar found itself on the defensive yesterday. The softer dollar tone is reflected in EUR/USD opening this morning back above the \$1.17 threshold and by GBP/USD operating near the upper end of \$1.34-1.35. Elsewhere, EUR/GBP remains in and around the 87p handle. From a yen perspective, as anticipated the BoJ left its interest rate policy unchanged overnight. USD/JPY is trading at the ¥159 mark.

Today's macro calendar has already seen the release of UK retail sales for December. The headline number printed ahead of forecasts, rising by 0.4% m/m (vs. fcast for -0.1%). Over the remainder of today, we get the flash PMIs from the Eurozone, UK and US. The surveys will be looked to for a timely insight into how these key economies performed at the start of 2026.

John Fahey, Senior Economist, AIB

Today's Opening FX Rates			
% Change			
	Day *	End 2025	
EUR/USD	1.174	0.44	-0.04
EUR/GBP	0.8702	0.00	-0.15
GBP/USD	1.3488	0.44	0.11
GBP/EUR	1.1487	0.00	0.15
USD/JPY	158.98	0.17	1.49
EUR/JPY	186.66	0.62	1.45

* v Previous Day's European Open

See Next Page for More Rates

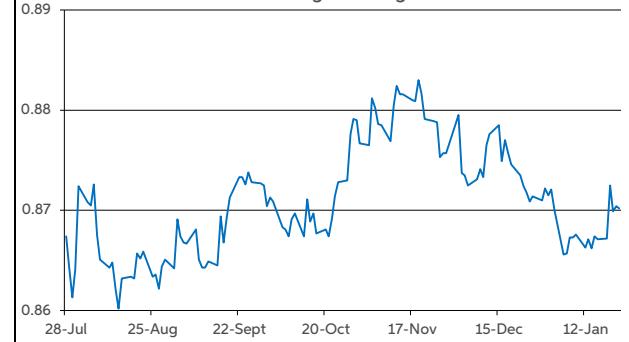
Opening Interest Rates						
Base Rate	Money Market		Swap Rates			
	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	3.63	3.66	3.67	3.52	3.75	3.86
EUR	2.00	1.96	2.03	2.19	2.28	2.57
GBP	3.75	3.73	3.71	3.52	3.75	3.95

All rates quoted are indicative market rates

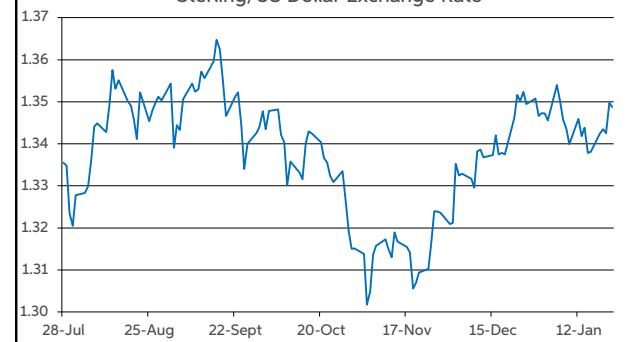
Euro/US Dollar Exchange Rate



Euro/Sterling Exchange Rate



Sterling/US Dollar Exchange Rate



Sterling/Euro Exchange Rate



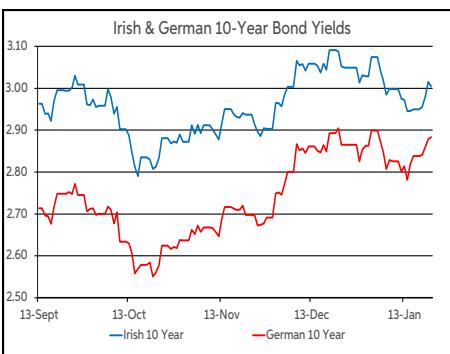
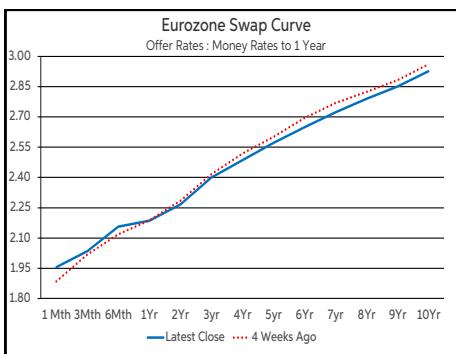
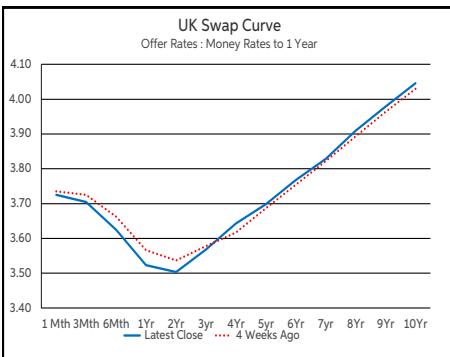
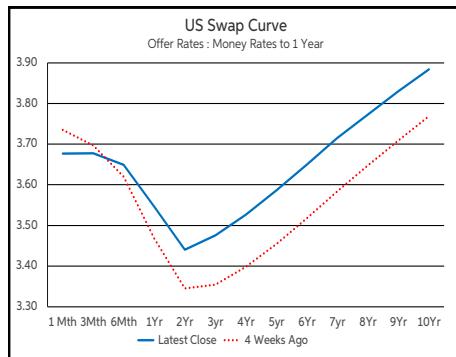
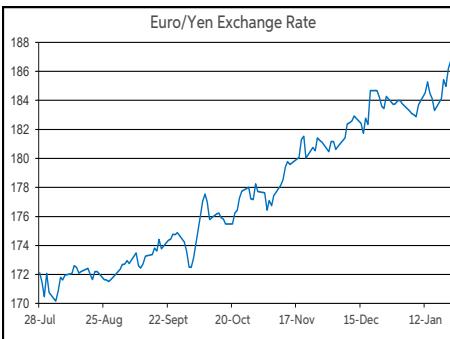
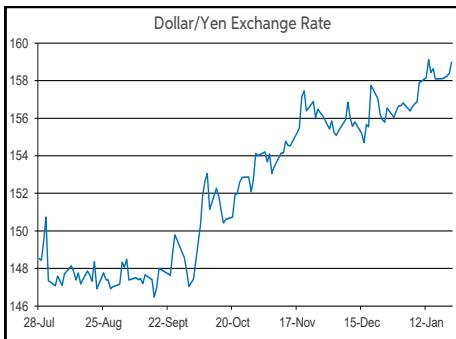
See Next Page For More Rates & Charts

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	0.8702
EUR/USD	1.174
EUR/JPY	186.66
EUR/SEK	10.577
EUR/DKK	7.4688
EUR/NOK	11.5629
EUR/CHF	0.9278
EUR/AUD	1.7141
EUR/HKD	9.1555
EUR/CAD	1.6185

Sterling	
GBP/EUR	1.1487
GBP/USD	1.3488
GBP/CAD	1.8592
GBP/NZD	2.2824
GBP/JPY	214.43
GBP/SEK	12.1518
GBP/DKK	8.5776
GBP/NOK	13.2677
GBP/CHF	1.0657
GBP/AUD	1.9685

Dollar	
USD/JPY	158.98
USD/CAD	1.3788
USD/CHF	0.7903
USD/CNY	6.9627
USD/BRL	5.2844
USD/RUB	75.65
USD/INR	91.668
AUD/USD	0.6849
NZD/USD	0.5905



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.25	-0	+12	+10
Germany	2.88	+1	+2	+2
UK	4.47	+1	-3	+0
Ireland	3.00	-1	-4	-2
Belgium	3.31	-2	-4	-3
France	3.51	-3	-6	-5
Italy	3.52	+3	+0	+1
Spain	3.26	-1	-3	-3
Portugal	3.26	-1	+10	+10
Greece	3.40	-1	-9	-8
5 Year Swap %				
US	3.85	+2	+14	+12
Eurozone	2.56	+1	-3	-1
UK	3.94	+2	+1	+4
2 Year Swap %				
US	3.71	+2	+11	+13
Eurozone	2.26	+1	-2	+0
UK	3.74	+2	-4	+1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	12	-2	-6	-4
Belgium	43	-3	-6	-5
France	63	-4	-8	-7
Italy	64	+2	-2	-1
Spain	38	-2	-5	-5
Portugal	38	-1	+8	+8
Greece	52	-2	-11	-10

	Commodities			
	Close	Day	4 Weeks	End 25
Brent Oil	64.06	-1.81	+2.92	+5.28
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4936.3	+2.07	+10.20	+14.42

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