

January flash PMIs due today

There was a mixed mood on markets yesterday. US corporate earnings reports, below consensus data in the Eurozone, and volatility in futures contracts, impacted sentiment throughout the day. The Euro Stoxx 50 declined by 0.3%, while the S&P 500 recovered late on, to finish the day up 0.3%.

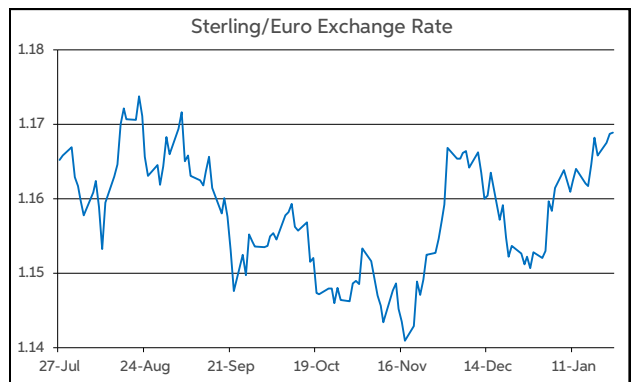
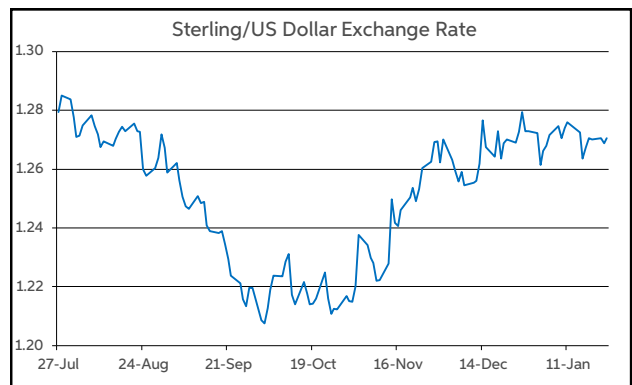
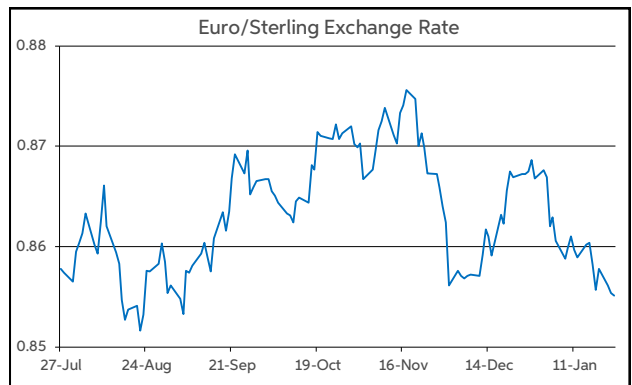
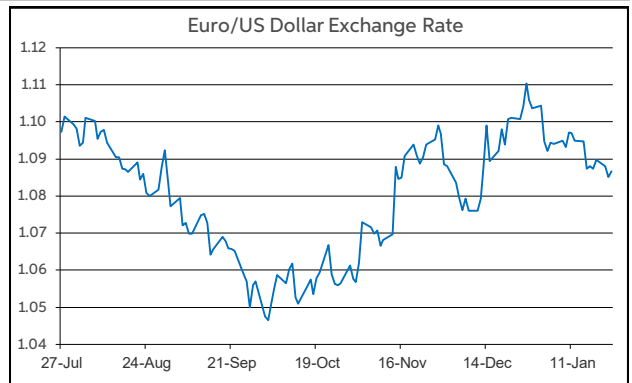
On bond markets, medium to long-term UK Gilt and German Bund yields rose by 6-9bps. Meanwhile, the two-year UK yields climbed 7bps higher, which coincided with a firming in UK futures contracts. Current pricing suggests the market thinks the BoE will cut rates by circa 100bps by year end. In contrast, two-year German yields were flat. In the US, Treasury yields initially rose. However, the move higher retraced overnight, as US futures contracts softened.

Data-wise, Eurozone consumer confidence deteriorated for the first time since October, falling to -16.1 in January (vs. -14.3 f'cast). Elsewhere, the ECB's bank lending survey showed credit demand declined again in Q4, while at the same time, credit conditions tightened. Overall, the data suggest that consumption and investment, likely remained subdued in the Eurozone in Q4.

On the currency front, the dollar was holding a firmer tone. However, as US Futures contracts softened, the greenback handed back some of its gains. This continued overnight. EUR/USD opens this morning in the top half of \$1.08-1.09. GBP/USD is down at the \$1.27 mark. Elsewhere, EUR/GBP is at the midpoint of 85-86p.

Today, the flash PMI readings for January in the main advanced economies are due. The data are expected to be little changed, from December. Therefore, barring any major surprises, the releases are unlikely to impact on markets.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2023 |
| EUR/USD | 1.0867 | -0.35 | -1.53 |
| EUR/GBP | 0.8553 | -0.09 | -1.33 |
| GBP/USD | 1.2705 | -0.24 | -0.19 |
| GBP/EUR | 1.1687 | 0.09 | 1.34 |
| USD/JPY | 147.85 | -0.05 | 4.81 |
| EUR/JPY | 160.7 | -0.38 | 3.26 |

* 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 | 5.58 | 5.08 | 4.47 | 4.05 |
| EUR | 4.50 | 3.86 | 3.95 | 3.62 | 3.02 | 2.69 |
| GBP | 5.25 | 5.18 | 5.19 | 4.89 | 4.60 | 4.10 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

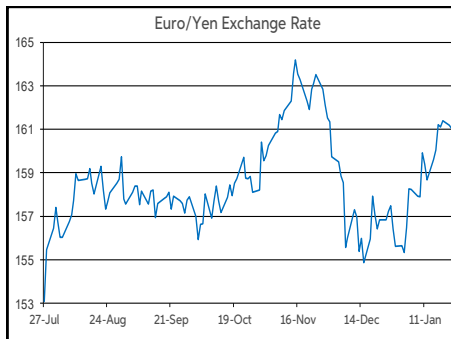
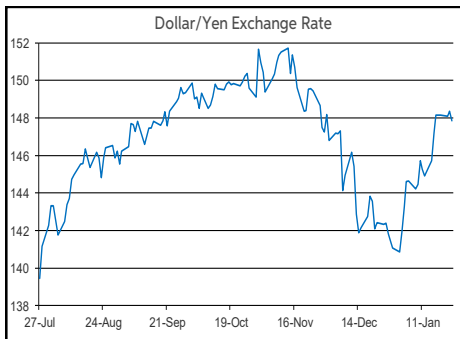
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|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan | FX Options | Mark Tuite | Reuters Phone |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

Opening Levels

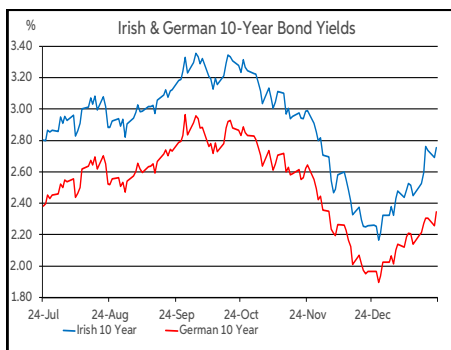
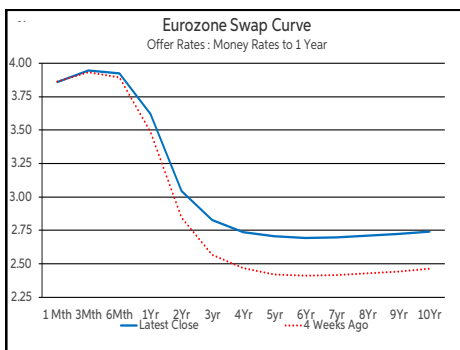
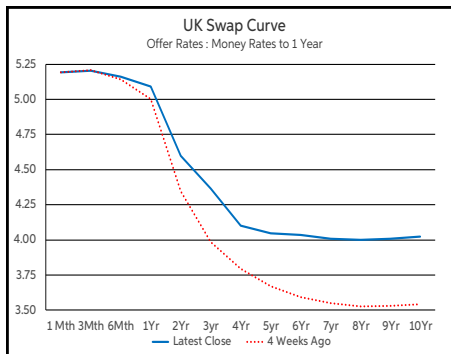
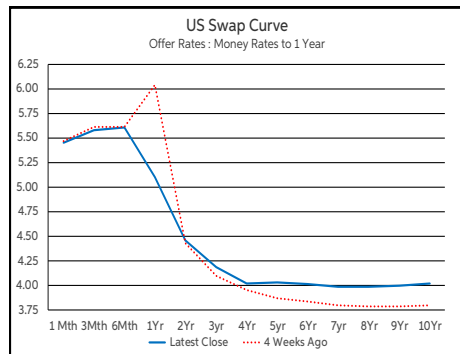
Wednesday 24 January 2024
07:26 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|--------|---------|--------|
| EUR/GBP | 0.8553 | GBP/EUR | 1.1687 | USD/JPY | 147.85 |
| EUR/USD | 1.0867 | GBP/USD | 1.2705 | USD/CAD | 1.3462 |
| EUR/JPY | 160.7 | GBP/CAD | 1.7105 | USD/CHF | 0.8686 |
| EUR/SEK | 11.3622 | GBP/NZD | 2.0817 | USD/CNY | 7.1724 |
| EUR/DKK | 7.457 | GBP/JPY | 187.84 | USD/BRL | 4.9535 |
| EUR/NOK | 11.4048 | GBP/SEK | 13.289 | USD/RUB | 88.09 |
| EUR/CHF | 0.9441 | GBP/DKK | 8.7159 | USD/INR | 83.162 |
| EUR/AUD | 1.6534 | GBP/NOK | 13.327 | | |
| EUR/HKD | 8.5012 | GBP/CHF | 1.1038 | AUD/USD | 0.6574 |
| EUR/CAD | 1.4631 | GBP/AUD | 1.9326 | NZD/USD | 0.6102 |



| | Close | Change bps | | |
|---|-------|------------|---------|--------|
| | | Day | 4 Weeks | End 23 |
| 10 Year Yield % | | | | |
| US | 4.13 | +2 | +24 | +27 |
| Germany | 2.35 | +9 | +38 | +32 |
| UK | 3.99 | +8 | +48 | +45 |
| 5 Year Swap % | | | | |
| US | 4.03 | -0 | +20 | +24 |
| Eurozone | 2.71 | +4 | +31 | +28 |
| UK | 4.05 | +8 | +38 | +39 |
| 2 Year Swap % | | | | |
| US | 4.46 | -5 | +7 | +13 |
| Eurozone | 3.04 | +3 | +23 | +25 |
| UK | 4.60 | +6 | +29 | +33 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 46 | -3 | +14 | +10 |
| Belgium | 60 | -3 | -3 | -5 |
| France | 50 | -3 | -1 | -3 |
| Italy | 157 | -2 | -1 | -10 |
| Spain | 92 | -3 | -1 | -4 |
| Portugal | 73 | -2 | +2 | -3 |
| Greece | 104 | -3 | -1 | -1 |



| | % Change | | | |
|----------------|----------|-------|---------|--------|
| | Close | Day | 4 Weeks | End 23 |
| Brent Oil | 79.55 | -0.64 | -1.87 | +3.26 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 2028.7 | +0.38 | -1.83 | -1.64 |

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