

Monetary policy spotlight turns to the Fed and BoE

As anticipated, the ECB left policy on hold last week. However, markets had a dovish reaction to the meeting, as President Lagarde refused to explicitly rule out a rate cut in April. Current market pricing is now leaning heavily towards an ECB rate cut in April. In total, 140bps of policy easing is now priced in by year end. Amid the softening in Eurozone rates, and following strong corporate earnings reports, the Euro Stoxx 50 gained over 4% last week.

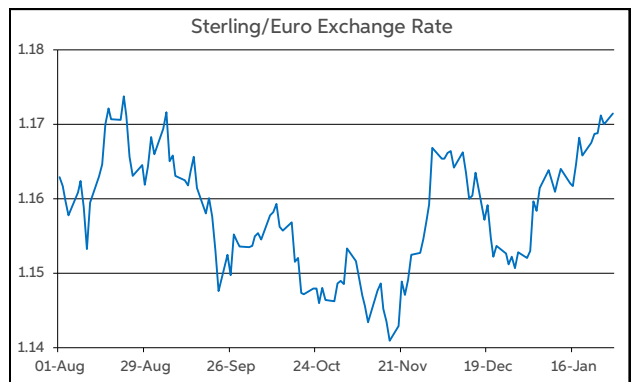
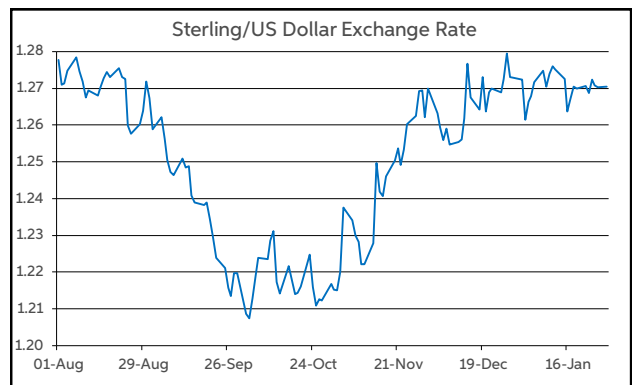
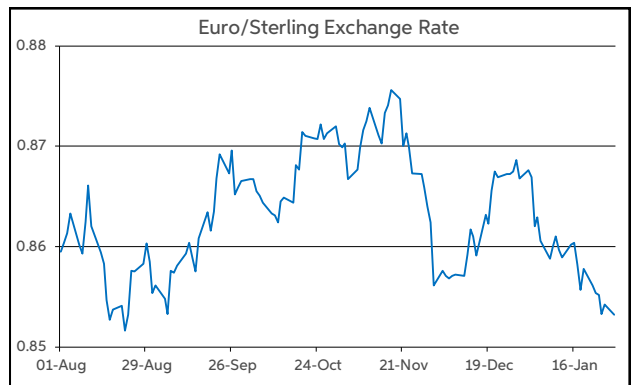
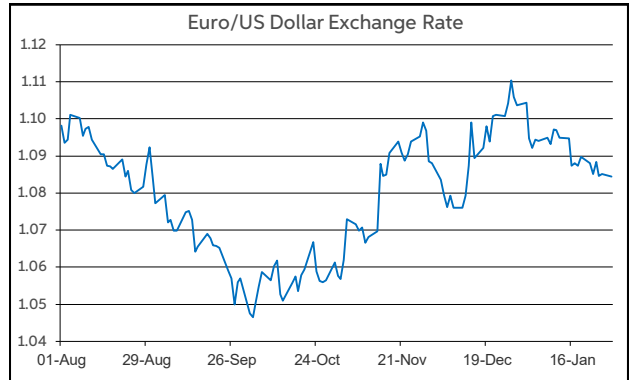
In the US, a number of data releases provided a supportive backdrop to risk appetite, with the S&P 500 up 1.1% on the week. US GDP, rose by 3.3% annualised in Q4 (vs. +2.0% f'cast), while core-PCE inflation slowed to 2.9% in December (vs. 3.0% f'cast). Meantime, the January PMIs printed above the consensus also.

Elsewhere, oil prices climbed circa 7% higher. The move coincided with the strong US data, as well as the announcement of stimulus packages in China. Ongoing tensions in the Middle East have also impacted the price. Brent crude is above \$83 per barrel.

Currency-wise, the euro was under some downward pressure throughout last week. The single currency registered fresh YTD lows against the dollar and sterling as Eurozone rates softened. However, it recouped some of its losses heading into the weekend. As trading gets underway this morning, EUR/USD is near the midpoint of \$1.08-1.09. EUR/GBP is in the lower half of 85-86p.

This week, both the Fed and BoE are expected to leave interest rates unchanged. However, the respective post-meeting press conference will be of keen interest. The US labour market report and Eurozone flash HICP inflation (both Jan) will also be in focus. Geo-political newsflow may also impact markets this week.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0845	0.03	-1.73
EUR/GBP	0.8533	0.01	-1.56
GBP/USD	1.2705	0.00	-0.19
GBP/EUR	1.1714	-0.01	1.58
USD/JPY	147.88	0.11	4.83
EUR/JPY	160.41	0.16	3.07

* 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	5.07	4.51	4.07
EUR	4.50	3.87	3.89	3.49	2.97	2.61
GBP	5.25	5.18	5.19	4.86	4.58	4.07

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

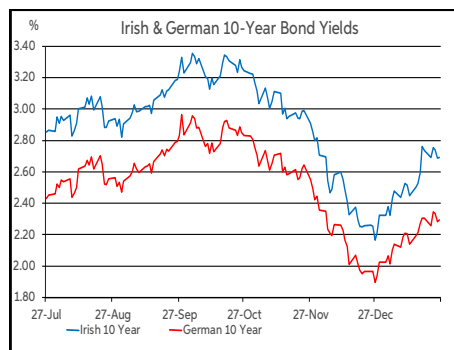
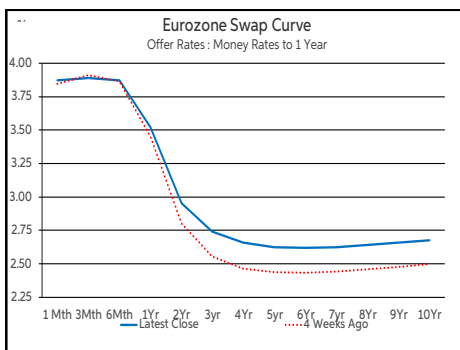
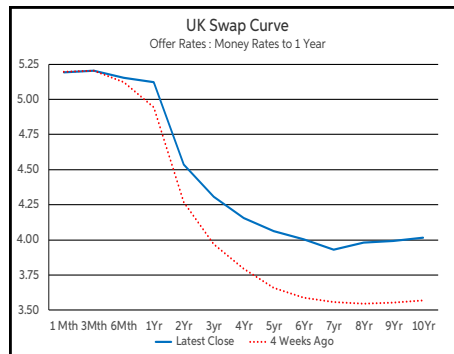
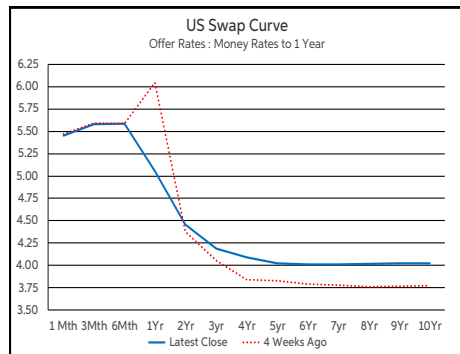
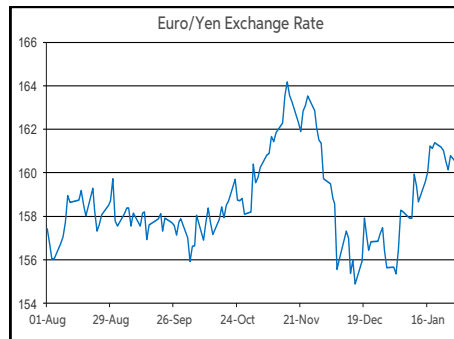
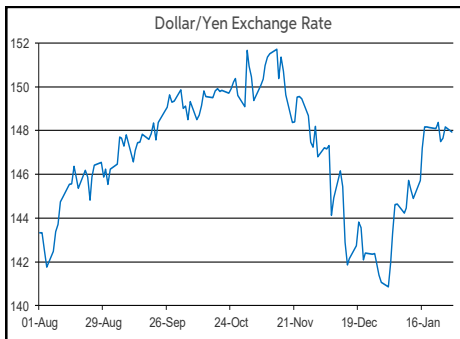
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Monday 29 January 2024
06:57 am



Euro		Sterling		Dollar	
EUR/GBP	0.8533	GBP/EUR	1.1714	USD/JPY	147.88
EUR/USD	1.0845	GBP/USD	1.2705	USD/CAD	1.3442
EUR/JPY	160.41	GBP/CAD	1.7083	USD/CHF	0.8634
EUR/SEK	11.3283	GBP/NZD	2.0827	USD/CNY	7.1816
EUR/DKK	7.4544	GBP/JPY	187.88	USD/BRL	4.9168
EUR/NOK	11.294	GBP/SEK	13.2771	USD/RUB	89.95
EUR/CHF	0.9364	GBP/DKK	8.732	USD/INR	83.145
EUR/AUD	1.6449	GBP/NOK	13.2329	AUD/USD	0.659
EUR/HKD	8.476	GBP/CHF	1.0972	NZD/USD	0.6099
EUR/CAD	1.4581	GBP/AUD	1.9276		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.14	+2	+27	+27
Germany	2.30	+1	+27	+27
UK	3.97	-2	+43	+43
Ireland				
Ireland	2.73	+1	+34	+34
Belgium	2.89	-0	+21	+21
France	2.79	+0	+23	+23
Italy	3.83	-1	+13	+13
Spain	3.20	-0	+21	+21
Portugal	3.01	+1	+22	+22
Greece	3.35	+2	+27	+27
5 Year Swap %				
US	4.02	+1	+23	+23
Eurozone	2.62	+0	+20	+20
UK	4.06	-3	+41	+41
2 Year Swap %				
US	4.46	+4	+12	+12
Eurozone	2.96	+0	+16	+16
UK	4.54	-4	+27	+27
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-1	+8	+8
Belgium	59	-2	-6	-6
France	49	-1	-4	-4
Italy	153	-2	-14	-14
Spain	90	-2	-6	-6
Portugal	71	-1	-5	-5
Greece	105	+1	+0	+0

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	83.55	+1.36	+8.45	+8.45
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2018.3	-0.07	-2.15	-2.15

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