

Dollar edges off recent lows

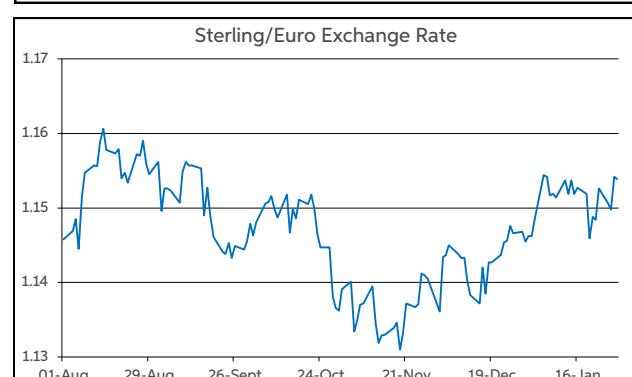
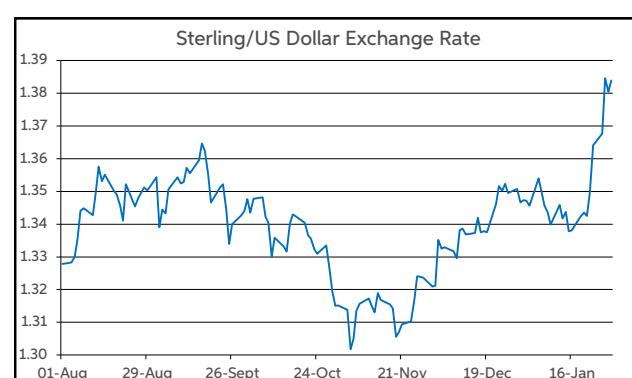
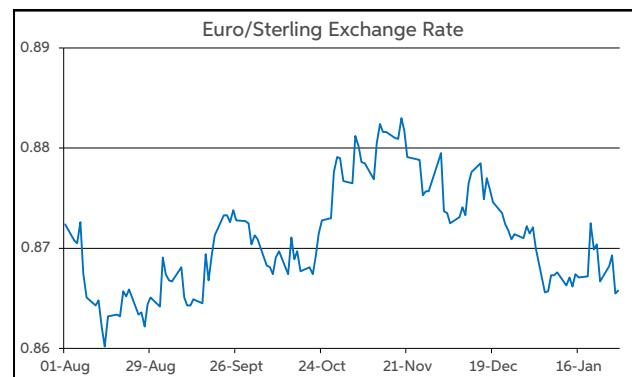
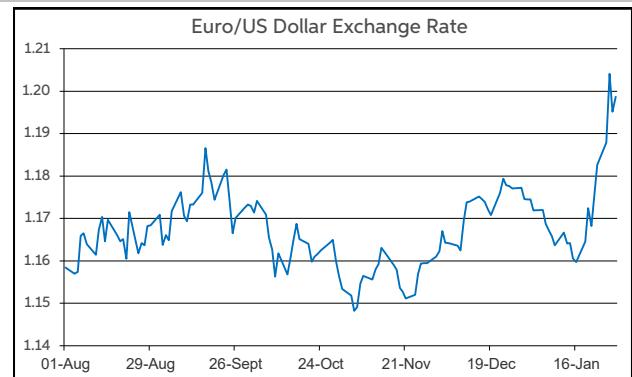
There was a more cautious tone to investor sentiment yesterday, as market participants awaited the Fed policy announcement/press conference, which occurred after the European close. The Euro Stoxx 50 finished 1% lower. Meanwhile, on Wall Street, headlines were made early in the US session, when the S&P 500 breached the 7,000 level for the first time. However, it was unable to close above this mark and ended the day flat.

As widely expected, the Fed left interest rates unchanged yesterday evening. The Fed funds rate was maintained in a 3.50-3.75% range. There were two dovish dissenters (Miran and Waller) voting for a 25bps cut. Fed Chair Powell espoused a generally upbeat view of the US economy. He noted that it grew at a "solid pace last year" and starts this year "on a firm footing". Meanwhile, the central bank offered little guidance on when the next rate cut could occur. However, given Chair Powell's characterisation of the economy, any near term rate cuts are unlikely. The Fed's dot plot (last updated at the December FOMC) has one 25bps reduction pencilled in for this year. The market is more dovish in its expectations, pricing in around 50bps of easing, with the next 25bps cut not fully priced in until July.

From a currency perspective, the focus on Wednesday was very much on the dollar in light of its recent notable bout of weakness. Yesterday's price action was much less eventful for the greenback. Indeed, the dollar edged off its recent lows versus some of the other majors. The EUR/USD pair moved back down from \$1.20 territory, while USD/JPY regained the ¥153 level. Elsewhere, EUR/GBP traded back nearer to the midpoint of the 86-87p threshold.

Ahead today, in the Eurozone we get the EC economic sentiment index for January. The survey will provide an early indication on how the Eurozone economy started the year. In the US, the main release of note will be the weekly jobless claims data.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
	% Change		
	Day *	End 2025	
EUR/USD	1.1987	-0.08	2.06
EUR/GBP	0.8658	-0.33	-0.65
GBP/USD	1.3839	0.27	2.72
GBP/EUR	1.1543	0.33	0.66
USD/JPY	153.16	0.35	-2.23
EUR/JPY	183.63	0.29	-0.20

* 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	3.66	3.49	3.69	3.84
EUR	2.00	1.94	2.04	2.15	2.23	2.53
GBP	3.75	3.73	3.72	3.56	3.81	4.03

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

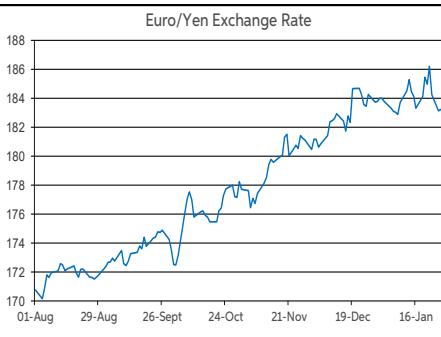
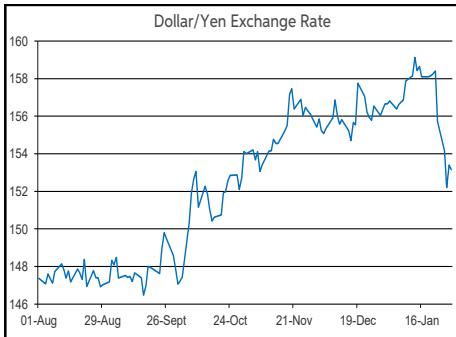
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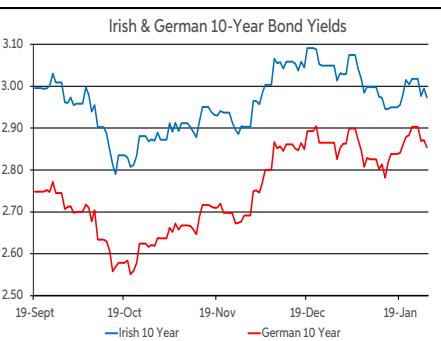
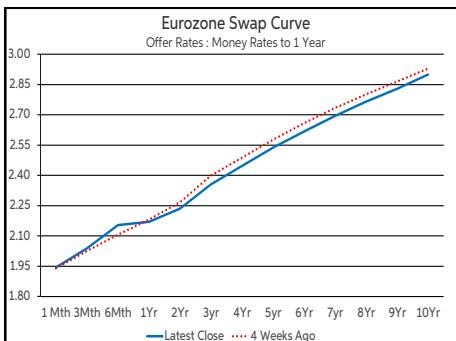
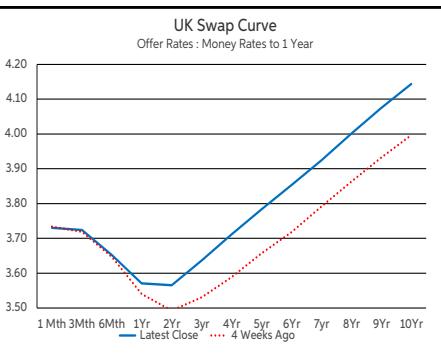
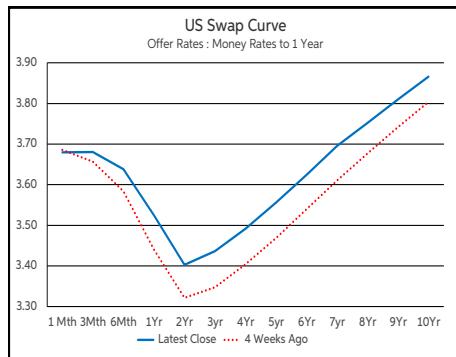
Euro	
EUR/GBP	0.8658
EUR/USD	1.1987
EUR/JPY	183.63
EUR/SEK	10.5428
EUR/DKK	7.4664
EUR/NOK	11.4349
EUR/CHF	0.9177
EUR/AUD	1.6928
EUR/HKD	9.3551
EUR/CAD	1.6196

Sterling	
GBP/EUR	1.1543
GBP/USD	1.3839
GBP/CAD	1.87
GBP/NZD	2.274
GBP/JPY	211.96
GBP/SEK	12.1712
GBP/DKK	8.6209
GBP/NOK	13.2019
GBP/CHF	1.0599
GBP/AUD	1.9541

Dollar	
USD/JPY	153.16
USD/CAD	1.3514
USD/CHF	0.7656
USD/CNY	6.9455
USD/BRL	5.1969
USD/RUB	76.15
USD/INR	91.973
AUD/USD	0.708
NZD/USD	0.6082



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.25	+3	+10	+10
Germany	2.85	-2	-1	-1
UK	4.55	+2	+7	+7
Ireland	2.97	-2	-6	-6
Belgium	3.25	-2	-10	-10
France	3.43	-1	-13	-13
Italy	3.47	-1	-4	-4
Spain	3.22	-2	-7	-7
Portugal	3.21	-2	+5	+5
Greece	3.36	+0	-12	-12
5 Year Swap %				
US	3.82	+2	+10	+10
Eurozone	2.52	-2	-4	-4
UK	4.02	-0	+12	+12
2 Year Swap %				
US	3.67	+2	+10	+10
Eurozone	2.23	-2	-3	-3
UK	3.81	+0	+8	+8
10 Year Government Bond Spreads to Benchmark bps				
Ireland	12	-0	-5	-5
Belgium	39	-0	-9	-9
France	57	+0	-13	-13
Italy	62	+1	-3	-3
Spain	37	+0	-6	-6
Portugal	36	+0	+6	+6
Greece	51	+2	-11	-11



	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	68.4	+1.23	+12.41	+12.41
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	5399.3	+4.05	+25.15	+25.15

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