

Monetary policy spotlight turns to the ECB

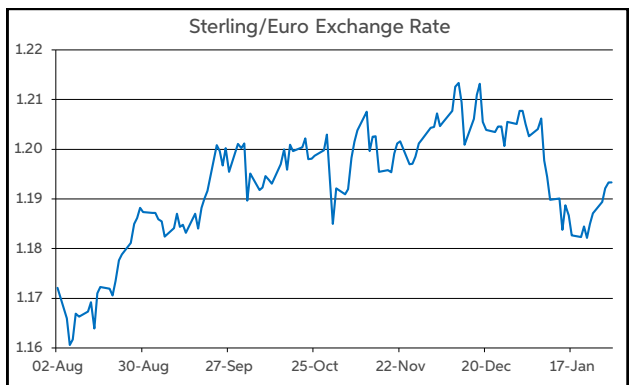
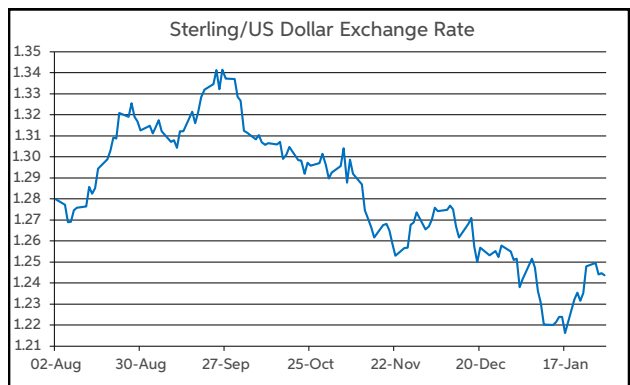
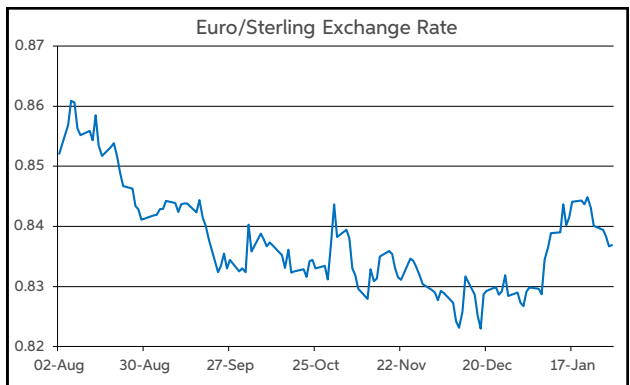
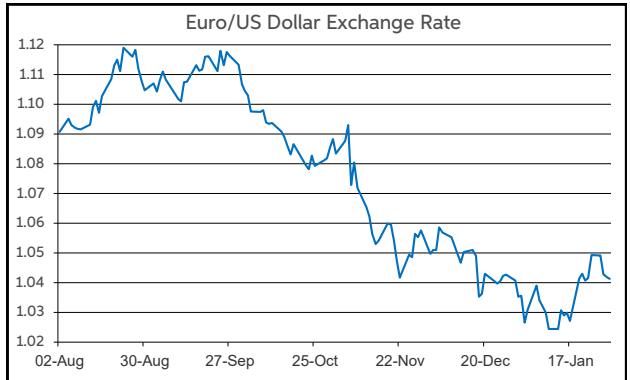
As expected the Fed left interest rates unchanged yesterday. It means the target range remains at 4.25-4.50%. At the post-meeting press conference, Chair Powell struck a balanced tone. The overarching message from Powell was that the FOMC “don’t need to be in a hurry to adjust [the] policy stance”.

In the run-up to the Fed policy announcement the price action on financial markets was limited. In the initial aftermath of the release of the meeting statement, there was a somewhat hawkish reaction, with Treasury yields and the dollar edging higher. However, both moved off their peaks during the press conference. Meantime, US futures contracts were little changed. Current pricing indicates the market is of the view that the Fed will cut rates twice this year, with a first cut pencilled-in for June.

On the currency front, the main pairs operated in very tight ranges throughout the European session yesterday. Of the limited action to register, the euro was holding a slightly softer tone. Overnight, there was a slightly firmer tone to the yen. As trading gets underway this morning, EUR/USD opens nearer to the \$1.04 threshold. Meanwhile, EUR/GBP remains in the top half of the 83-84p band. GBP/USD continues to operate around the midpoint of the \$1.24-1.25 corridor. USD/JPY is changing hands down at the halfway mark of ¥154-155.

Today, the monetary policy spotlight will turn to the ECB. The Governing Council is widely expected to cut interest rates by 25bps, bringing the Deposit rate down to 2.75%. Aside from the policy announcement, the press conference with President Lagarde will garner attention. Meanwhile, a busy data calendar includes the first estimates of US and Eurozone GDP for Q4 2024.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0413	-0.27	0.58
EUR/GBP	0.8369	-0.11	1.16
GBP/USD	1.2438	-0.14	-0.58
GBP/EUR	1.194	0.11	-1.15
USD/JPY	154.5	-0.34	-1.71
EUR/JPY	160.89	-0.60	-1.14

* 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	4.38	4.30	4.29	4.16	4.34	4.31
EUR	3.15	2.74	2.62	2.47	2.41	2.45
GBP	4.75	4.52	4.47	4.28	4.39	4.27

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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Euro

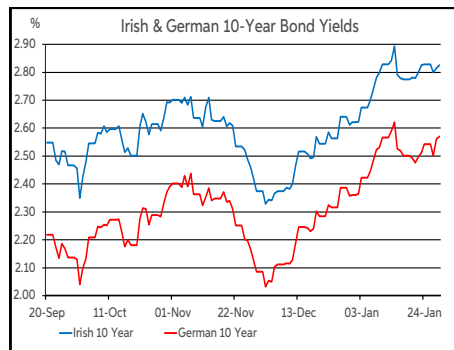
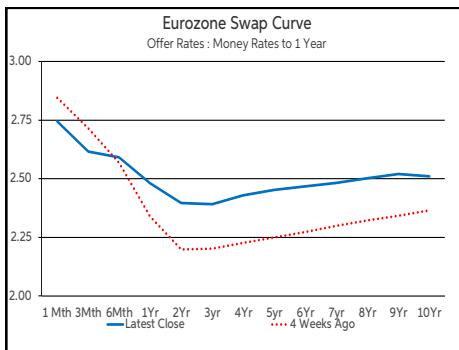
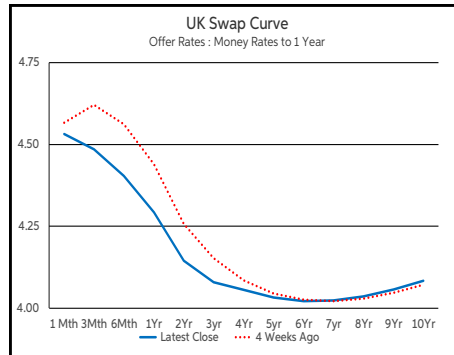
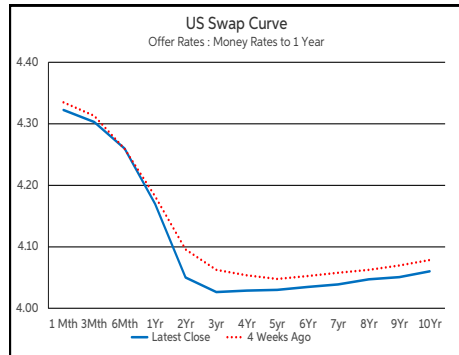
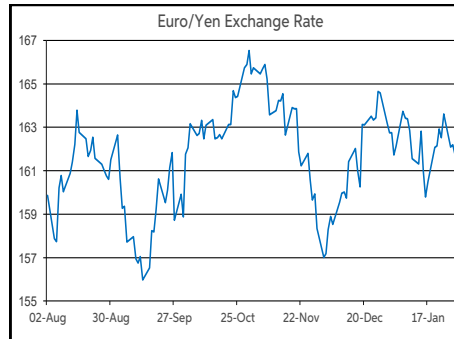
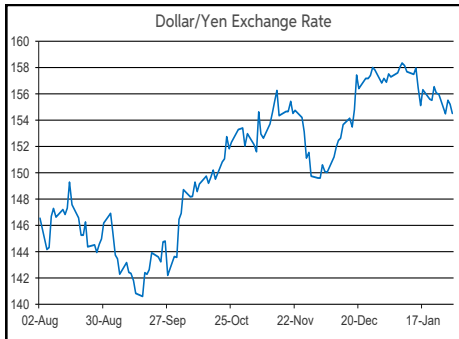
EUR/GBP	0.8369
EUR/USD	1.0413
EUR/JPY	160.89
EUR/SEK	11.4615
EUR/DKK	7.4621
EUR/NOK	11.7687
EUR/CHF	0.9444
EUR/AUD	1.675
EUR/HKD	8.1139
EUR/CAD	1.5029

Sterling

GBP/EUR	1.194
GBP/USD	1.2438
GBP/CAD	1.7942
GBP/NZD	2.2036
GBP/JPY	192.12
GBP/SEK	13.6877
GBP/DKK	8.9076
GBP/NOK	14.0559
GBP/CHF	1.1279
GBP/AUD	1.9994

Dollar

USD/JPY	154.5
USD/CAD	1.4431
USD/CHF	0.9068
USD/CNY	7.2507
USD/BRL	5.8563
USD/RUB	98.45
USD/INR	86.577
AUD/USD	0.6215
NZD/USD	0.5638



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.56	+1	-2	-2
Germany	2.57	+1	+21	+21
UK	4.62	-0	+4	+4
5 Year Swap %				
US	4.29	+1	-0	-0
Eurozone	2.45	+3	+21	+22
UK	4.27	+1	-1	-1
2 Year Swap %				
US	4.31	+2	-2	-2
Eurozone	2.40	+1	+21	+21
UK	4.39	+0	-10	-10
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	+0	-1	-1
Belgium	61	+1	-1	-1
France	75	+2	-9	-9
Italy	109	-1	-7	-7
Spain	61	-0	-10	-10
Portugal	40	-0	-9	-9
Greece	86	-2	-3	-3

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	76.58	-1.17	+2.60	+2.60
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2757.7	-0.20	+5.10	+5.10

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