

ECB meeting tops a busy week ahead

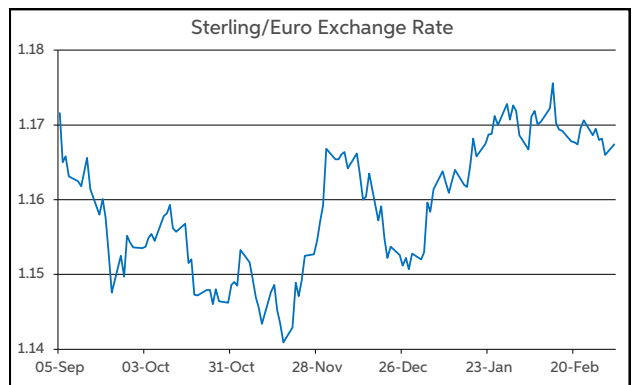
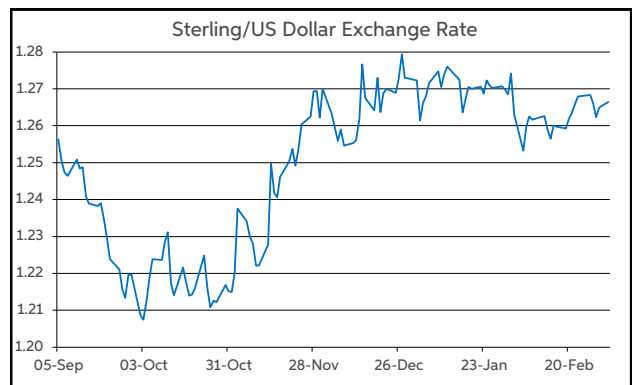
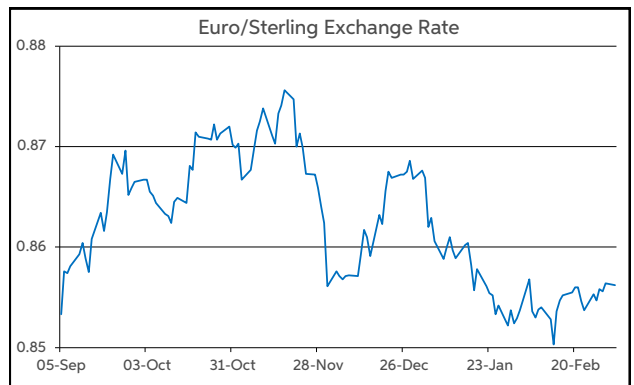
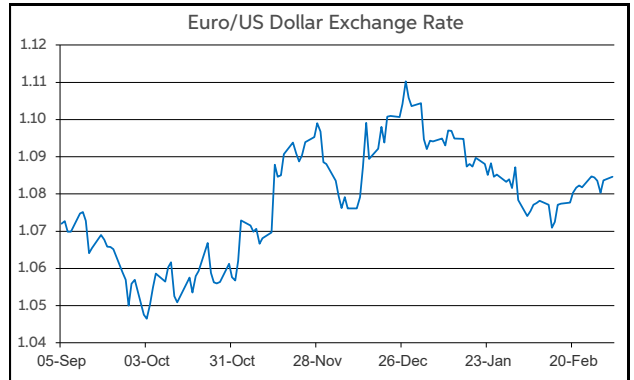
Overall last week was relatively quiet on financial markets. On stock markets, the Euro Stoxx 50 and the S&P 500 rose by 0.5% and 0.9% respectively. In terms of fixed income, German Bund yields moved 2-8bps higher. In contrast, US Treasury yields declined by 2-11bps, led lower by the front-end of the curve, amid a modest softening in US market rate expectations. Meantime, oil prices rose by circa 2.5%, with Brent crude up near \$83 per barrel.

A somewhat sparse data schedule contributed to the limited price action on markets last week. Furthermore, the main data highlights were largely in-line with expectations. US Core-PCE inflation eased to 2.4% in January, although other metrics suggest price pressures remain elevated. Similarly, Eurozone flash HICP inflation declined to 2.6% in February but again, there were some signs that underlying inflation remains sticky, particularly services inflation.

Against this backdrop, currency markets were range bound throughout the week. EUR/USD operated in a tight band between \$1.08-1.09. Likewise, all the action in GBP/USD was contained to the \$1.26-1.27 corridor. Meantime, EUR/GBP stayed within 85-86p. As trading gets underway this morning, the main FX pairs open near the heart of these ranges.

Turning to the week ahead, there is a busier look to the macro schedule. The main highlight will be the ECB monetary policy meeting on Thursday. No changes to policy are anticipated, but the post-meeting press conference and the updated macro forecasts will garner interest. Elsewhere in terms of monetary policy, Fed Chair Powell will provide testimony to Congress this week. On the fiscal policy front, the Spring Budget in the UK will be in focus. Data-wise, the US labour market report for February is due on Friday.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2023 |
| EUR/USD | 1.0849 | 0.36 | -1.69 |
| EUR/GBP | 0.8562 | -0.01 | -1.22 |
| GBP/USD | 1.2667 | 0.33 | -0.49 |
| GBP/EUR | 1.1675 | 0.01 | 1.24 |
| USD/JPY | 150.31 | -0.08 | 6.56 |
| EUR/JPY | 163.07 | 0.26 | 4.78 |

* v Previous Day's European Open
See Next Page for More Rates

| | Base Rate | Money Market | | Swap Rates | | |
|-----|-----------|--------------|-------|------------|------|------|
| | | 1-Mth | 3-Mth | 1-Yr | 2-Yr | 5-Yr |
| USD | 5.38 | 5.44 | 5.59 | 5.28 | 4.78 | 4.24 |
| EUR | 4.50 | 3.82 | 3.94 | 3.69 | 3.24 | 2.80 |
| GBP | 5.25 | 5.18 | 5.19 | 4.99 | 4.83 | 4.28 |

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 |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

Opening Levels

Monday 04 March 2024
07:02 am



Euro

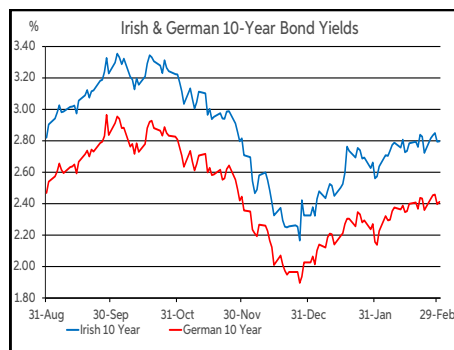
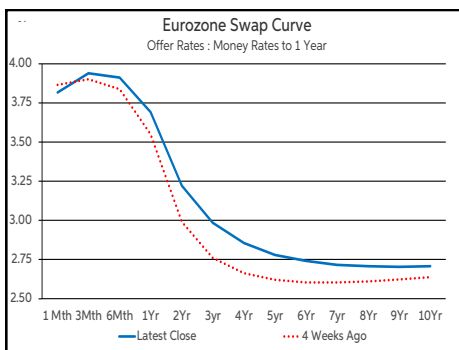
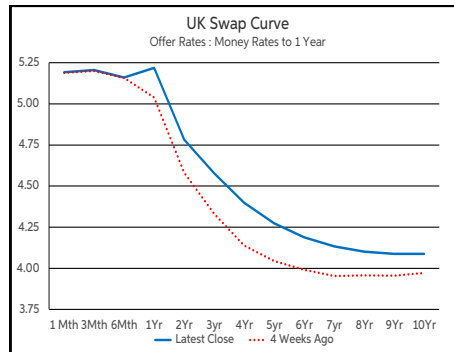
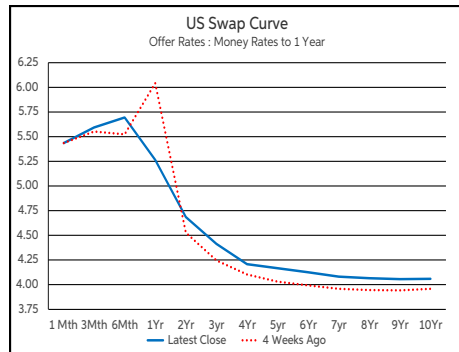
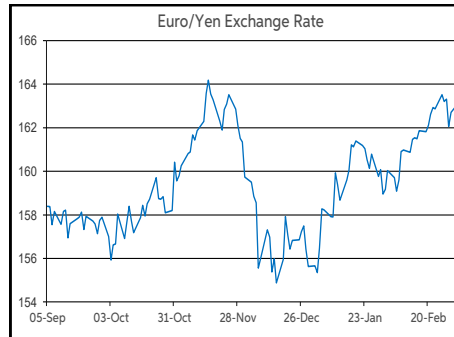
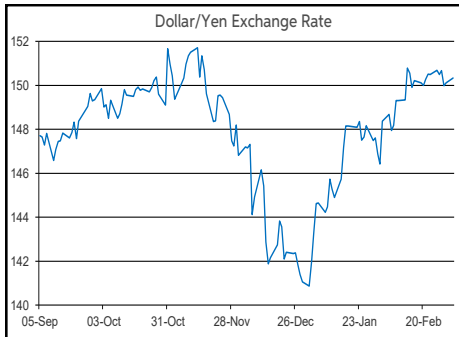
| | |
|---------|---------|
| EUR/GBP | 0.8562 |
| EUR/USD | 1.0849 |
| EUR/JPY | 163.07 |
| EUR/SEK | 11.1847 |
| EUR/DKK | 7.4546 |
| EUR/NOK | 11.4034 |
| EUR/CHF | 0.9575 |
| EUR/AUD | 1.6625 |
| EUR/HKD | 8.4915 |
| EUR/CAD | 1.4712 |

Sterling

| | |
|---------|--------|
| GBP/EUR | 1.1675 |
| GBP/USD | 1.2667 |
| GBP/CAD | 1.7179 |
| GBP/NZD | 2.0759 |
| GBP/JPY | 190.4 |
| GBP/SEK | 13.064 |
| GBP/DKK | 8.7026 |
| GBP/NOK | 13.319 |
| GBP/CHF | 1.1183 |
| GBP/AUD | 1.9412 |

Dollar

| | |
|---------|---------|
| USD/JPY | 150.31 |
| USD/CAD | 1.356 |
| USD/CHF | 0.8825 |
| USD/CNY | 7.1987 |
| USD/BRL | 4.9541 |
| USD/RUB | 91.5425 |
| USD/INR | 82.877 |
| AUD/USD | 0.6525 |
| NZD/USD | 0.61 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 23 |
| 10 Year Yield % | | | | |
| US | 4.19 | -7 | +16 | +32 |
| Germany | 2.41 | +1 | +18 | +39 |
| UK | 4.12 | -1 | +20 | +58 |
| Ireland | 2.84 | +0 | +14 | +45 |
| Belgium | 3.00 | +3 | +16 | +32 |
| France | 2.91 | +3 | +17 | +35 |
| Italy | 3.90 | +6 | +8 | +20 |
| Spain | 3.32 | +3 | +15 | +32 |
| Portugal | 3.07 | +3 | +12 | +28 |
| Greece | 3.45 | +6 | +17 | +37 |
| 5 Year Swap % | | | | |
| US | 4.17 | -10 | +18 | +38 |
| Eurozone | 2.78 | -1 | +17 | +35 |
| UK | 4.27 | -3 | +28 | +62 |
| 2 Year Swap % | | | | |
| US | 4.69 | -11 | +20 | +35 |
| Eurozone | 3.22 | -1 | +24 | +43 |
| UK | 4.78 | -3 | +21 | +52 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 42 | -1 | -4 | +7 |
| Belgium | 59 | +2 | -3 | -7 |
| France | 50 | +2 | -2 | -3 |
| Italy | 148 | +4 | -10 | -19 |
| Spain | 90 | +2 | -4 | -6 |
| Portugal | 66 | +2 | -7 | -10 |
| Greece | 103 | +5 | -2 | -2 |

| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 23 |
| Brent Oil | 83.55 | -0.08 | +8.04 | +8.45 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 2083.4 | +1.96 | +2.20 | +1.01 |

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