

Fed Chair Powell and UK Budget in focus

Investor sentiment was holding a cautious tone yesterday. The Euro Stoxx 50 declined by 0.4%. Meantime on Wall Street, the S&P 500 shed 1%. In terms of fixed income, yields moved lower across the board. US Treasury and German Bund yields fell by 4-8bps, while UK Gilt yields declined by 5-13bps.

On the data front, the US non-manufacturing ISM printed below the consensus, falling to 52.6 in February from 53.4 (and vs. 53.0 f'cast). Elsewhere, Eurozone producer price inflation stood at -8.6% in January, up from -10.1% previously. However, neither release had any major impact on currency markets.

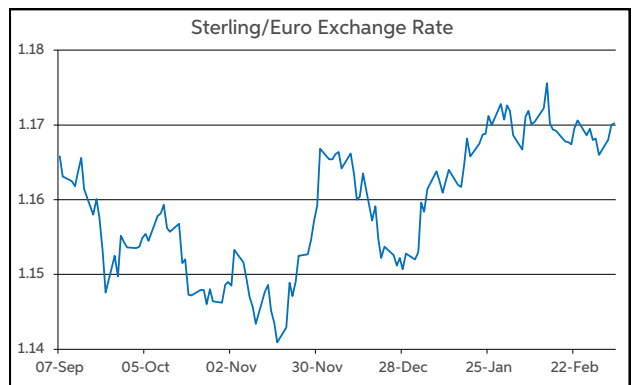
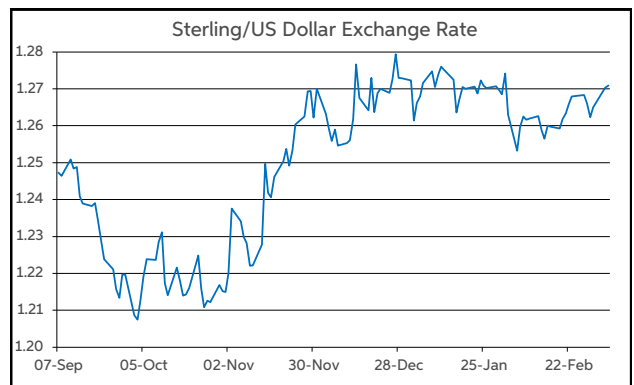
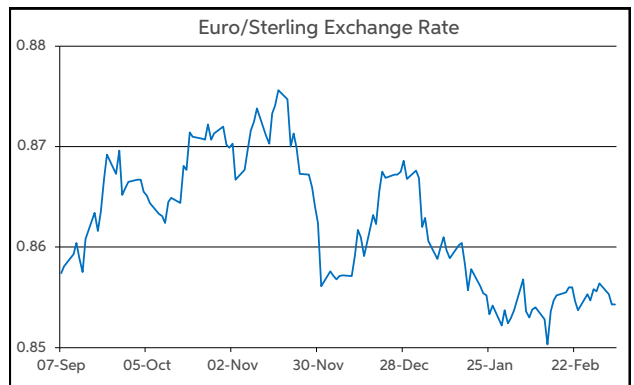
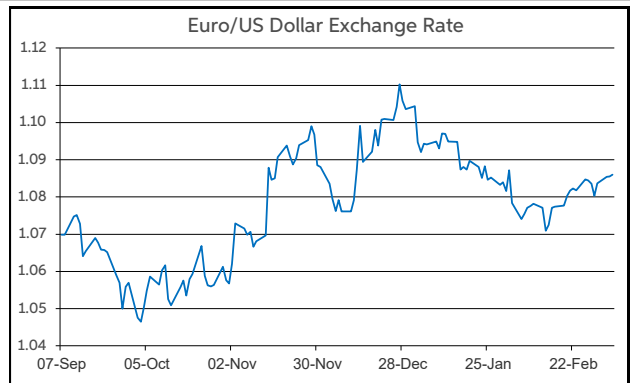
Currency-wise, the price action was confined to narrow ranges once again yesterday. In a similar pattern to the day prior, sterling was holding a slightly firmer tone during the European session. However, the pound handed back some of these gains overnight.

As trading gets underway this morning, EUR/GBP opens at the midpoint of the 85-86p corridor. GBP/USD is changing hands up above the \$1.27 threshold. Meantime, EUR/USD remains near the halfway mark of the \$1.08-1.09 trading band.

Turning to the day ahead, the main focus of a busy macro schedule will be remarks from Fed Chair Powell in testimony to Congress. Investors will be paying attention for any guidance on the interest rate outlook. In terms of fiscal policy, the UK Spring Budget will garner some attention.

Data-wise, Eurozone retail sales (January) will feature. In the US, JOLTS job openings for January are due. However, barring any major surprises, the data are unlikely to impact currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0861	0.09	-1.59
EUR/GBP	0.8545	-0.12	-1.42
GBP/USD	1.271	0.21	-0.15
GBP/EUR	1.17	0.12	1.44
USD/JPY	149.48	-0.67	5.97
EUR/JPY	162.37	-0.58	4.33

* 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	5.44	5.59	5.27	4.75	4.19
EUR	4.50	3.84	3.93	3.67	3.18	2.72
GBP	5.25	5.19	5.20	5.00	4.79	4.23

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

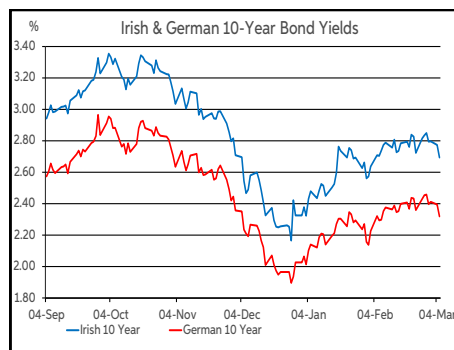
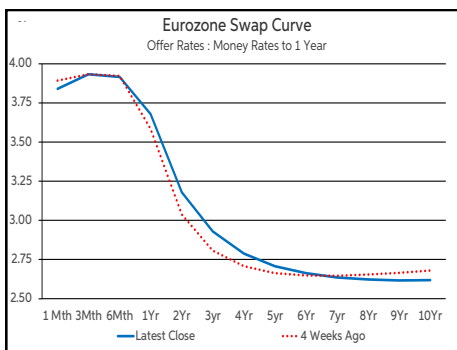
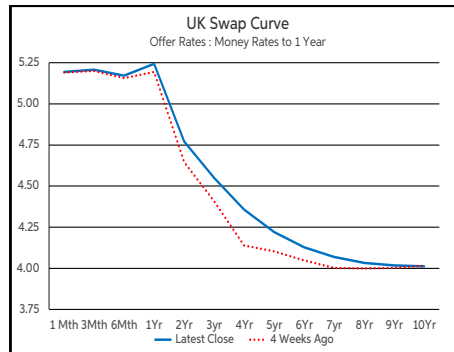
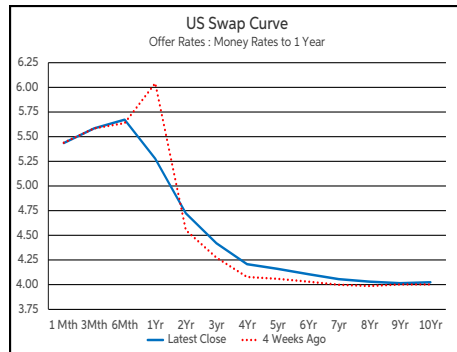
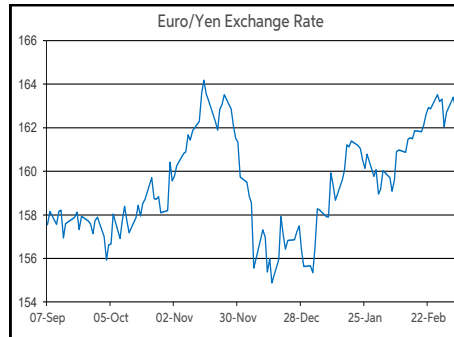
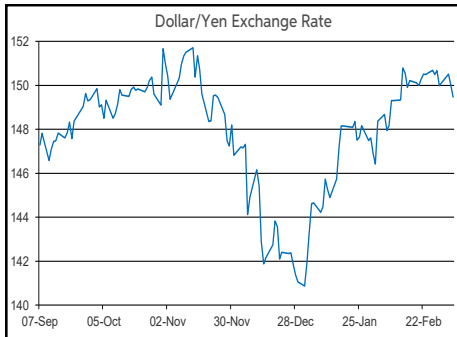
EUR/GBP	0.8545
EUR/USD	1.0861
EUR/JPY	162.37
EUR/SEK	11.2664
EUR/DKK	7.454
EUR/NOK	11.4734
EUR/CHF	0.9601
EUR/AUD	1.6661
EUR/HKD	8.4971
EUR/CAD	1.4756

Sterling

GBP/EUR	1.17
GBP/USD	1.271
GBP/CAD	1.7267
GBP/NZD	2.0846
GBP/JPY	189.97
GBP/SEK	13.1829
GBP/DKK	8.7212
GBP/NOK	13.42
GBP/CHF	1.1237
GBP/AUD	1.9498

Dollar

USD/JPY	149.48
USD/CAD	1.3584
USD/CHF	0.8841
USD/CNY	7.199
USD/BRL	4.9581
USD/RUB	90.4475
USD/INR	82.8925
AUD/USD	0.6518
NZD/USD	0.6096



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.15	-7	+6	+28
Germany	2.32	-7	+2	+29
UK	4.01	-11	+6	+47
5 Year Swap %				
US	4.16	-6	+14	+37
Eurozone	2.71	-6	+5	+28
UK	4.22	-4	+17	+57
2 Year Swap %				
US	4.72	-4	+21	+39
Eurozone	3.18	-4	+15	+39
UK	4.77	-5	+13	+51
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-1	-5	+4
Belgium	55	-1	-6	-10
France	47	-1	-4	-6
Italy	139	-4	-18	-28
Spain	86	-2	-6	-11
Portugal	63	-1	-8	-13
Greece	100	+1	-10	-5

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.04	-0.92	+4.39	+6.49
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2127.5	+0.59	+4.52	+3.15

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