

## EUR/USD above \$1.08. ECB to cut by 25bps today

Equity markets recovered some of their recent losses on both sides of the Atlantic yesterday, led by a rebound in the Euro Stoxx 50, which rose by 1.9%. Meantime on Wall Street, the S&P 500 recouped a more modest 1.1%. Throughout the day, investors were digesting plans to significantly increase fiscal spending in Germany, some better than anticipated US data and reports that the US may remove/reduce tariffs on Canadian goods.

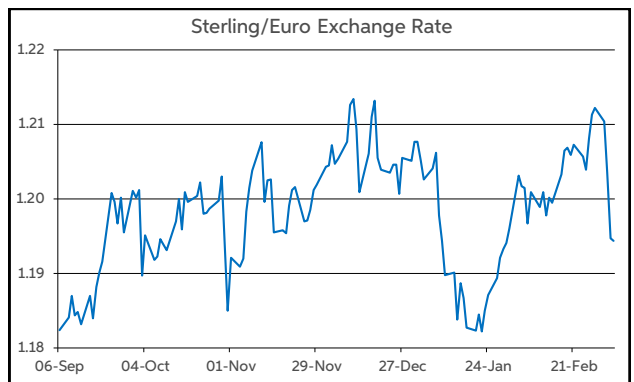
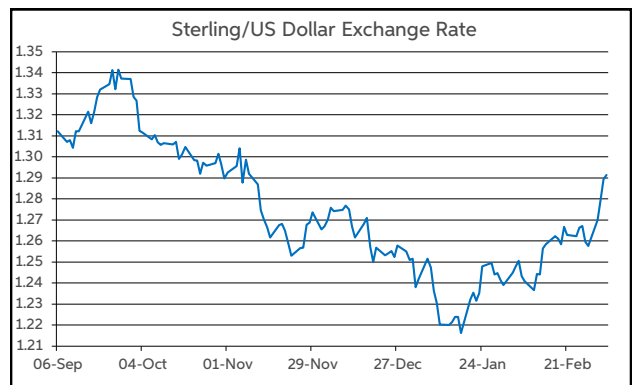
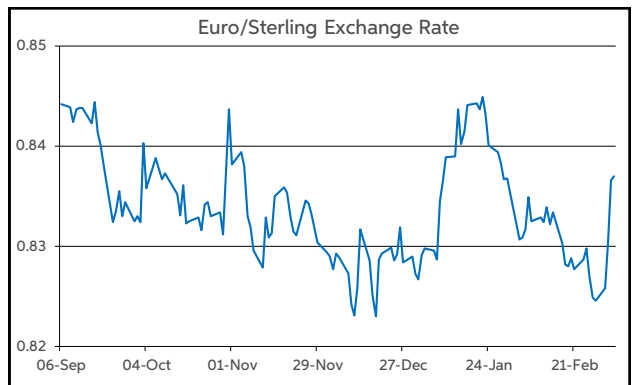
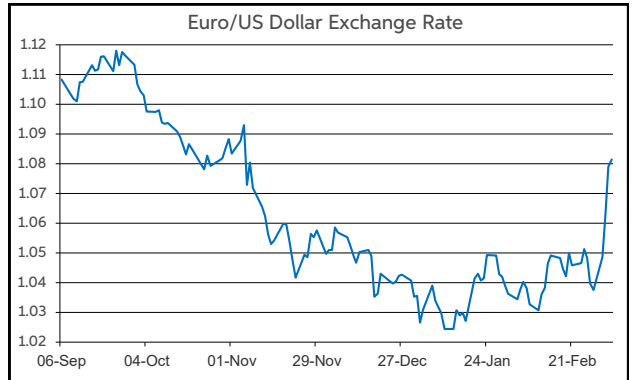
On bond markets, plans to increase German government spending on infrastructure and defence, as well as to reform the debt brake led to a surge in German Bund yields. The 10-year yield rose by 30bps yesterday. Elsewhere on bond markets, 10-Year UK Gilt yields moved 14bps, amid a modest firming in UK futures contracts. In contrast, 10-year US Treasury yields edged 6bps.

Currency-wise, the euro remained firmly in the ascendancy yesterday, supported by the sharp rise in German yields. At the same time, the dollar was on the defensive once again, despite the US non-manufacturing ISM printing above the consensus in February (53.5 vs. 52.6 f'cast). This saw EUR/USD register another new year-to-date high of \$1.0822.

As trading gets underway this morning, EUR/USD remains above the \$1.08 threshold. GBP/USD is operating up above the \$1.29 handle. Elsewhere, EUR/GBP is changing hands in the upper half of the 83-84p band.

Today, the focus will be on the ECB monetary policy meeting. A 25bps rate cut is widely expected. However, investors will be paying keen interest to see if the ECB states policy is still restrictive. The updated staff projections will also warrant attention.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0815	1.73	4.46
EUR/GBP	0.837	0.77	1.17
GBP/USD	1.2916	0.95	3.24
GBP/EUR	1.1942	-0.76	-1.16
USD/JPY	148.31	-0.94	-5.64
EUR/JPY	160.41	0.79	-1.44

\* 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	4.31	4.30	4.05	4.15	4.13
EUR	2.90	2.47	2.49	2.35	2.39	2.58
GBP	4.50	4.45	4.41	4.25	4.39	4.31

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

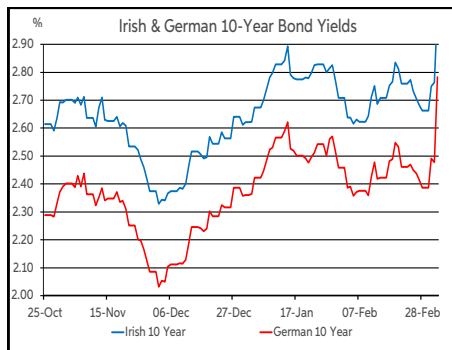
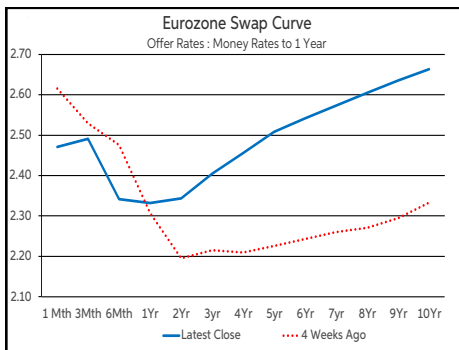
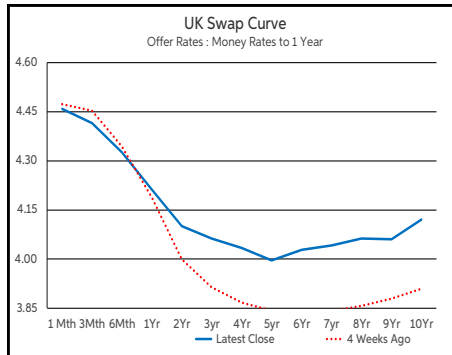
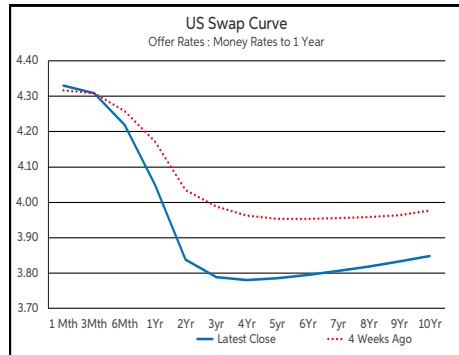
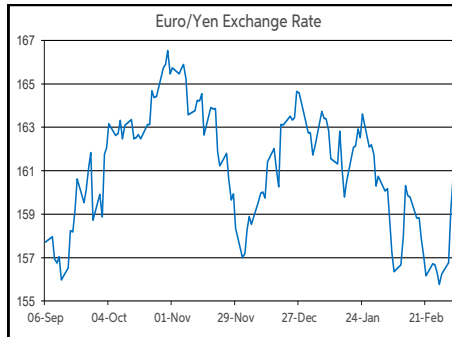
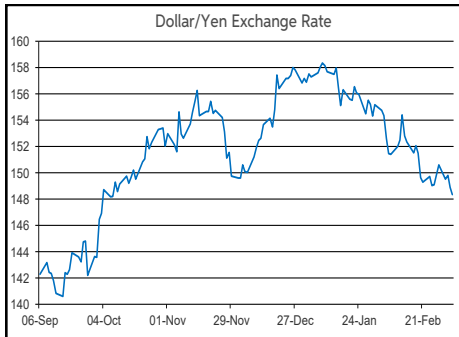
EUR/GBP	0.837
EUR/USD	1.0815
EUR/JPY	160.41
EUR/SEK	10.9644
EUR/DKK	7.4592
EUR/NOK	11.7708
EUR/CHF	0.9608
EUR/AUD	1.7065
EUR/HKD	8.4048
EUR/CAD	1.5506

## Sterling

GBP/EUR	1.1942
GBP/USD	1.2916
GBP/CAD	1.852
GBP/NZD	2.2491
GBP/JPY	191.56
GBP/SEK	13.0949
GBP/DKK	8.9073
GBP/NOK	14.0593
GBP/CHF	1.1472
GBP/AUD	2.0361

## Dollar

USD/JPY	148.31
USD/CAD	1.434
USD/CHF	0.8882
USD/CNY	7.2383
USD/BRL	5.7394
USD/RUB	89.8
USD/INR	87.04
AUD/USD	0.6336
NZD/USD	0.5734



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.27	+6	-15	-31
Germany	2.78	+30	+42	+42
UK	4.67	+14	+23	+10
<b>5 Year Swap %</b>				
US	4.05	+7	-17	-25
Eurozone	2.50	+17	+28	+26
UK	4.27	+12	+18	-1
<b>2 Year Swap %</b>				
US	4.09	+6	-19	-24
Eurozone	2.33	+14	+15	+14
UK	4.32	+8	+9	-16
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	29	-1	+1	+0
Belgium	56	-4	-2	-6
France	70	-5	-1	-13
Italy	106	-3	-3	-10
Spain	66	-4	-1	-4
Portugal	52	-2	-0	+3
Greece	83	-5	-6	-6

Commodities				
	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	69.3	-2.45	-7.12	-7.15
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2918.8	+0.05	+1.88	+11.24

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