

US labour market report in focus

As was widely anticipated, the ECB left monetary policy on hold yesterday. Furthermore, the central bank reiterated that rates are at a level that should make a substantial contribution in returning inflation to 2%. In terms of its updated staff projections, the ECB lowered its GDP growth and inflation forecasts to 0.6% (was 0.8%) and 2.3% (was 2.7%) for 2024. Meantime, at the press conference, President Lagarde highlighted that the ECB will have a lot more data at its June meeting, suggesting an April rate cut is unlikely.

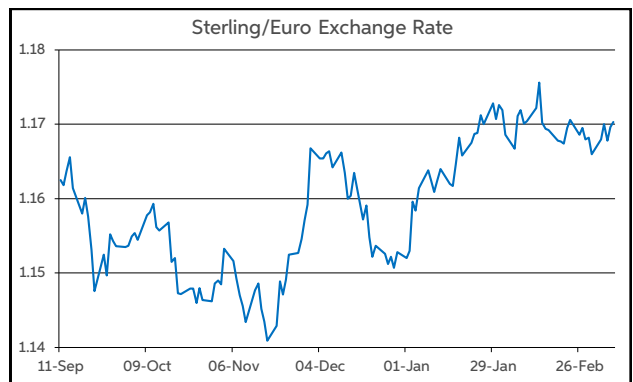
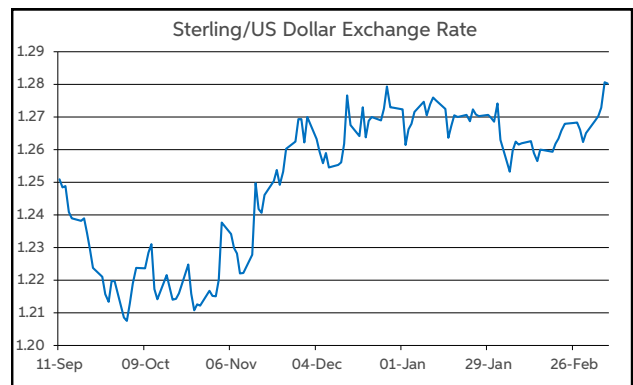
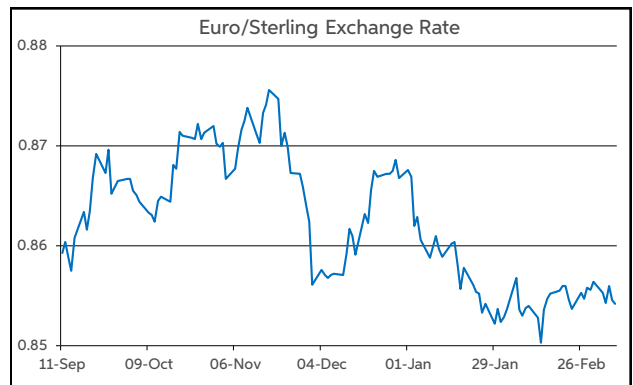
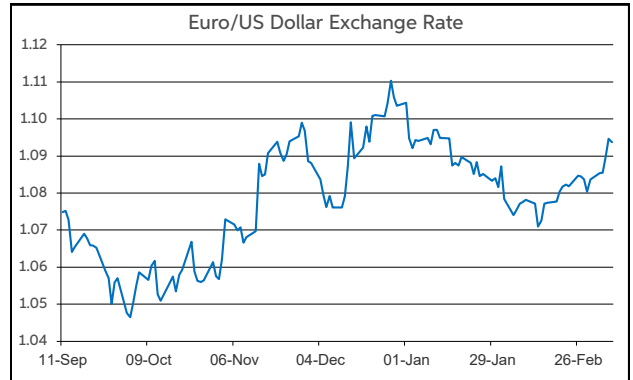
In the initial aftermath to the release of the meeting statement, market rate expectations softened marginally, by circa 5bps. At the same time German Bund yields edged lower. EUR/USD fell to its daily trough, just below \$1.087. However, as the day progressed the euro erased its losses, while the dollar came under some downward pressure.

Elsewhere on markets, equities continued to move higher on both sides of the Atlantic. The Euro Stoxx 50 jumped by 1.2%, supported in part by the softening in Eurozone futures contracts. On Wall Street, the S&P 500 rose by 1%.

As trading gets underway this morning, the softer tone to the dollar sees EUR/USD open up in the \$1.09-1.10 trading band. GBP/USD is changing hands up at the \$1.28 threshold. Meanwhile, EUR/GBP remains close to the halfway mark of 85-86p.

Today, the focus will be on the US labour market report for February. Payrolls are forecast to expand by 200k, down from a 353k increase in January. The unemployment rate is expected to remain at 3.7%, while average earning growth is projected to slow to +4.4% y/y. The data pose some event risk for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0935	0.33	-0.92
EUR/GBP	0.854	-0.22	-1.48
GBP/USD	1.2801	0.55	0.57
GBP/EUR	1.1704	0.22	1.50
USD/JPY	147.96	-0.44	4.89
EUR/JPY	161.83	-0.12	3.98

* 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	5.43	5.59	5.21	4.68	4.12
EUR	4.50	3.87	3.94	3.62	3.13	2.66
GBP	5.25	5.19	5.20	5.00	4.76	4.18

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

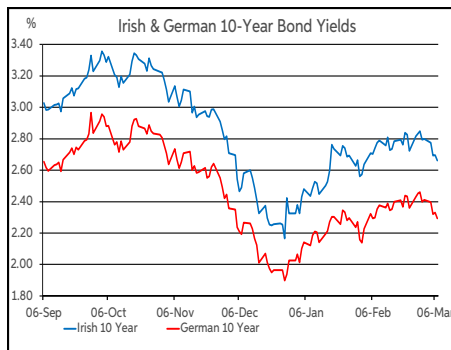
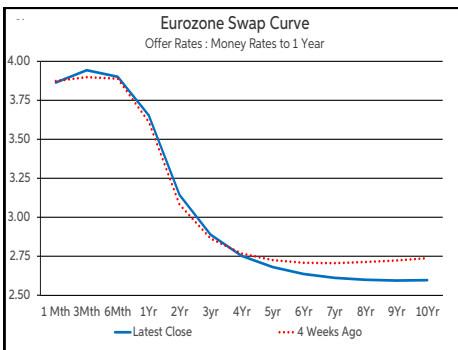
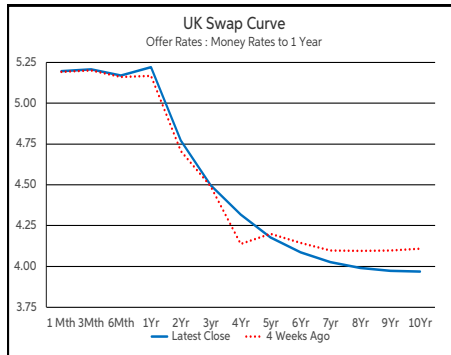
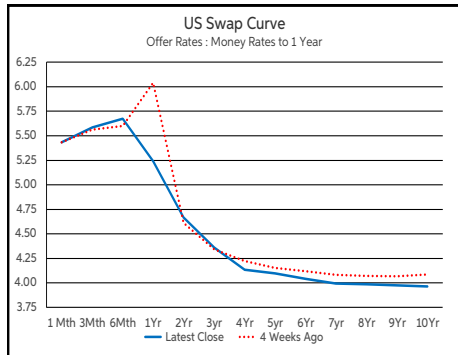
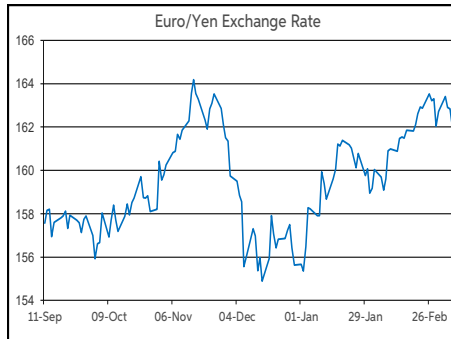
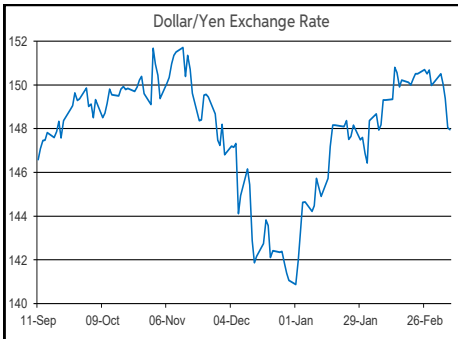
EUR/GBP	0.854
EUR/USD	1.0935
EUR/JPY	161.83
EUR/SEK	11.1846
EUR/DKK	7.454
EUR/NOK	11.3835
EUR/CHF	0.9598
EUR/AUD	1.65
EUR/HKD	8.5523
EUR/CAD	1.4706

Sterling

GBP/EUR	1.1704
GBP/USD	1.2801
GBP/CAD	1.7216
GBP/NZD	2.0736
GBP/JPY	189.4
GBP/SEK	13.0914
GBP/DKK	8.7242
GBP/NOK	13.3251
GBP/CHF	1.1233
GBP/AUD	1.9315

Dollar

USD/JPY	147.96
USD/CAD	1.3447
USD/CHF	0.8774
USD/CNY	7.1902
USD/BRL	4.935
USD/RUB	90.238
USD/INR	82.679
AUD/USD	0.6627
NZD/USD	0.6171



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.09	-2	-7	+22
Germany	2.29	-4	-6	+27
UK	4.00	+0	-6	+46
5 Year Swap %				
Ireland	2.70	-2	-13	+32
Belgium	2.83	-4	-15	+15
France	2.74	-4	-12	+19
Italy	3.61	-5	-32	-9
Spain	3.11	-5	-17	+12
Portugal	2.95	-4	-13	+17
Greece	3.24	-6	-15	+16
2 Year Swap %				
US	4.09	-3	-2	+30
Eurozone	2.68	-2	-3	+25
UK	4.18	-2	+3	+53
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+2	-7	+5
Belgium	54	-0	-9	-11
France	45	-0	-6	-8
Italy	132	-1	-26	-35
Spain	82	-1	-11	-15
Portugal	66	-1	-7	-10
Greece	94	-2	-9	-11

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.96	+0.00	+1.63	+7.68
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2159.2	+0.51	+6.20	+4.68

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