Morning Comment

AIB Treasury Economic Research Unit

Friday 10 March 2023
07:44 am

US labour market report due today

Investor sentiment took a turn for the worst yesterday, as concerns regarding the US banking-system mounted following heavy losses for a large California based financial services group. On equity markets, the S&P 500 fell by 1.8%, led lower by bank stocks. Meanwhile, on bond markets, 2-year US Treasury and German Bund yields fell sharply, as market rate hike expectations fell by circa 20bps for both economies, respectively.

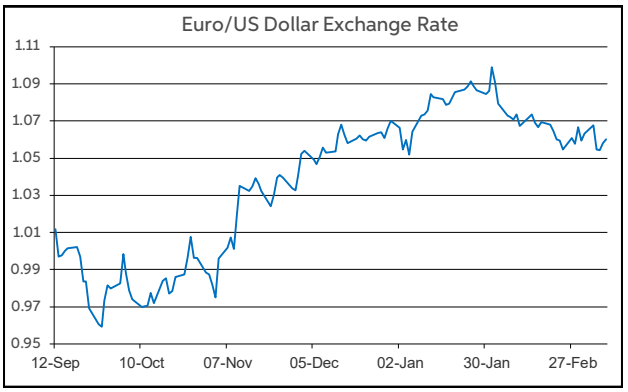
Currency-wise, the main FX pairs remained confined to relatively tight trading ranges. A quiet data schedule likely contributed to the limited price action. Of the sparse moves to register, the dollar handed back some of its recent gains. Elsewhere, sterling was holding a slightly firmer tone . Overnight, the yen has weakened a touch, as the BoJ maintained its ultra-loose policy stance.

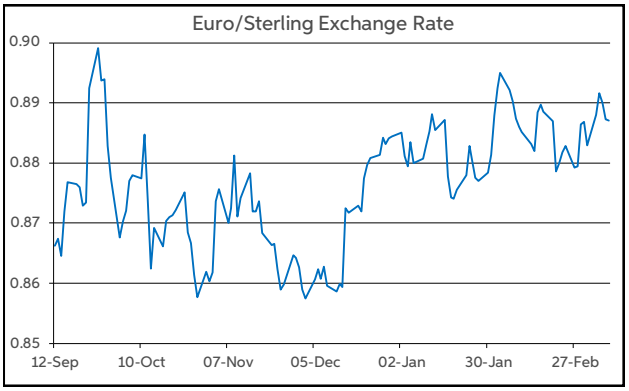
Already this morning, the monthly reading of UK GDP for January has been released. GDP rose by 0.3% in the month (vs. +0.1% f'cast), having contracted by 0.5% in December. Sterling has strengthened somewhat in early trading following the release.

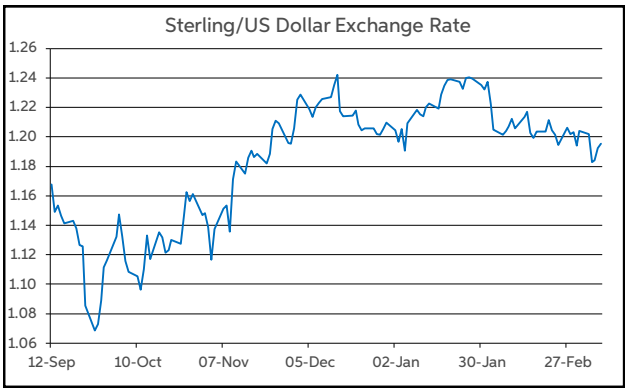
In level terms, the softer tone to the dollar over the past 24 hours sees EUR/USD open today just below $1.06. Meanwhile, GBP/USD is operating up at the midpoint of $1.19-1.20. EUR/GBP is changing hands back below the 89p threshold.

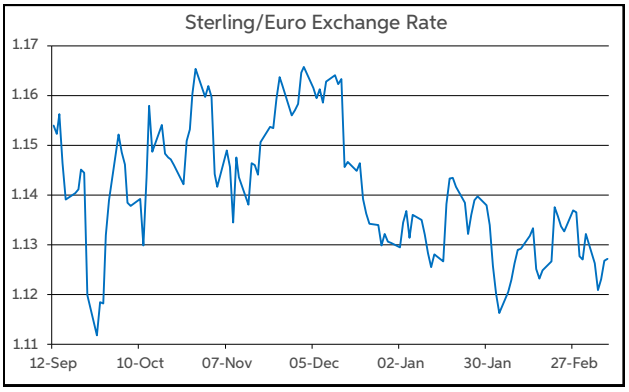
Later today, the US labour market report for February is due. Payrolls are forecast to rise by 205k, having increased by 517k in January. Meantime, the unemployment rate is projected to remain at a 53-year low of 3.4%. The release poses some event risk for the dollar, as a strong report would keep the pressure on the Fed to remain on a rate hiking path in the months ahead.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2022
EUR/USD	1.0595	0.41	-1.00
EUR/GBP	0.8866	-0.37	0.25
GBP/USD	1.1947	0.79	-1.24
GBP/EUR	1.1272	0.37	-0.25
USD/JPY	136.39	-0.31	4.03
EUR/JPY	144.52	0.10	3.01

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	4.625	4.76	5.12	5.63	5.11	4.16
EUR	3.00	2.57	2.94	3.86	3.79	3.30
GBP	4.00	4.12	4.36	4.84	4.69	4.28

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot: Karl Cooke, Shane Gargan, Ian Burke
FX Options: Mark Tuite
Reuters: AIBG.I
Phone: 00353-1-7724018
Morning Comment: John Fahey, john.j.fahey@aib.ie

All Data Sourced from Refinitiv

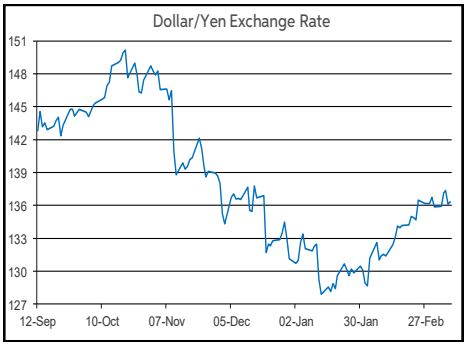
Opening Levels

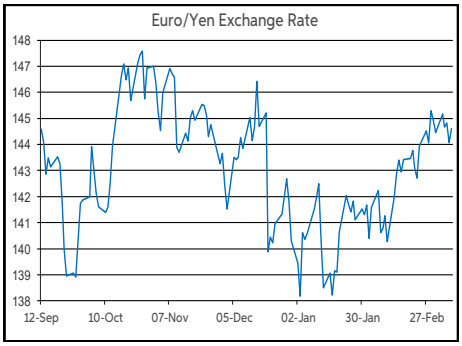
Friday 10 March 2023
07:44 am

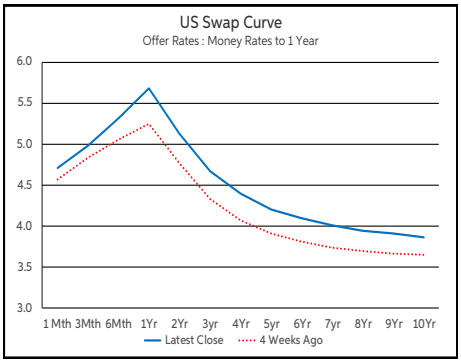
Euro	
EUR/GBP	0.8866
EUR/USD	1.0595
EUR/JPY	144.52
EUR/SEK	11.3614
EUR/DKK	7.4425
EUR/NOK	11.3069
EUR/CHF	0.9853
EUR/AUD	1.6061
EUR/HKD	8.3167
EUR/CAD	1.4656

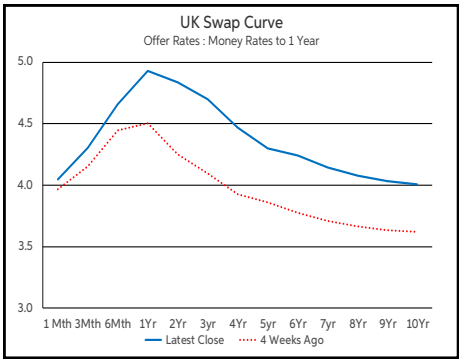
Sterling	
GBP/EUR	1.1272
GBP/USD	1.1947
GBP/CAD	1.6526
GBP/NZD	1.9546
GBP/JPY	162.96
GBP/SEK	12.8114
GBP/DKK	8.3903
GBP/NOK	12.7461
GBP/CHF	1.1111
GBP/AUD	1.811

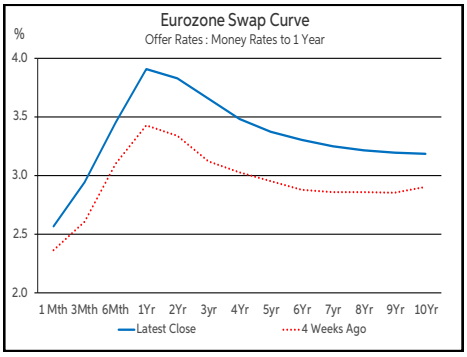
Dollar	
USD/JPY	136.39
USD/CAD	1.3832
USD/CHF	0.93
USD/CNY	6.9655
USD/BRL	5.1645
USD/RUB	75.85
USD/INR	82.04
AUD/USD	0.6597
NZD/USD	0.6111

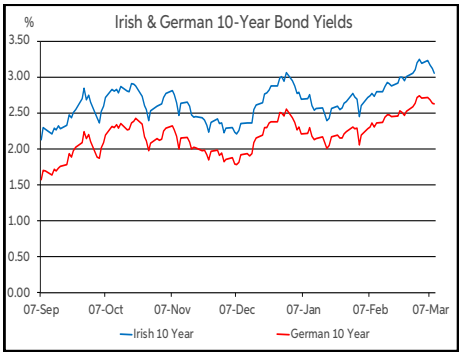












Debt Markets		Change bps		
	Close	Day	4 Weeks	End 22
10 Year Yield %				
US	3.91	-8	+24	+3
Germany	2.64	-1	+33	+7
UK	3.78	+2	+49	+11
Ireland	3.08	-6	+33	-6
Belgium	3.29	-2	+34	+9
France	3.14	-0	+37	+2
Italy	4.39	-3	+26	-32
Spain	3.64	-2	+31	-2
Portugal	3.50	-1	+33	-10
Greece	4.45	-3	+29	-15
5 Year Swap %				
US	4.21	-16	+33	+21
Eurozone	3.38	-4	+43	+15
UK	4.30	-5	+44	-0
2 Year Swap %				
US	5.13	-20	+40	+46
Eurozone	3.83	-9	+49	+44
UK	4.84	-0	+59	+16
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-5	-0	-14
Belgium	66	-1	+1	+2
France	50	+0	+4	-5
Italy	175	-3	-8	-39
Spain	100	-2	-2	-9
Portugal	87	-1	-0	-17
Greece	181	-2	-5	-22

Commodities		% Change		
	Close	Day	4 Weeks	End 22
Brent Oil	81.59	-1.29	-3.44	-5.03
West Texas Oil	75.6	-1.25	-3.13	-5.69
Gold $	1830.9	+0.95	-1.64	+0.36

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.

AIB, 10 Molesworth Street, Dublin 2 Tel: 353-1-6600311