

Morning Comment

AIB Treasury Economic Research Unit



Wednesday 12 March 2025
06:17 am

EUR/USD at \$1.09

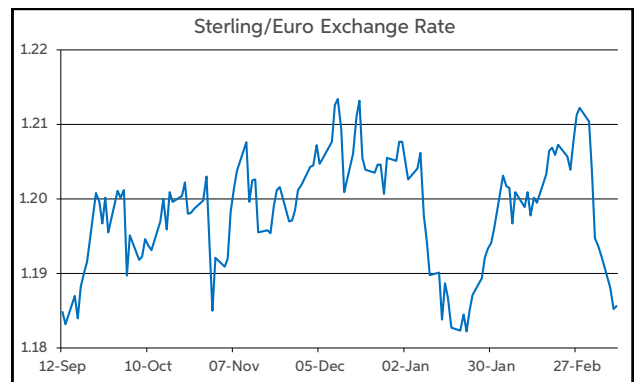
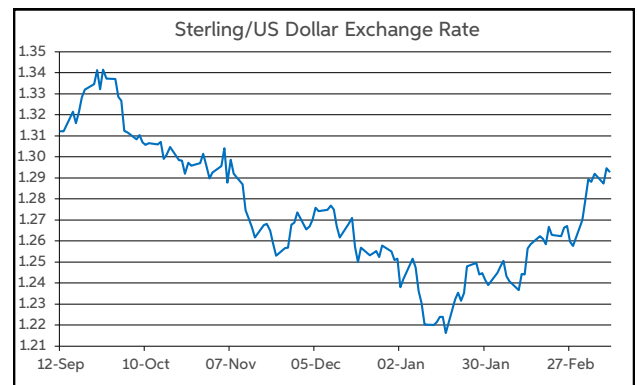
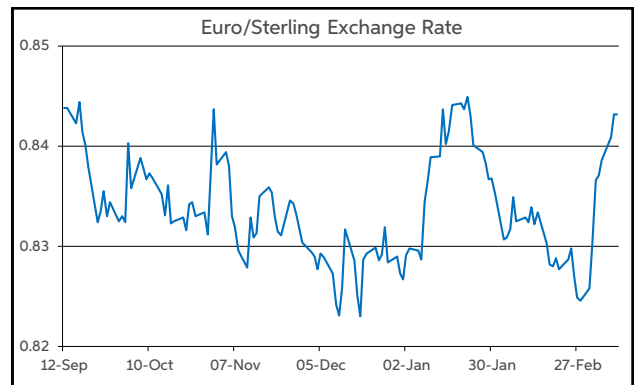
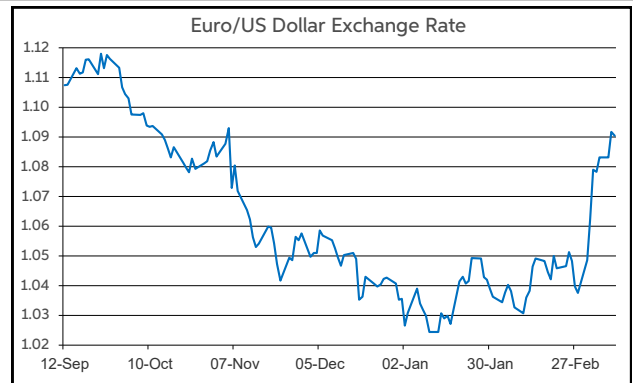
The risk averse mood continued to dominate markets yesterday. This was against the backdrop of on-going concerns for the economic outlook related to elevated trade tensions/tariffs. The 'risk off' mood was reflected in another challenging day for the main equity indices on both sides of the Atlantic. In Europe, the Euro Stoxx 50 fell by 1.4%. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 was down by 0.8%. On bond markets, yields moved higher. The 10-year German bund rose by 5bps to 2.87%. Meantime, the 10-year US Treasury yield was up 8bps to 4.29%.

On the currency front, the dollar remained on the defensive on concerns over the potential for a downturn in the world's largest economy. At the same time, the euro maintained its upward momentum on the exchanges amid optimism that the recently announced historic German fiscal policy reforms can get the parliamentary approval they require.

In level terms, the combination of a softer dollar and firmer euro saw the EUR/USD pair trade above the \$1.09 threshold, for the first time since November, reaching a high of \$1.0947. Sterling also made gains versus the dollar, with GBP/USD moving up through the \$1.29 handle. Elsewhere, the euro continued to eke out some ground against sterling, with EUR/GBP edging higher within the lower half of 84-85p territory.

Looking ahead to today, investor sentiment will remain reactive to global trade tensions and geopolitical newsflow. The US Senate will also be in the spotlight on attempts to agree a funding bill to avoid a government shutdown this Friday. Data-wise, the main release of note will be US CPI inflation numbers for February.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0904	0.61	5.32
EUR/GBP	0.8432	0.18	1.92
GBP/USD	1.293	0.43	3.35
GBP/EUR	1.1856	-0.18	-1.89
USD/JPY	148.06	0.57	-5.80
EUR/JPY	161.5	1.21	-0.77

* 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	4.29	3.96	4.04	4.00
EUR	2.65	2.47	2.55	2.33	2.33	2.55
GBP	4.50	4.45	4.38	4.14	4.25	4.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

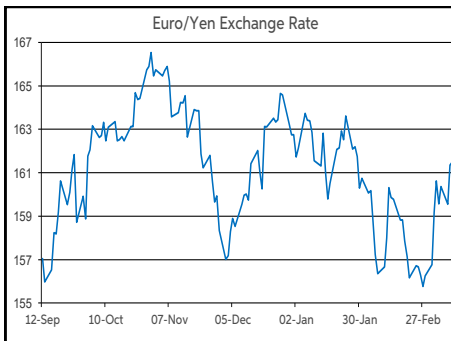
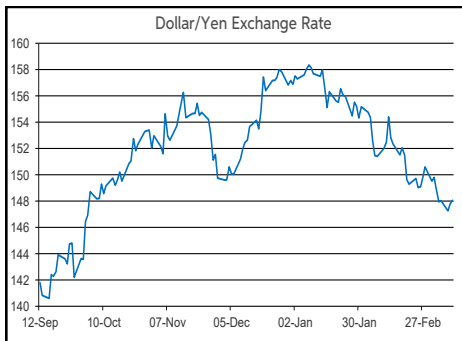
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

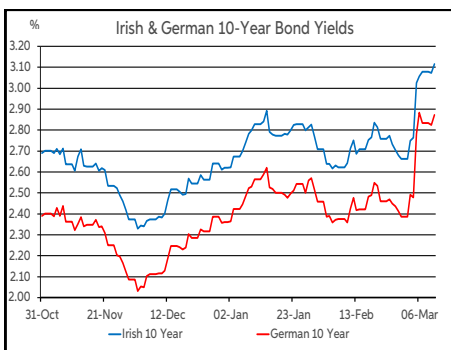
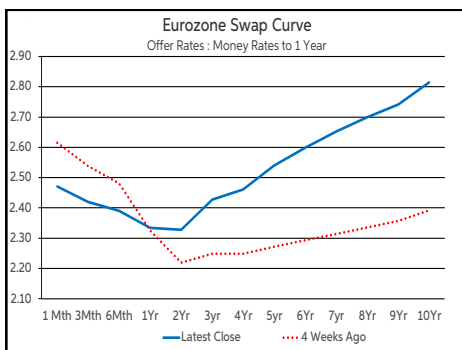
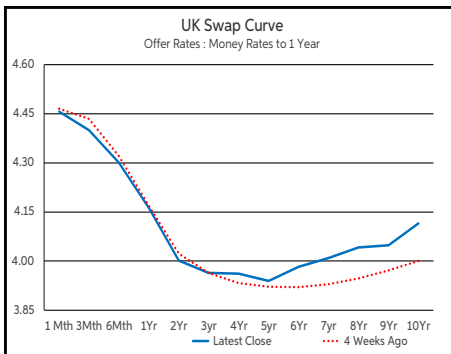
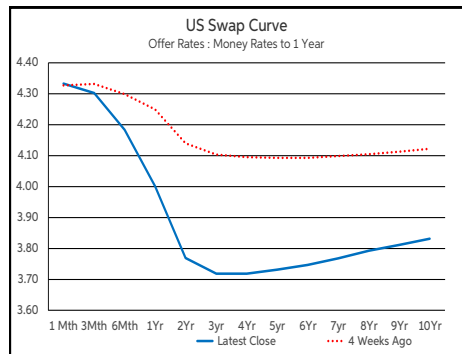
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Euro		Sterling		Dollar	
EUR/GBP	0.8432	GBP/EUR	1.1856	USD/JPY	148.06
EUR/USD	1.0904	GBP/USD	1.293	USD/CAD	1.4445
EUR/JPY	161.5	GBP/CAD	1.8673	USD/CHF	0.8829
EUR/SEK	10.928	GBP/NZD	2.2652	USD/CNY	7.2359
EUR/DKK	7.4584	GBP/JPY	191.44	USD/BRL	5.8099
EUR/NOK	11.6123	GBP/SEK	12.9575	USD/RUB	85.85
EUR/CHF	0.9628	GBP/DKK	8.8407	USD/INR	87.232
EUR/AUD	1.7333	GBP/NOK	13.7683	AUD/USD	0.6288
EUR/HKD	8.4726	GBP/CHF	1.1415	NZD/USD	0.5705
EUR/CAD	1.575	GBP/AUD	2.055		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.29	+8	-25	-29
Germany	2.87	+5	+44	+51
UK	4.68	+3	+17	+11
5 Year Swap %				
US	3.99	+8	-34	-30
Eurozone	2.54	+6	+27	+30
UK	4.21	-0	+6	-7
2 Year Swap %				
US	4.03	+7	-36	-30
Eurozone	2.32	+3	+11	+13
UK	4.24	-2	-1	-25
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	+1	-2	-1
Belgium	57	+1	-1	-5
France	72	+0	-1	-11
Italy	109	+0	-1	-7
Spain	65	-1	-2	-5
Portugal	53	-1	-0	+5
Greece	85	-0	-5	-4



Commodities				
	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	69.56	+0.40	-9.66	-6.81
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2916.0	+0.92	+0.61	+11.14

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