

Monetary policy spotlight shifts to the BoE

As expected, the Fed left interest rates unchanged yesterday. However, the Fed did announce a reduction in the pace of QT to \$5bn per month from \$25bn for its Treasury holdings, starting in April. Meantime, the median projection in the updated dotplot remained for two rate cuts this year. At the press conference, Chair Powell highlighted the elevated levels of uncertainty regarding the US economic outlook. Against this backdrop, he noted several times that the Fed is not in a hurry to alter rates.

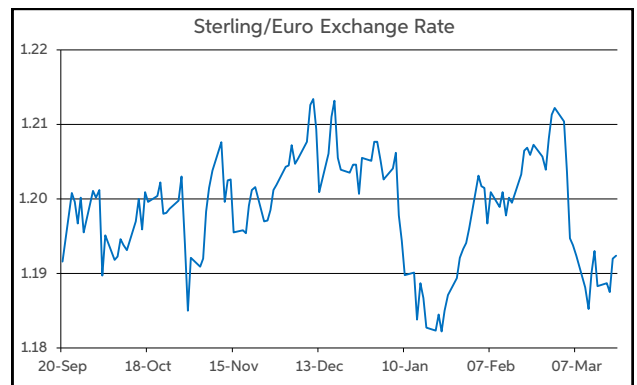
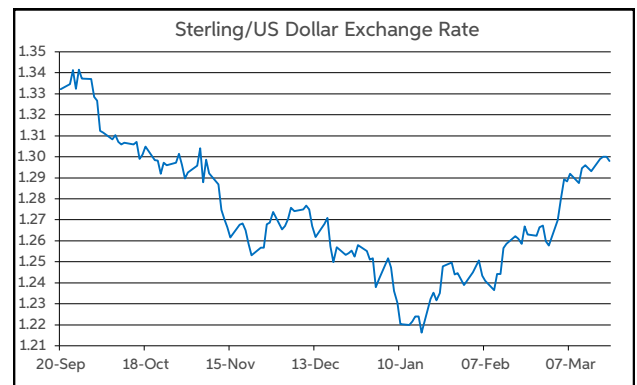
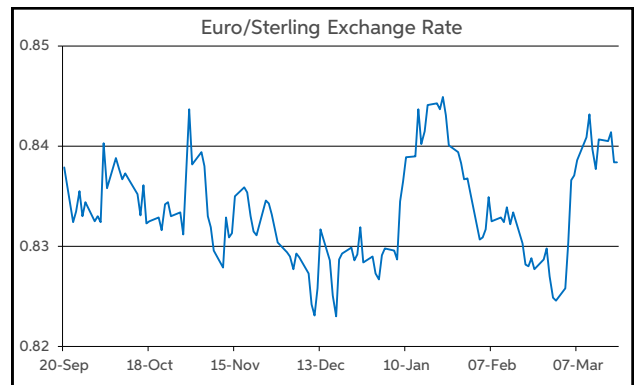
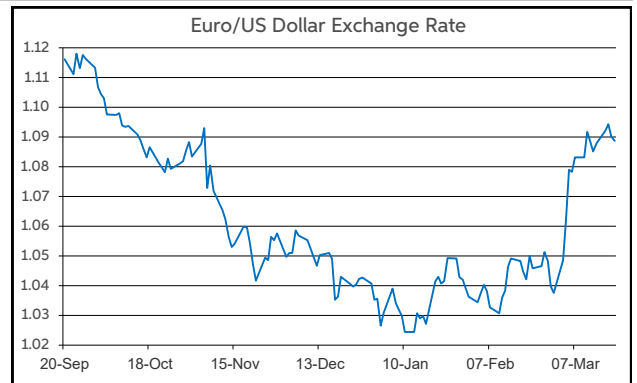
Overall, the market reaction was somewhat muted to the Fed meeting outcome. US futures contracts softened marginally by circa 5bps, with 65bps of cuts now priced-in for this year. Meantime, the dollar firmed somewhat in the initial aftermath of the policy announcement but handed back its gains overnight.

Elsewhere, the euro was on the defensive yesterday. The single currency eased by 0.4% versus the dollar and sterling. The move coincided with a slight downward revision in HICP inflation to 2.3% in February, from 2.4%, and a fall in wage growth to +4.1% y/y in Q4. Meanwhile, the yen strengthened overnight.

As trading gets underway this morning, EUR/USD is operating back below the \$1.09 threshold. EUR/GBP is changing hands down under the 84p mark. GBP/USD remains in the top half of the \$1.29-1.30 corridor. USD/JPY is at the midpoint of ¥148-149.

Already today, UK data for January have printed broadly in-line with the consensus. Meantime, the monetary policy spotlight will turn to the BoE later today. UK interest rates are widely expected to be left on hold, so the focus will be on the meeting statement and the vote split on the MPC.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0887	-0.40	5.16
EUR/GBP	0.8385	-0.38	1.35
GBP/USD	1.2981	-0.01	3.76
GBP/EUR	1.1922	0.38	-1.34
USD/JPY	148.48	-0.86	-5.54
EUR/JPY	161.63	-1.29	-0.69

* 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	4.04	4.10	4.03
EUR	2.65	2.36	2.43	2.33	2.29	2.46
GBP	4.50	4.45	4.38	4.19	4.30	4.24

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

Thursday 20 March 2025
07:25 am



Euro

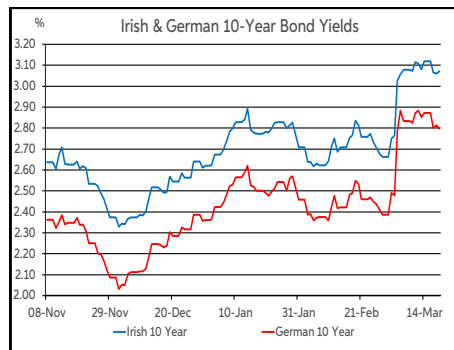
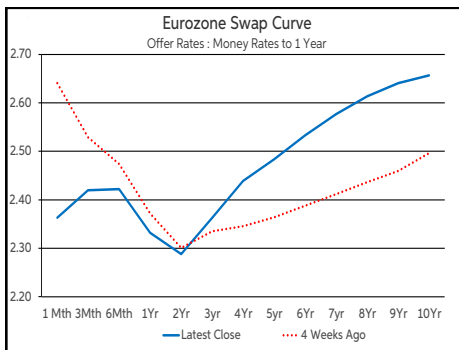
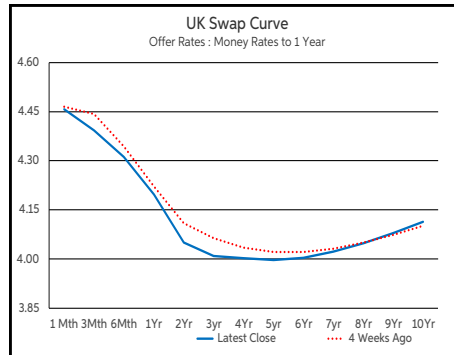
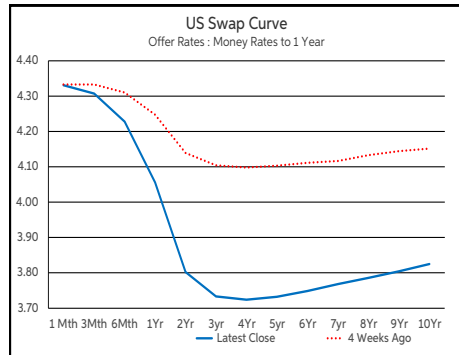
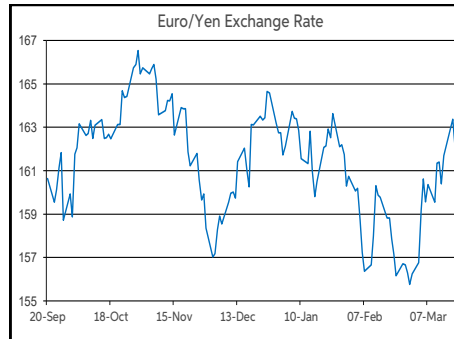
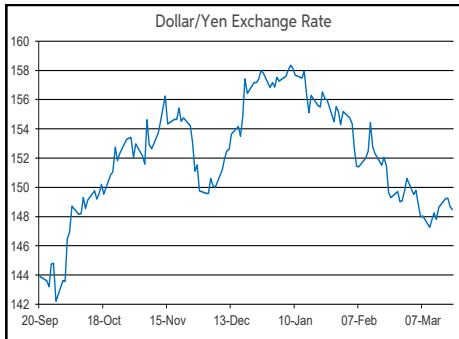
EUR/GBP	0.8385
EUR/USD	1.0887
EUR/JPY	161.63
EUR/SEK	11.0136
EUR/DKK	7.4594
EUR/NOK	11.5202
EUR/CHF	0.9546
EUR/AUD	1.7218
EUR/HKD	8.4578
EUR/CAD	1.5607

Sterling

GBP/EUR	1.1922
GBP/USD	1.2981
GBP/CAD	1.861
GBP/NZD	2.2486
GBP/JPY	192.74
GBP/SEK	13.1311
GBP/DKK	8.8927
GBP/NOK	13.7372
GBP/CHF	1.138
GBP/AUD	2.0528

Dollar

USD/JPY	148.48
USD/CAD	1.4339
USD/CHF	0.8766
USD/CNY	7.2366
USD/BRL	5.649
USD/RUB	84
USD/INR	86.38
AUD/USD	0.632
NZD/USD	0.577



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.26	-2	-28	-32
Germany	2.80	-2	+25	+43
UK	4.63	-2	+1	+5
5 Year Swap %				
Ireland	3.10	+0	+24	+45
Belgium	3.35	-2	+23	+37
France	3.47	-2	+23	+28
Italy	3.85	-3	+21	+32
Spain	3.42	-1	+21	+36
Portugal	3.31	-3	+24	+46
Greece	3.64	-5	+20	+39
2 Year Swap %				
US	3.98	-6	-37	-31
Eurozone	2.47	-0	+12	+24
UK	4.23	+0	-3	-5
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	+2	-1	+1
Belgium	55	-0	-2	-7
France	67	-0	-1	-16
Italy	105	-1	-4	-11
Spain	62	+0	-4	-8
Portugal	51	-1	-1	+2
Greece	84	-3	-5	-5

Commodities				
	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	70.78	+0.31	-6.92	-5.17
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3047.2	+0.44	+3.91	+16.14

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