

## Dollar in the ascendancy

The positive mood on markets following the US Fed policy meeting continued yesterday. The Euro Stoxx 50 gained 1%, while the S&P 500 rose by 0.3%. On bond markets, UK Gilt and German Bund yields edged 3-7bps lower amid a modest softening in market rate expectations. In contrast US Treasury yields were little changed.

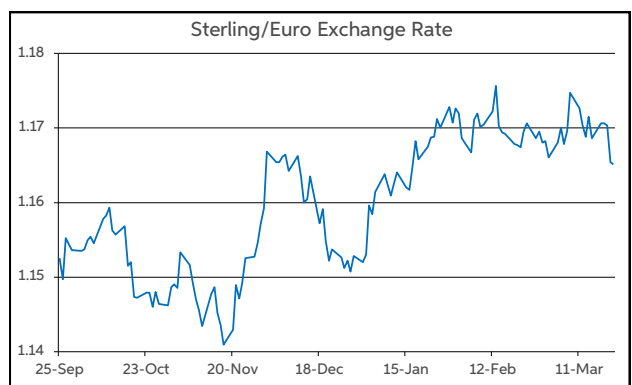
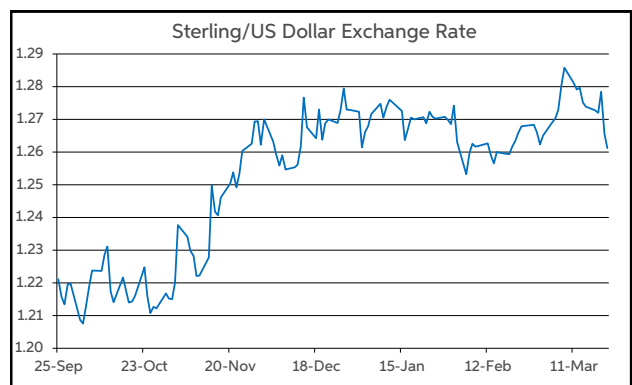
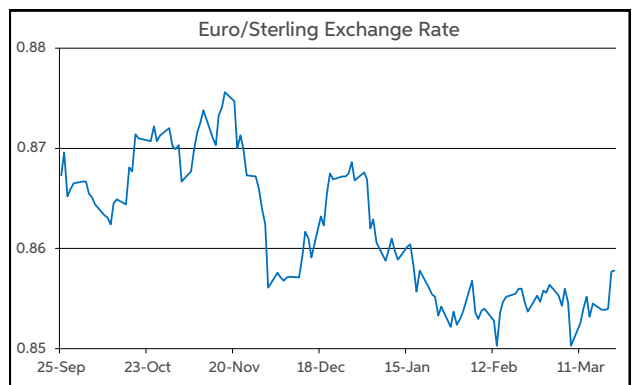
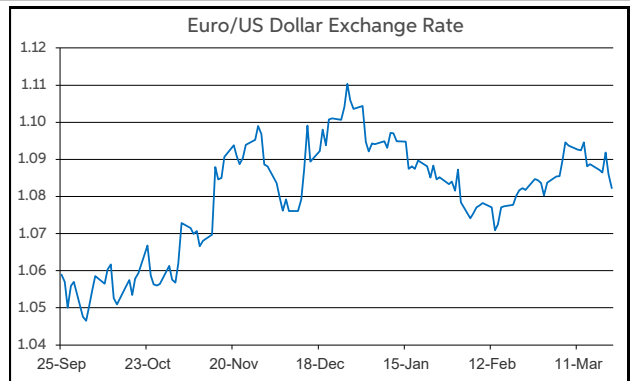
As expected, the BoE left monetary policy on hold yesterday. However, the meeting statement suggested that the BoE is edging closer to cutting rates. The vote breakdown on the MPC was 8:1 in favour of no change to rates, with two members no longer voting for a rate hike. Furthermore, Governor Bailey has since commented that rate cuts were “in play” at upcoming meetings. Futures pricing indicates the market sees an 80% chance the BoE will cut rates in June. A total of 75bps of rate cuts are priced in by year end.

Against this backdrop, sterling has weakened. Meanwhile, the dollar has been holding a firmer tone, supported by the favourable move in US Treasury yields. At the same time, the flash PMI data for March indicated that the US economy continued to expand at a robust pace, while the Eurozone and UK readings were mixed, which provided an added boost for the greenback.

In level terms, the firmer dollar tone sees EUR/USD open down in the lower half of \$1.08-1.09. GBP/USD is down at the \$1.26 mark. Meantime, EUR/GBP is operating in the top half of 85-86p.

Already this morning, UK retail sales and consumer confidence data have been released. Retail sales stagnated in February, while consumer confidence was unchanged at -21 in March. Later today, the German Ifo for March is due. Remarks from ECB Chief Economist Lane will also be of interest.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0823	-0.98	-1.93
EUR/GBP	0.8579	0.39	-1.03
GBP/USD	1.2614	-1.35	-0.90
GBP/EUR	1.1653	-0.38	1.04
USD/JPY	151.48	0.33	7.39
EUR/JPY	163.96	-0.66	5.35

\* 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	5.44	5.58	5.25	4.79	4.29
EUR	4.50	3.86	3.92	3.64	3.18	2.75
GBP	5.25	5.18	5.16	4.86	4.64	4.11

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

Friday 22 March 2024  
07:28 am



## Euro

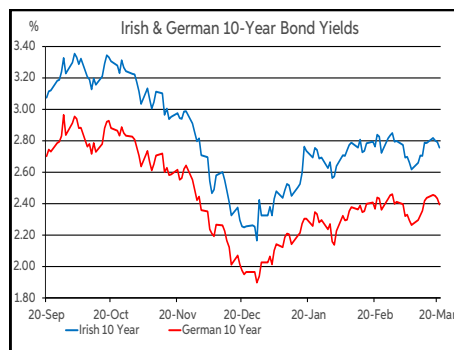
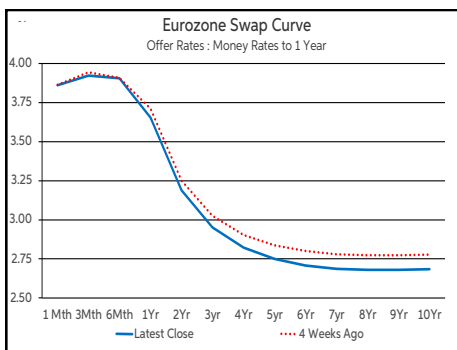
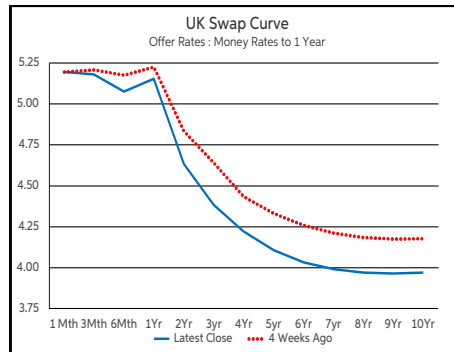
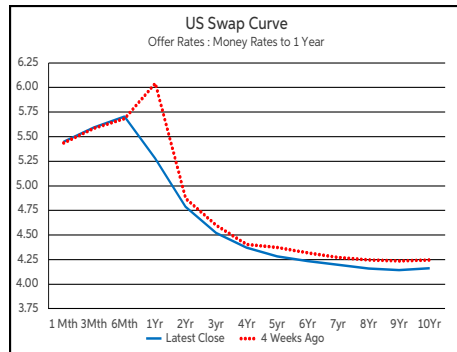
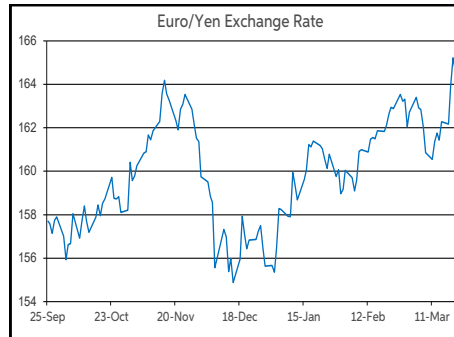
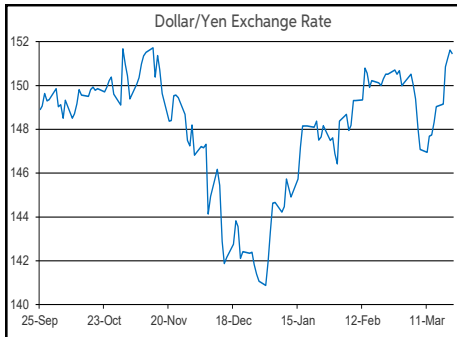
EUR/GBP	0.8579
EUR/USD	1.0823
EUR/JPY	163.96
EUR/SEK	11.371
EUR/DKK	7.4574
EUR/NOK	11.601
EUR/CHF	0.9732
EUR/AUD	1.6613
EUR/HKD	8.4625
EUR/CAD	1.4687

## Sterling

GBP/EUR	1.1653
GBP/USD	1.2614
GBP/CAD	1.7118
GBP/NZD	2.0996
GBP/JPY	191.08
GBP/SEK	13.2549
GBP/DKK	8.69
GBP/NOK	13.5261
GBP/CHF	1.1344
GBP/AUD	1.9361

## Dollar

USD/JPY	151.48
USD/CAD	1.3569
USD/CHF	0.8992
USD/CNY	7.2278
USD/BRL	4.9755
USD/RUB	91.583
USD/INR	83.364
AUD/USD	0.6514
NZD/USD	0.6007



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.27	-1	-6	+40
Germany	2.40	-4	-4	+37
UK	4.00	-2	-11	+46
<b>5 Year Swap %</b>				
US	4.28	+1	-5	+49
Eurozone	2.75	-3	-8	+32
UK	4.11	-5	-18	+45
<b>2 Year Swap %</b>				
US	4.79	+2	-4	+45
Eurozone	3.19	-5	-5	+39
UK	4.63	-8	-20	+37
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	40	+2	-1	+4
Belgium	54	+1	-2	-11
France	45	+0	-3	-8
Italy	128	-0	-20	-39
Spain	81	-1	-10	-16
Portugal	64	-0	-2	-12
Greece	92	+2	-5	-13

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	85.78	-0.20	+2.52	+11.34
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2180.8	-0.24	+7.74	+5.73

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