

US labour market report due today

Risk appetite rebounded modestly yesterday, amid a relatively quiet day on markets. This was partially due to an early close in the US to mark the funeral of former President Carter. Against this backdrop, the Euro Stoxx 50 gained 0.4%.

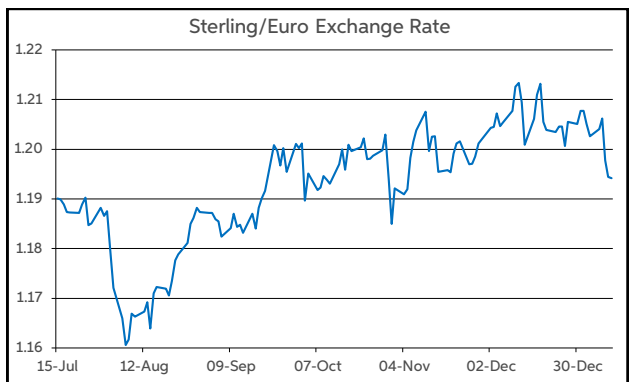
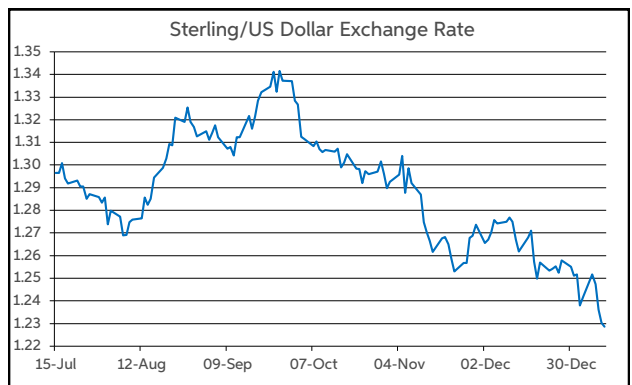
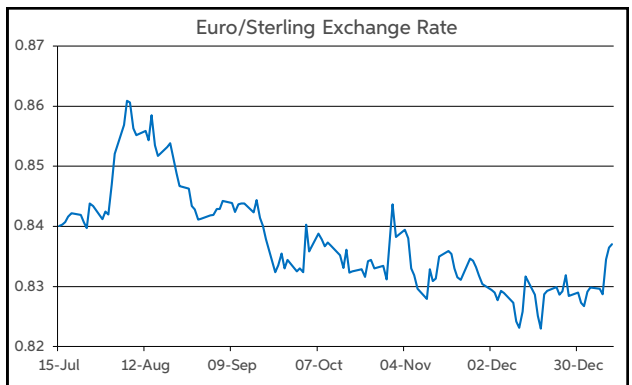
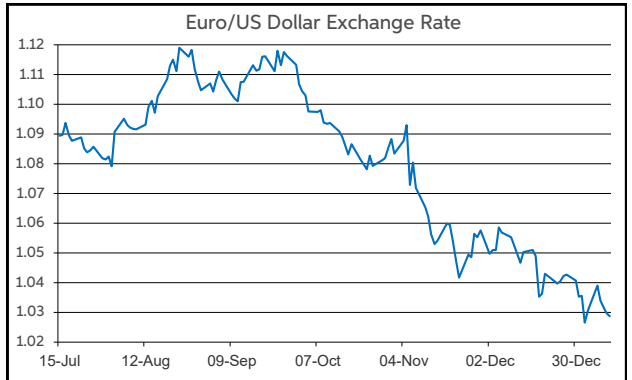
On bond markets, yields continued to move higher, albeit not by the same extent as earlier in the week. UK Gilt yields surged at the open but settled later on, to finish the day 1-2bps higher. Likewise, US Treasury yields rose by 1-2bps along the curve. Eurozone yields, including German Bunds finished the day up by 2-4bps. This coincided with a slight firming in Eurozone futures contracts, with rate cuts worth circa 95bps now priced-in for year end.

On the currency front, the main pairs operated in narrow ranges yesterday. Limited trading in the US and a relatively quiet data schedule elsewhere contributed to the lacklustre price action. Of the muted moves to note, sterling stayed on the defensive, while the dollar remained in the ascendancy.

As trading gets underway this morning, EUR/USD is changing hands back below the \$1.03 handle. EUR/GBP remains in the top half of the 83-84p range. Elsewhere, GBP/USD is operating down below the \$1.23 threshold.

Turning to the day ahead, the main focus will be the US labour market report for December. In recent months there have been some signs of softening in the labour market, although the data have been volatile. The consensus is for payrolls to rise by 160k in the month. Meantime, the unemployment rate is forecast to remain at 4.2%, while average earnings growth is projected to stay at +4.0% y/y. The data pose some event risk for the dollar.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2024 |
| EUR/USD | 1.0287 | -0.17 | -0.64 |
| EUR/GBP | 0.837 | 0.17 | 1.17 |
| GBP/USD | 1.2286 | -0.36 | -1.80 |
| GBP/EUR | 1.1942 | -0.17 | -1.16 |
| USD/JPY | 158.34 | 0.19 | 0.74 |
| EUR/JPY | 162.92 | 0.01 | 0.10 |

* 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 | 4.30 | 4.29 | 4.18 | 4.40 | 4.43 |
| EUR | 3.15 | 2.86 | 2.78 | 2.46 | 2.36 | 2.43 |
| GBP | 4.75 | 4.67 | 4.57 | 4.44 | 4.58 | 4.46 |

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 |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

Opening Levels

Friday 10 January 2025
07:24 am



Euro

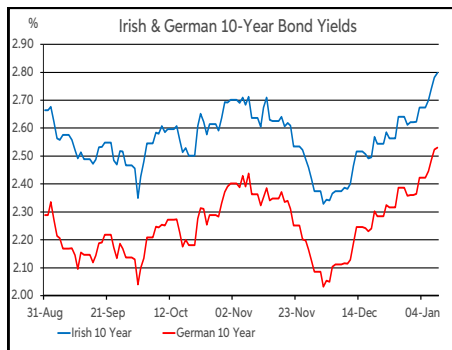
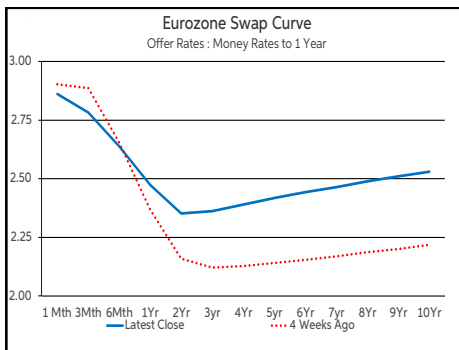
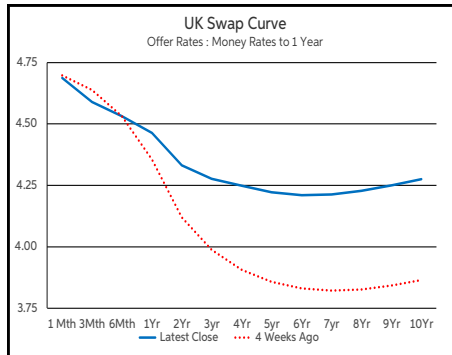
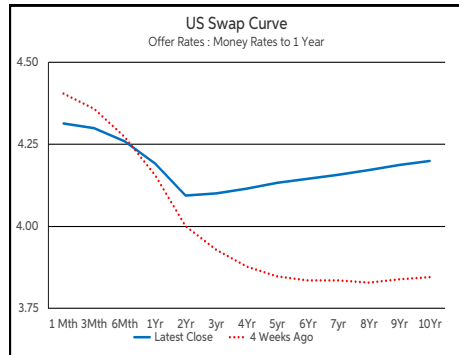
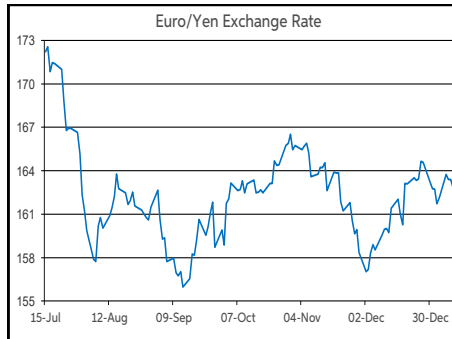
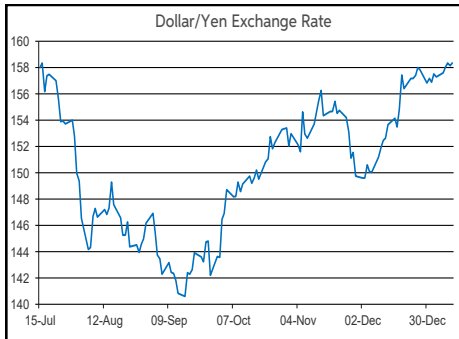
| | |
|---------|---------|
| EUR/GBP | 0.837 |
| EUR/USD | 1.0287 |
| EUR/JPY | 162.92 |
| EUR/SEK | 11.4827 |
| EUR/DKK | 7.4607 |
| EUR/NOK | 11.7438 |
| EUR/CHF | 0.9387 |
| EUR/AUD | 1.6604 |
| EUR/HKD | 8.007 |
| EUR/CAD | 1.4821 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1942 |
| GBP/USD | 1.2286 |
| GBP/CAD | 1.7698 |
| GBP/NZD | 2.1972 |
| GBP/JPY | 194.54 |
| GBP/SEK | 13.7119 |
| GBP/DKK | 8.9083 |
| GBP/NOK | 14.025 |
| GBP/CHF | 1.121 |
| GBP/AUD | 1.9825 |

Dollar

| | |
|---------|---------|
| USD/JPY | 158.34 |
| USD/CAD | 1.4406 |
| USD/CHF | 0.9125 |
| USD/CNY | 7.3326 |
| USD/BRL | 6.0364 |
| USD/RUB | 102 |
| USD/INR | 85.8825 |
| AUD/USD | 0.6195 |
| NZD/USD | 0.5588 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 24 |
| 10 Year Yield % | | | | |
| US | 4.68 | -1 | +36 | +10 |
| Germany | 2.53 | +1 | +34 | +17 |
| UK | 4.81 | +1 | +45 | +24 |
| 5 Year Swap % | | | | |
| US | 4.38 | -1 | +28 | +9 |
| Eurozone | 2.42 | +4 | +29 | +18 |
| UK | 4.46 | -2 | +34 | +17 |
| 2 Year Swap % | | | | |
| US | 4.37 | -0 | +11 | +3 |
| Eurozone | 2.35 | +3 | +20 | +16 |
| UK | 4.57 | -3 | +22 | +8 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 30 | +2 | -1 | +1 |
| Belgium | 62 | +2 | +4 | -0 |
| France | 86 | +3 | +7 | +3 |
| Italy | 118 | +2 | +3 | +2 |
| Spain | 69 | +1 | +3 | -1 |
| Portugal | 48 | +0 | +4 | -1 |
| Greece | 82 | +2 | +1 | -7 |

| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 24 |
| Brent Oil | 76.92 | +1.00 | +4.78 | +3.05 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 2670.2 | +0.31 | -0.42 | +1.77 |

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