

Dollar continues to weaken

There was a cautious tone to risk sentiment yesterday in the US. On equity markets, the S&P 500 lost further ground, closing 0.4% lower on the day amid some disappointing corporate earnings reports in the consumer sector. In contrast, the Euro Stoxx 50 was broadly flat on the day, with European market outperforming the US year-to-date.

Data-wise, the calendar was relatively sparse, with US weekly jobless claims broadly in line with expectations, while Eurozone consumer confidence beat expectations, adding to nascent evidence of an upturn in European macro data in recent weeks.

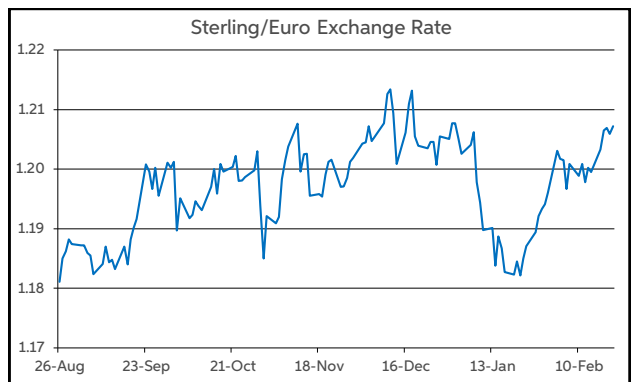
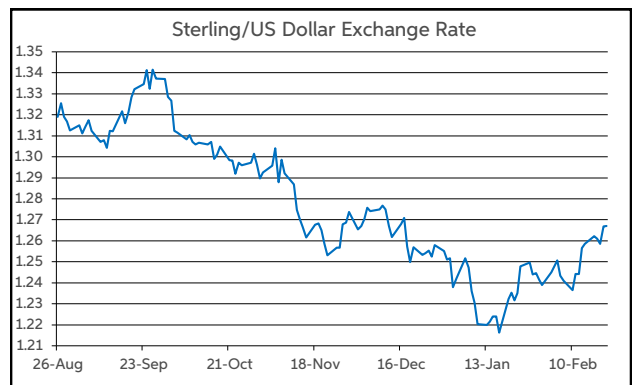
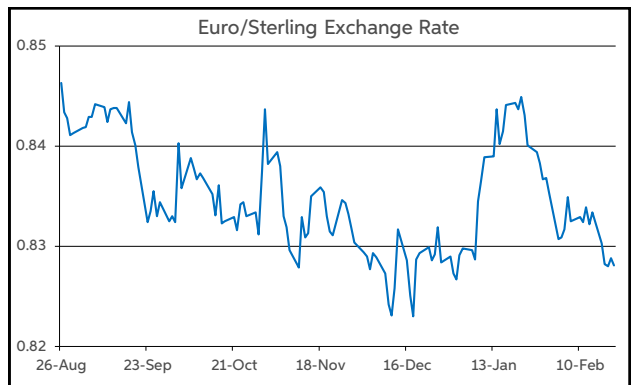
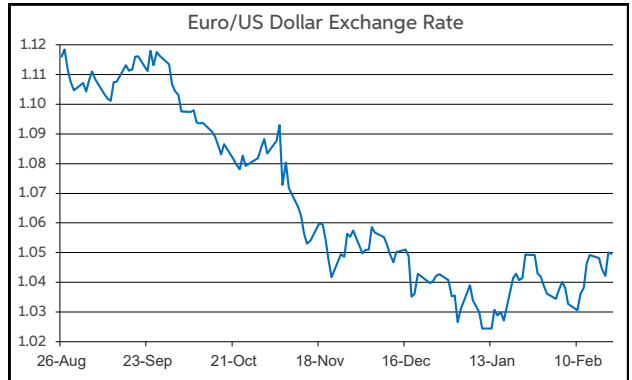
On the monetary policy front, Atlanta Fed President Bostic struck a somewhat dovish tone in media comments, downplaying the risk of a fresh burst of inflation, and indicating an expectation of two further cuts to the fed funds rate this year. However, comments from other members were more cautious on rate cuts.

Against this backdrop, there was little change in market rate expectations. US futures are pricing in c.40bps of cuts by end-2025, while Eurozone futures continue to price in c.75bps of cuts.

On forex markets, the dollar lost ground again. Overall, the dollar lost 0.7% versus the euro and 0.6% against sterling. This is reflected by EUR/USD opening this morning back near \$1.05. GBP/USD is in the top half of the \$1.26-1.27 range, a new YTD high. EUR/GBP remains at the upper end of 82-83p.

Turning to the day ahead, the main release of note will be the flash reading of February PMIs. Already released, UK retail sales beat expectations in January.

David McNamara, Chief Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0496	0.66	1.38
EUR/GBP	0.8281	0.04	0.10
GBP/USD	1.267	0.62	1.27
GBP/EUR	1.2069	-0.04	-0.10
USD/JPY	150.39	0.01	-4.32
EUR/JPY	157.87	0.66	-3.00

* 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	4.31	4.20	4.38	4.33
EUR	2.90	2.64	2.53	2.34	2.28	2.36
GBP	4.50	4.45	4.43	4.19	4.34	4.28

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

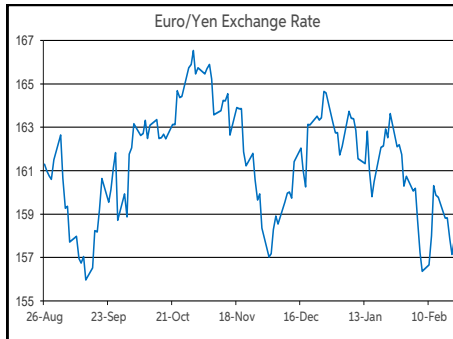
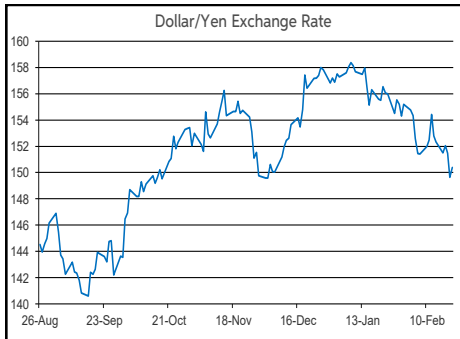
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

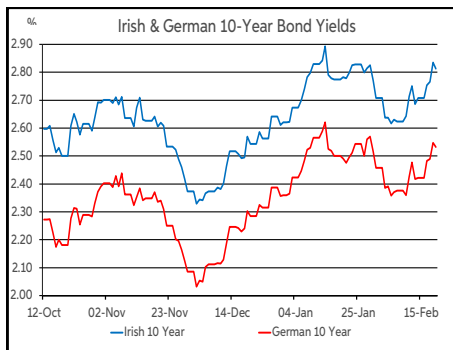
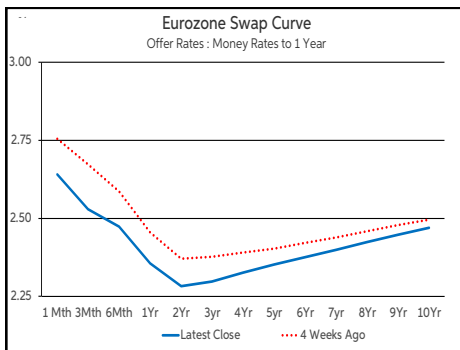
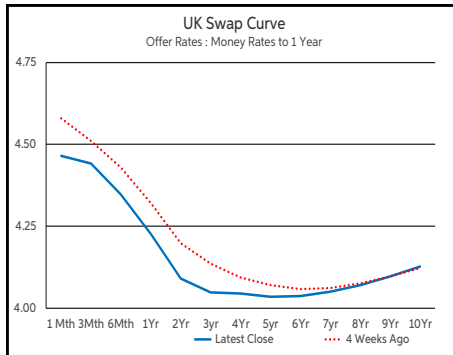
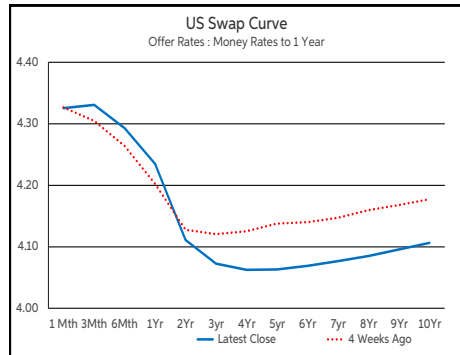
Friday 21 February 2025
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8281	GBP/EUR	1.2069	USD/JPY	150.39
EUR/USD	1.0496	GBP/USD	1.267	USD/CAD	1.418
EUR/JPY	157.87	GBP/CAD	1.7963	USD/CHF	0.8985
EUR/SEK	11.165	GBP/NZD	2.1995	USD/CNY	7.2456
EUR/DKK	7.4578	GBP/JPY	190.56	USD/BRL	5.7022
EUR/NOK	11.6551	GBP/SEK	13.4793	USD/RUB	87.5
EUR/CHF	0.9433	GBP/DKK	8.9999	USD/INR	86.6725
EUR/AUD	1.6418	GBP/NOK	14.0707	AUD/USD	0.6391
EUR/HKD	8.157	GBP/CHF	1.1385	NZD/USD	0.5758
EUR/CAD	1.4884	GBP/AUD	1.9817		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.50	-4	-14	-8
Germany	2.53	-2	+2	+17
UK	4.61	-0	-3	+4
5 Year Swap %				
US	4.32	-2	-6	+3
Eurozone	2.34	-1	-5	+11
UK	4.27	+1	-2	-1
2 Year Swap %				
US	4.37	-1	-1	+3
Eurozone	2.27	-2	-9	+8
UK	4.33	+0	-8	-15
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	-1	-2	+2
Belgium	58	+1	-6	-4
France	74	+5	-4	-9
Italy	109	-0	-4	-7
Spain	67	+0	+1	-3
Portugal	52	+0	+8	+4
Greece	89	-0	-4	+0



Commodities				
	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	76.48	+0.58	-2.31	+2.47
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2938.7	+0.21	+6.72	+12.00

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