

Morning Comment

AIB Treasury Economic Research Unit



Monday 23 December 2024
07:47 am

Over and out for 2024

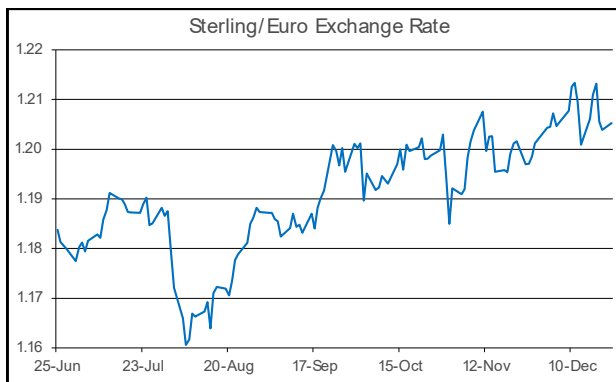
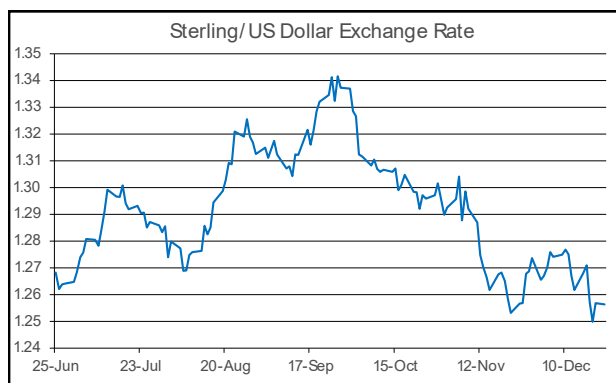
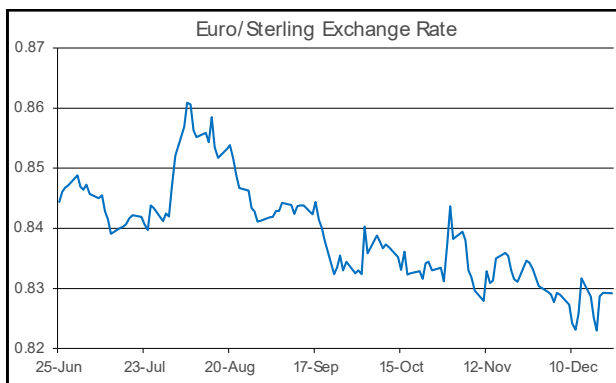
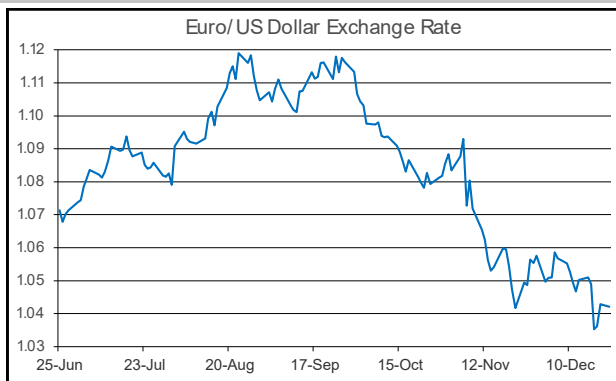
Monetary policy was front and centre last week. Most notably, the Fed delivered a “hawkish cut”, lowering rates by 25bps to 4.25-4.50% but indicating a slower pace of easing in 2025. Elsewhere, the BoE and the BoJ both left policy on hold as expected.

Data-wise, a busy schedule included updates on inflation in the US, UK and Eurozone. In the US, core-PCE printed a touch lower than the consensus, remaining at 2.8% in November (vs. 2.9% f’cast). Meantime, Eurozone headline and core HICP inflation were revised down slightly to 2.2% and 2.7% in November. UK headline and core CPI inflation rose to 2.6% and 3.5% in November, broadly in-line with expectations. UK wage inflation was stronger than anticipated though, rising to +5.2% in the three months to October.

Against this backdrop, there was some volatility on forex and interest rate markets. Overall, US and UK futures are firmer on the week. Current pricing is for 40bps of policy easing from the Fed in 2025, compared to 50bps last Monday. Like-wise, rate cuts worth circa 60bps are priced-in for the UK, down from 70bps last week.

Currency-wise, the dollar was in the ascendency. At the same time, sterling registered some gains versus the yen. EUR/GBP opens this morning in top half of the 82-83p range. EUR/USD is down in the bottom half of the \$1.04-1.05 corridor. GBP/USD is below the \$1.26 mark. USD/JPY is north of the ¥156 handle, up from near ¥153 this time last Monday.

Finally, this is our last Morning Comment of 2024. Our next publication will be on Thursday, 2nd January 2025. We would like to take this opportunity to wish all of our readers a Merry Christmas, and a safe and prosperous 2025.



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/ USD	1.0421	0.53	-5.57
EUR/ GBP	0.8292	-0.08	-4.34
GBP/ USD	1.2563	0.63	-1.30
GBP/ EUR	1.2051	0.08	4.53
USD/ JPY	156.72	-0.20	11.10
EUR/ JPY	163.31	0.32	4.93

* 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	4.34	4.21	4.42	4.34
EUR	3.15	2.80	2.37	2.20	2.24
GBP	4.75	4.69	4.43	4.47	4.25

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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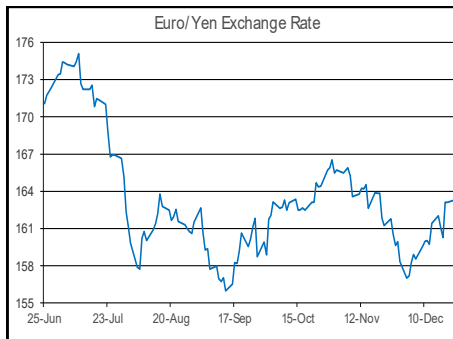
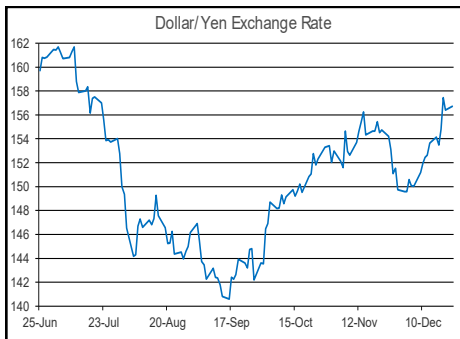
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Opening Levels

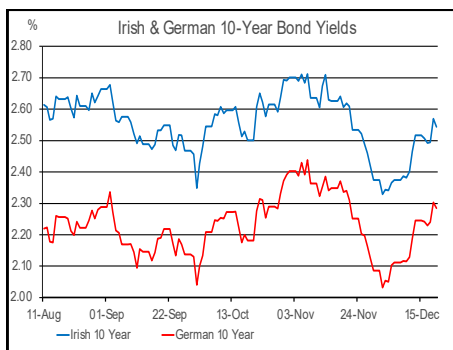
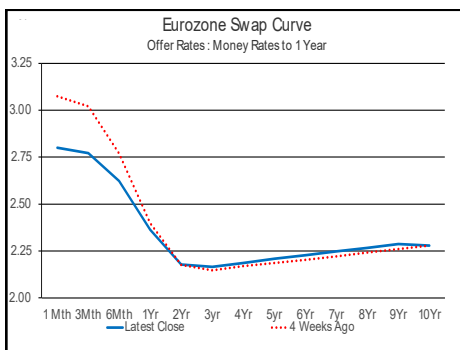
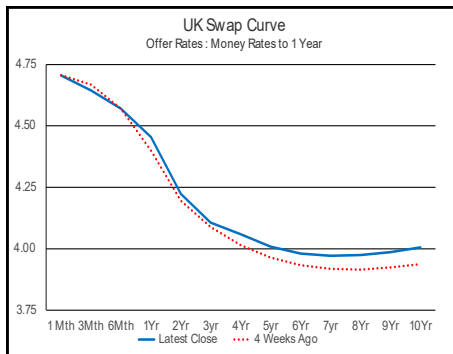
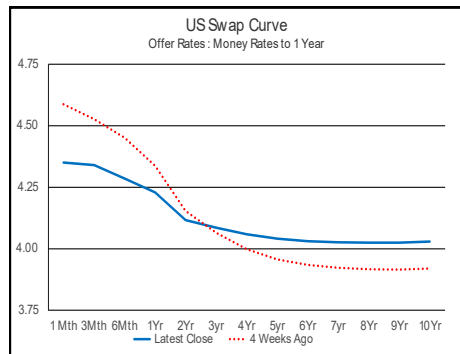
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Euro		Sterling		Dollar	
EUR/GBP	0.8292	GBP/EUR	1.2051	USD/JPY	156.72
EUR/USD	1.0421	GBP/USD	1.2563	USD/CAD	1.438
EUR/JPY	163.31	GBP/CAD	1.806	USD/CHF	0.8941
EUR/SEK	11.5038	GBP/NZD	2.2226	USD/CNY	7.2989
EUR/DKK	7.4589	GBP/JPY	196.89	USD/BRL	6.0793
EUR/NOK	11.8088	GBP/SEK	13.8601	USD/RUB	101.8
EUR/CHF	0.9319	GBP/DKK	8.9915	USD/INR	85.075
EUR/AUD	1.6661	GBP/NOK	14.2315	AUD/USD	0.6251
EUR/HKD	8.097	GBP/CHF	1.1233	NZD/USD	0.5649
EUR/CAD	1.4981	GBP/AUD	2.0086		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 23
10 Year Yield %				
US	4.52	-5	+11	+66
Germany	2.29	-2	+3	+26
UK	4.51	-7	+12	+97
5 Year Swap %				
US	4.30	-5	+10	+51
Eurozone	2.21	-1	+3	-22
UK	4.25	-7	+6	+59
2 Year Swap %				
US	4.38	-2	-3	+4
Eurozone	2.18	-3	+1	-62
UK	4.48	-3	+8	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	-0	-4	-6
Belgium	60	-0	-2	-6
France	80	-1	+0	+27
Italy	116	-0	-9	-51
Spain	69	-0	-3	-27
Portugal	49	+0	+1	-27
Greece	88	+0	-1	-17



Commodities				
	Close	Day	% Change	
			4 Weeks	End 23
Brent Oil	72.94	+0.08	-2.97	-5.32
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2620.8	+1.04	-3.38	+27.06

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