

Tariffs, BoE decision, US payrolls in focus this week

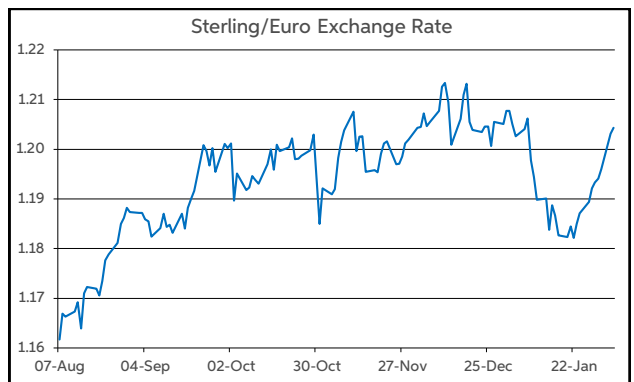
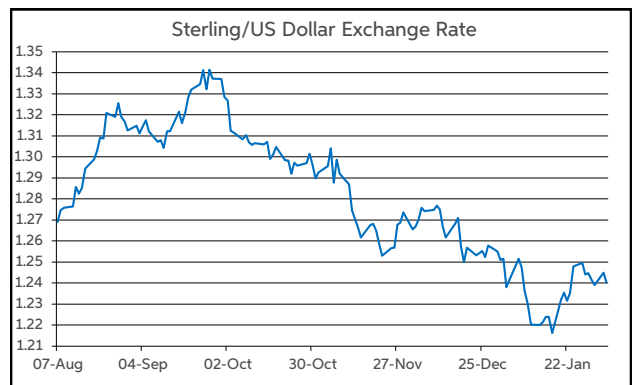
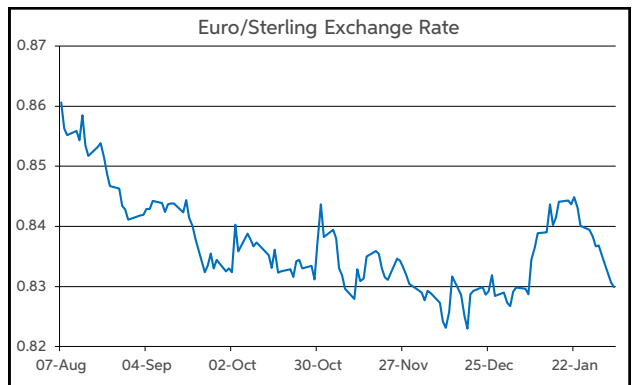
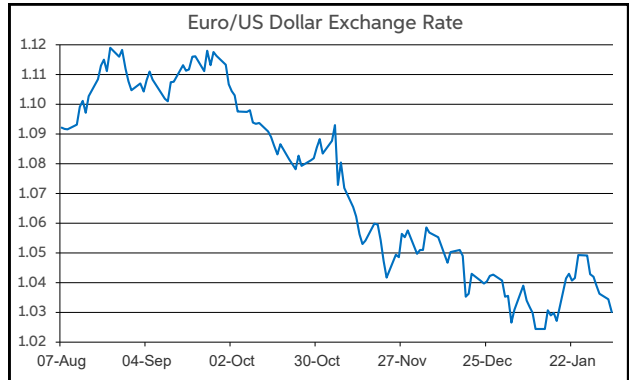
The weekend announcement of tariffs by the Trump Administration on Mexico, Canada and China kept markets busy yesterday. Trading conditions were volatile as investors reacted to the ebb and flow of tariff newsflow. As the day progressed though there were some encouraging developments in US discussions with both Mexico and Canada.

From a currency viewpoint, the dollar started the day on the front foot. EUR/USD fell to a low of \$1.021 and GBP/USD was down at \$1.225. However, the dollar saw a reversal of fortunes amid positive news of delays to tariffs in relation to Mexico and Canada. This is reflected in EUR/USD opening this morning back at \$1.03 and GBP/USD trading at the \$1.24 threshold.

Looking ahead, tariff/trade related developments are likely to keep investor's minds occupied this week. Overnight, there has been news of retaliatory tariffs from China. In terms of scheduled macro events/releases, it's the turn of the Bank of England to hold its first policy announcement of 2025 (Thursday). The meeting poses some event risk for sterling. After keeping rates unchanged in December, the market is attaching around a 90% probability to a 25bps rate cut from Threadneedle Street. This would see the Bank rate reduced to 4.50%. The BoE will also be providing more detail on its economic outlook with the publication of its latest Monetary Policy Report and accompanying press conference.

The main data highlight over the coming days will be US centric, with Friday's raft of labour market metrics due. This includes the January payrolls number. The consensus forecast is for a 170,000 increase, which would match the Q4 2024 average. The unemployment rate is expected to hold steady at 4.1%.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0301	0.61	-0.50
EUR/GBP	0.8299	-0.44	0.31
GBP/USD	1.2404	1.07	-0.86
GBP/EUR	1.2039	0.45	-0.31
USD/JPY	155.18	-0.25	-1.27
EUR/JPY	159.87	0.35	-1.77

* 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	4.30	4.20	4.40	4.37
EUR	2.90	2.66	2.59	2.32	2.19	2.27
GBP	4.75	4.47	4.44	4.21	4.29	4.15

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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Euro

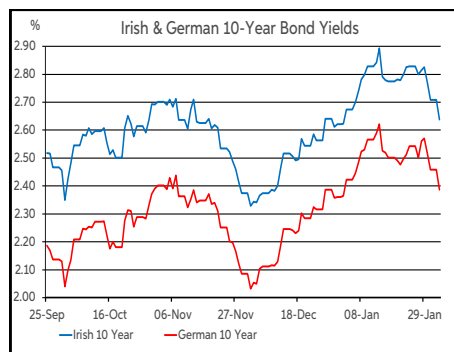
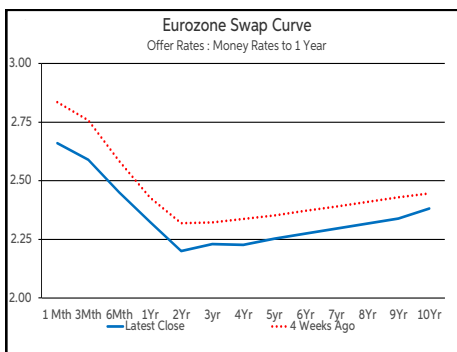
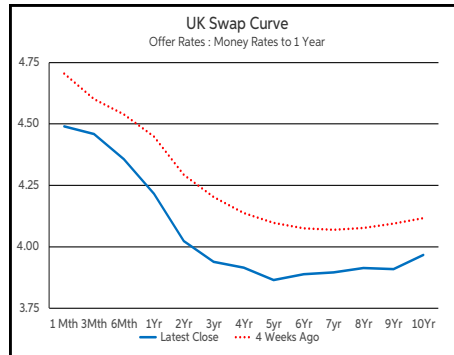
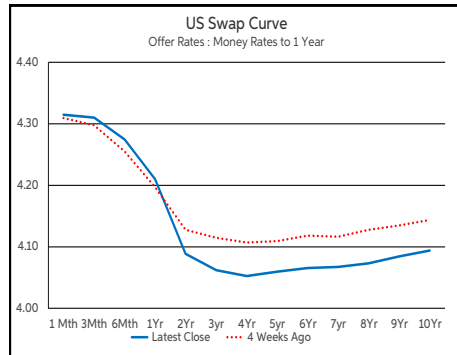
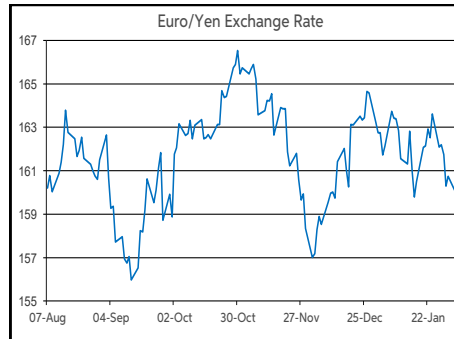
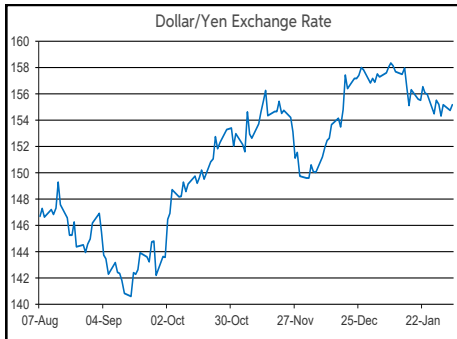
EUR/GBP	0.8299
EUR/USD	1.0301
EUR/JPY	159.87
EUR/SEK	11.4565
EUR/DKK	7.46
EUR/NOK	11.7398
EUR/CHF	0.9397
EUR/AUD	1.6622
EUR/HKD	8.024
EUR/CAD	1.4905

Sterling

GBP/EUR	1.2039
GBP/USD	1.2404
GBP/CAD	1.7943
GBP/NZD	2.214
GBP/JPY	192.49
GBP/SEK	13.7952
GBP/DKK	8.9803
GBP/NOK	14.1387
GBP/CHF	1.1318
GBP/AUD	2.0012

Dollar

USD/JPY	155.18
USD/CAD	1.4469
USD/CHF	0.9119
USD/CNY	7.2507
USD/BRL	5.8066
USD/RUB	99.25
USD/INR	87.103
AUD/USD	0.6196
NZD/USD	0.5597



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.54	-2	-7	-3
Germany	2.39	-7	-6	+2
UK	4.49	-5	-12	-8
5 Year Swap %				
Ireland	2.64	-9	-9	-1
Belgium	2.98	-10	-6	-0
France	3.11	-9	-15	-8
Italy	3.51	-5	-7	-1
Spain	3.06	-5	-5	-1
Portugal	2.90	-6	-1	+5
Greece	3.29	-7	+3	+4
2 Year Swap %				
US	4.32	+3	-2	+3
Eurozone	2.38	+8	+3	+14
UK	4.14	-4	-17	-14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	-2	-3	-3
Belgium	59	-2	+0	-3
France	72	-2	-9	-11
Italy	112	+3	-1	-4
Spain	67	+2	+1	-3
Portugal	51	+1	+5	+3
Greece	90	+0	+9	+1

Commodities				
	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	75.96	-1.04	-0.45	+1.77
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2813.5	+0.45	+6.76	+7.23

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