

Morning Comment

AIB Treasury Economic Research Unit



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06:53 am

EUR/USD tests \$1.19

There was a calmer mood on markets yesterday. Against this backdrop, the Euro Stoxx 50 registered a modest 0.2% gain. Meantime on Wall Street, the S&P 500 moved 0.5% higher. In terms of fixed income, European sovereign bond yields fell by 2-5bps. US Treasury yields were 0-3bps lower along the curve.

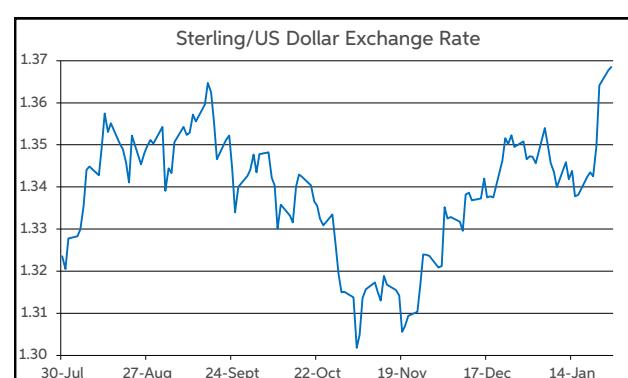
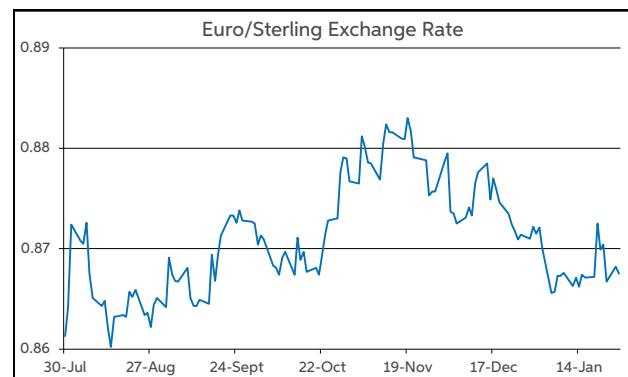
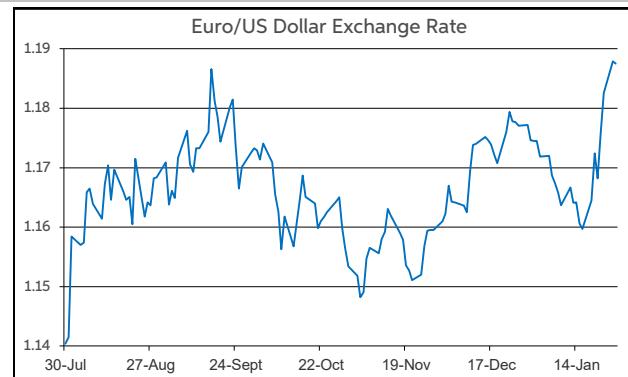
On the data front, the calendar was relatively quiet. The main release of note was the bellwether German Ifo for January. The main index was unchanged in January, at 87.6 (vs. 88.2 f'cast). Elsewhere, US durable good orders jumped by 5.3% in November (vs. +3.2% f'cast), supported by a sharp 6.6% rise in defence sector orders. However, neither release had a major impact on proceedings.

Currency-wise, the main pairs were range bound yesterday. Overall, the dollar remained on the defensive. The greenback steadied somewhat in the early part of the European session but came under fresh selling pressure as the day progressed. The potential for a partial government shutdown starting on Friday, and speculation that US authorities co-ordinated with their Japanese counterparts to boost the yen, weighed on the US unit. However, the dollar moved off its lows overnight.

In level terms, EUR/USD opens this morning up in the top half of the \$1.18-1.19 range, having tested above \$1.19 yesterday. GBP/USD is changing hands just below the \$1.37 threshold. Meantime, EUR/GBP remains in the upper region of the 86-87p corridor. USD/JPY is near the halfway mark of ¥154-155.

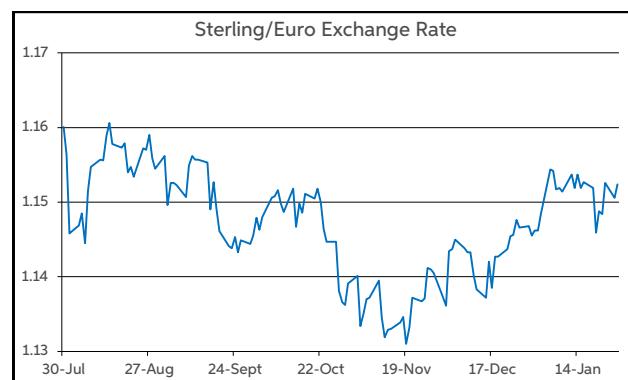
Turning to the day ahead, the macro calendar is muted on both sides of the Atlantic. The only release of note is the US Conference Board measure of consumer confidence for January. A slight improvement is pencilled in for the month. However, barring any major surprises, the release is unlikely to impact the dollar.

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Today's Opening FX Rates			
% Change			
	Day *	End 2025	
EUR/USD	1.1875	0.10	1.11
EUR/GBP	0.8675	-0.05	-0.46
GBP/USD	1.3686	0.16	1.58
GBP/EUR	1.1523	0.05	0.46
USD/JPY	154.45	0.23	-1.40
EUR/JPY	183.43	0.32	-0.30

* 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	3.63	3.67	3.67	3.51	3.72	3.84
EUR	2.00	1.96	2.04	2.18	2.27	2.57
GBP	3.75	3.71	3.70	3.55	3.80	4.00

All rates quoted are indicative market rates

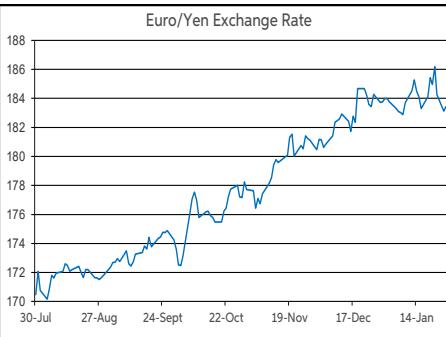
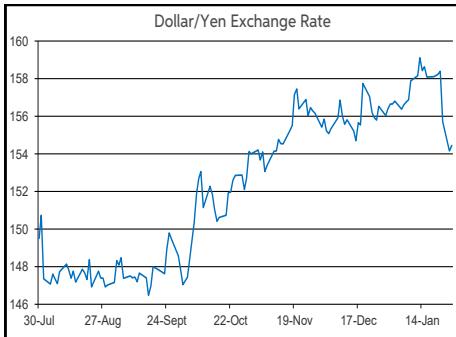
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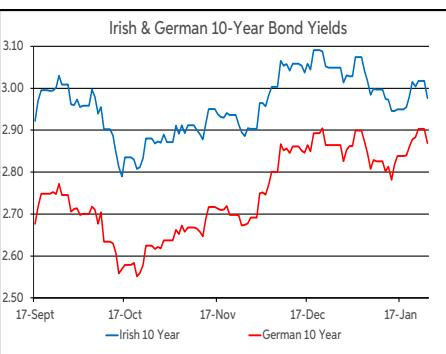
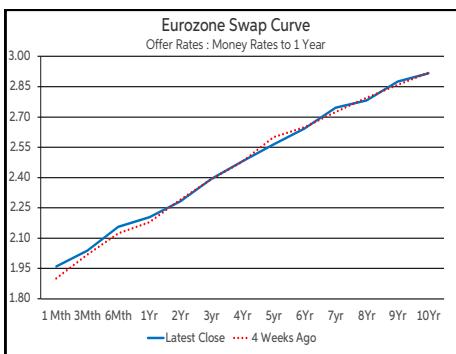
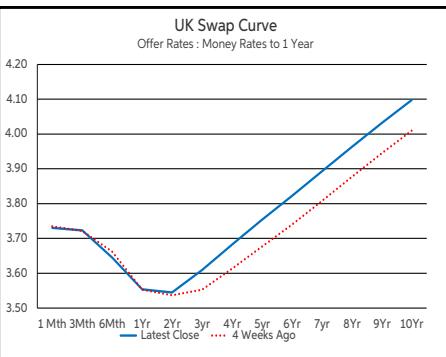
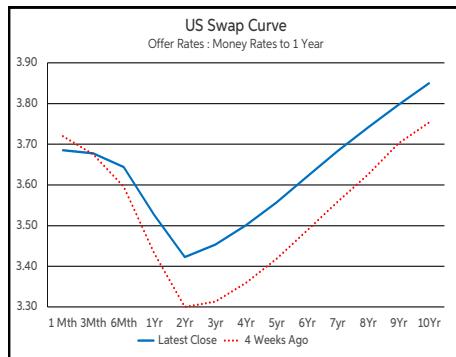
Euro	
EUR/GBP	0.8675
EUR/USD	1.1875
EUR/JPY	183.43
EUR/SEK	10.6144
EUR/DKK	7.4683
EUR/NOK	11.6103
EUR/CHF	0.9224
EUR/AUD	1.7164
EUR/HKD	9.2613
EUR/CAD	1.6307

Sterling	
GBP/EUR	1.1523
GBP/USD	1.3686
GBP/CAD	1.8793
GBP/NZD	2.2918
GBP/JPY	211.38
GBP/SEK	12.2306
GBP/DKK	8.6042
GBP/NOK	13.3798
GBP/CHF	1.063
GBP/AUD	1.978

Dollar	
USD/JPY	154.45
USD/CAD	1.3733
USD/CHF	0.7767
USD/CNY	6.9571
USD/BRL	5.281
USD/RUB	76.75
USD/INR	91.813
AUD/USD	0.6917
NZD/USD	0.5968



	Change bps			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.21	-3	+10	+6
Germany	2.87	-3	+4	+1
UK	4.50	-2	+1	+3
Ireland	2.98	-4	-4	-5
Belgium	3.27	-4	-5	-8
France	3.44	-5	-9	-12
Italy	3.47	-4	+1	-4
Spain	3.23	-4	-2	-6
Portugal	3.23	-3	+11	+7
Greece	3.35	-4	-8	-13
5 Year Swap %				
US	3.82	+0	+19	+10
Eurozone	2.55	-3	-1	-1
UK	4.00	-1	+8	+10
2 Year Swap %				
US	3.68	-1	+13	+11
Eurozone	2.24	-4	-2	-1
UK	3.80	+1	+5	+7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	11	-1	-8	-6
Belgium	40	-1	-10	-9
France	57	-2	-13	-13
Italy	61	-1	-4	-4
Spain	36	-1	-7	-7
Portugal	36	+0	+7	+6
Greece	48	-1	-13	-14



	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	65.59	-0.44	+5.89	+7.79
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	5014.3	+0.64	+15.76	+16.23

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