

## EUR/USD in the top half of \$1.03-1.04

Investors continued to digest the delay in the imposition of US tariffs on goods from Mexico and Canada yesterday. At the same time, a very limited retaliatory response from China in response to 10% tariffs from the US suggests an openness to engage on the issue. All-in-all, developments over recent days provide some hope that the US may avoid full blown trade wars with its three largest trading partners.

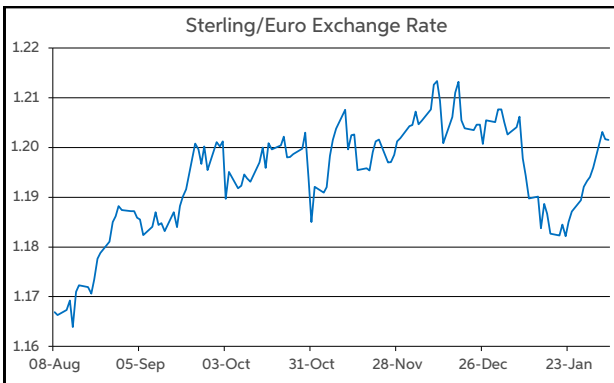
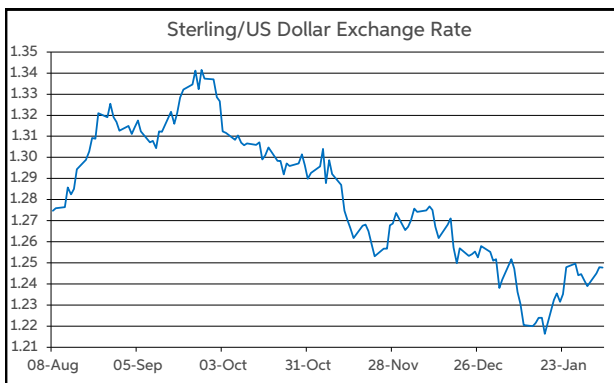
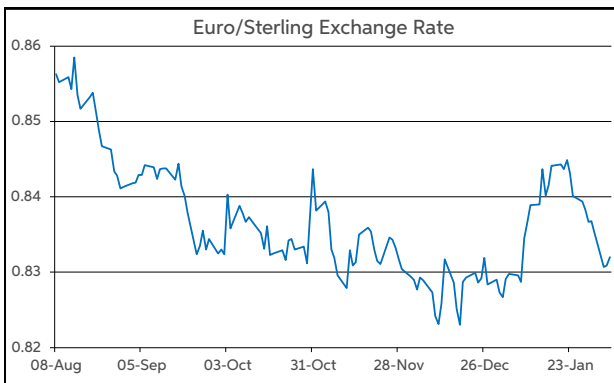
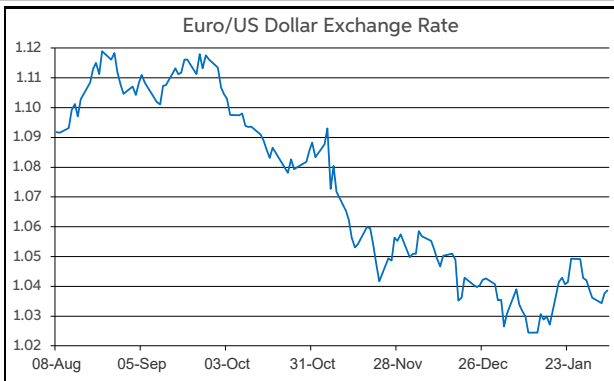
Against this backdrop, equity markets moved higher on both sides of the Atlantic. The Euro Stoxx 50 gained 0.9%, supported in part by some good Q4 earnings reports. On Wall Street, the S&P 500 rose by 0.7%. Meantime on bond markets, US Treasury yields fell by 3-5bps. Eurozone sovereign yields were little changed.

On the currency front, the dollar was under some downward pressure, amid the more positive tone to risk appetite. Overall, the greenback shed circa 0.7-0.9% versus the euro and sterling. Meantime, the yen was on the front-foot, following stronger than anticipated wage/earnings data for December.

In level terms, the softer tone to the dollar sees EUR/USD open this morning in the top half of \$1.03-1.04. GBP/USD is operating in the upper region of the \$1.24-1.25 corridor. EUR/GBP remains above the 83p mark. USD/JPY is down near the ¥153 threshold.

Today, the main release of note will be the US non-manufacturing ISM for January. A very modest improvement is pencilled in for the month. However, the data are unlikely to impact the dollar. Meantime, market participants will remain highly reactive to any tariff related newsflow. A vote of no-confidence in French PM Bayrou will also warrant attention (he is expected to survive).

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.0386	0.91	0.32
EUR/GBP	0.832	0.25	0.57
GBP/USD	1.248	0.69	-0.25
GBP/EUR	1.2015	-0.25	-0.56
USD/JPY	153.16	-1.35	-2.56
EUR/JPY	159.11	-0.43	-2.24

\* 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	4.29	4.17	4.35	4.30
EUR	2.90	2.64	2.56	2.30	2.19	2.23
GBP	4.75	4.46	4.44	4.20	4.27	4.16

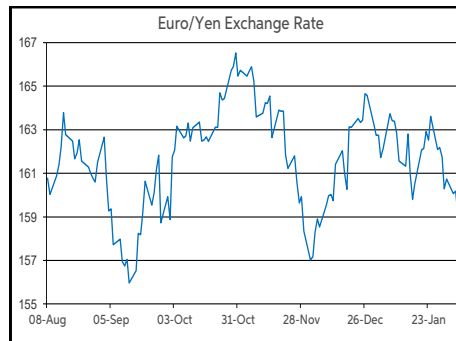
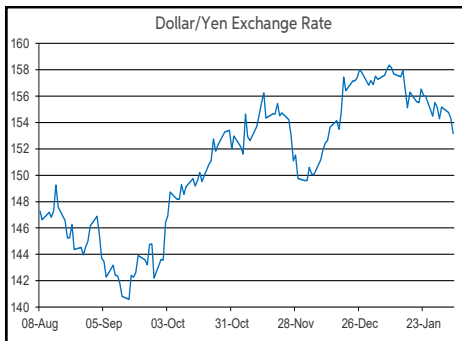
All rates quoted are indicative market rates

See Next Page For More Rates & Charts

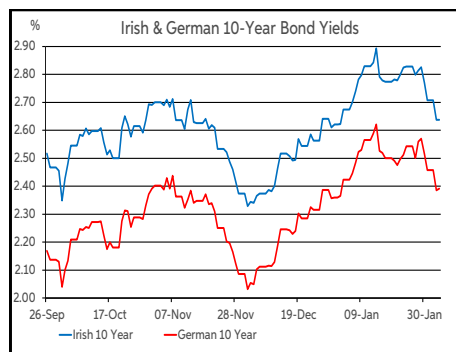
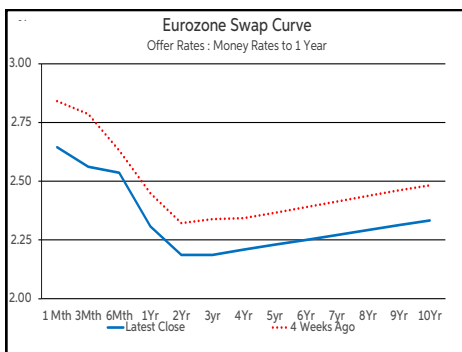
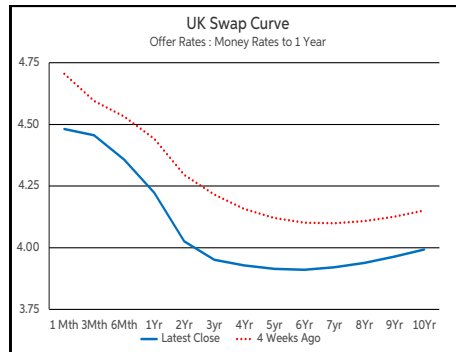
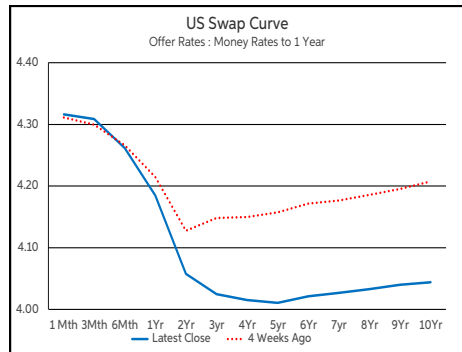
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Euro		Sterling		Dollar	
EUR/GBP	0.832	GBP/EUR	1.2012	USD/JPY	153.16
EUR/USD	1.0386	GBP/USD	1.2477	USD/CAD	1.4324
EUR/JPY	159.11	GBP/CAD	1.787	USD/CHF	0.9045
EUR/SEK	11.387	GBP/NZD	2.2014	USD/CNY	7.2805
EUR/DKK	7.4587	GBP/JPY	191.1	USD/BRL	5.7581
EUR/NOK	11.6684	GBP/SEK	13.683	USD/RUB	99.25
EUR/CHF	0.9396	GBP/DKK	8.9581	USD/INR	87.22
EUR/AUD	1.6595	GBP/NOK	14.0188	AUD/USD	0.6256
EUR/HKD	8.0895	GBP/CHF	1.1288	NZD/USD	0.5662
EUR/CAD	1.488	GBP/AUD	1.9928		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.51	-3	-17	-6
Germany	2.39	+1	-9	+3
UK	4.53	+3	-16	-5
<b>5 Year Swap %</b>				
US	4.28	-3	-14	-1
Eurozone	2.22	-2	-14	-2
UK	4.15	+1	-21	-13
<b>2 Year Swap %</b>				
US	4.31	-3	-8	-2
Eurozone	2.18	-1	-14	-2
UK	4.27	-1	-25	-22
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	27	+2	-1	-1
Belgium	59	-0	-0	-3
France	72	-0	-9	-11
Italy	110	-2	-4	-5
Spain	67	-1	+1	-4
Portugal	52	+0	+5	+3
Greece	91	+1	+16	+3



Commodities				
	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	76.2	+0.32	-1.10	+2.09
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2841.9	+1.01	+7.26	+8.31

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