

Eurozone flash inflation due today

Investor sentiment was holding a somewhat cautious tone yesterday amid a relatively quiet day on financial markets. Equities moved slightly higher on both sides of Atlantic, with the Euro Stoxx 50 rising by 0.1%. On Wall Street, the S&P rallied late on to register a 0.6% gain. In terms of fixed income, US Treasury, German Bund and UK Gilt yields continued to move in tandem, falling by circa 2-5bps.

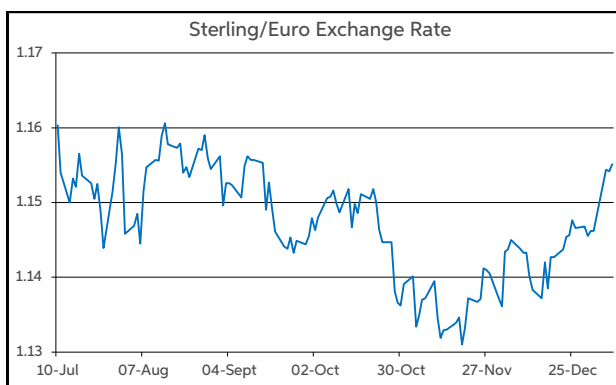
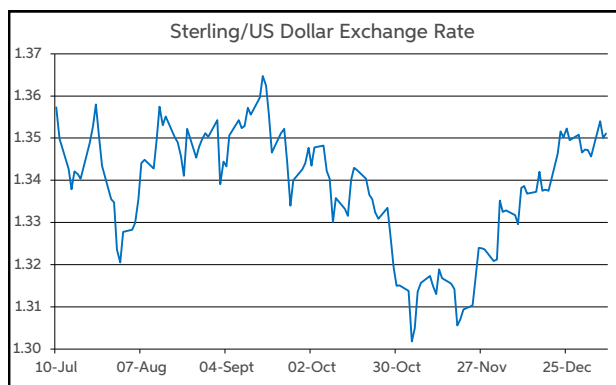
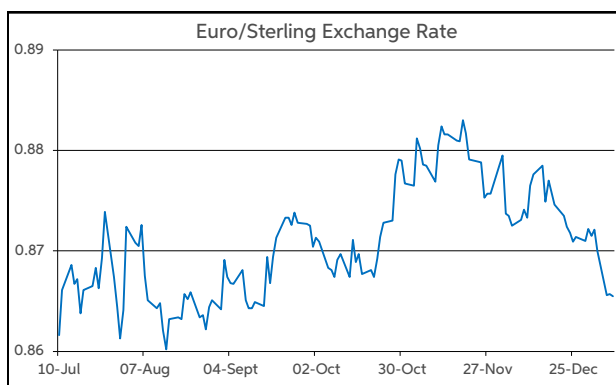
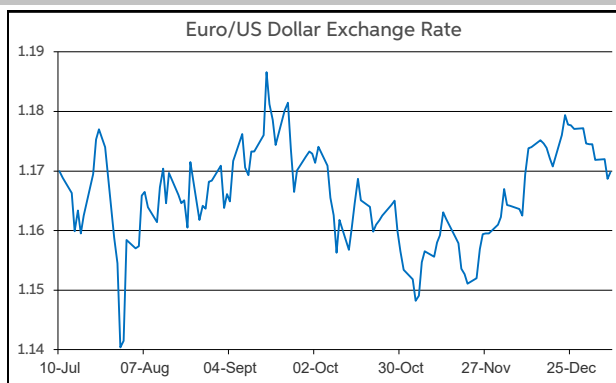
Data-wise, the flash estimates of French and German inflation printed below the consensus in December. The former fell to 0.8% (vs. 0.9% f'cast), while the latter dropped to 2.0% (vs. 2.2% f'cast). Meanwhile, the final readings of the Eurozone and UK composite and services PMIs for December were revised markedly lower but stayed in expansion mode. The US PMIs were also revised down, albeit by a lesser extent.

On the currency front, the euro was on the defensive in the early part of the day, following the release of the weaker than anticipated inflation data. This saw EUR/GBP dip into the lower half of the 86-87p band for the first time since mid-September. However, the pound erased its gains versus the euro later in the day. At the same time, the dollar assumed the ascendancy heading into the European close. Overall, the greenback gained 0.3% against the euro and sterling.

As trading gets underway this morning, the firmer tone to the dollar is evidenced by EUR/USD open just below the \$1.17 threshold. GBP/USD is operating back near the \$1.35 handle. Meantime, EUR/GBP is just above the midpoint of the 86-87p range.

Today, the main release of note will be the flash reading of Eurozone inflation for December. The forecast is for a 2.0% reading, although the risks are skewed to the downside. In the US, JOLTS job openings (Nov), the ADP employment report, and the non-manufacturing ISM (both Dec) will feature.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2025 |
| EUR/USD | 1.1698 | -0.26 | -0.40 |
| EUR/GBP | 0.8655 | 0.00 | -0.69 |
| GBP/USD | 1.3511 | -0.27 | 0.28 |
| GBP/EUR | 1.1548 | 0.00 | 0.69 |
| USD/JPY | 156.34 | -0.05 | -0.20 |
| EUR/JPY | 182.92 | -0.30 | -0.58 |

* 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 | 3.66 | 3.65 | 3.42 | 3.59 | 3.71 |
| EUR | 2.00 | 1.98 | 2.03 | 2.15 | 2.27 | 2.58 |
| GBP | 3.75 | 3.72 | 3.69 | 3.53 | 3.75 | 3.92 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Euro

| | |
|---------|---------|
| EUR/GBP | 0.8655 |
| EUR/USD | 1.1698 |
| EUR/JPY | 182.92 |
| EUR/SEK | 10.7591 |
| EUR/DKK | 7.4718 |
| EUR/NOK | 11.76 |
| EUR/CHF | 0.9294 |
| EUR/AUD | 1.7324 |
| EUR/HKD | 9.1124 |
| EUR/CAD | 1.6159 |

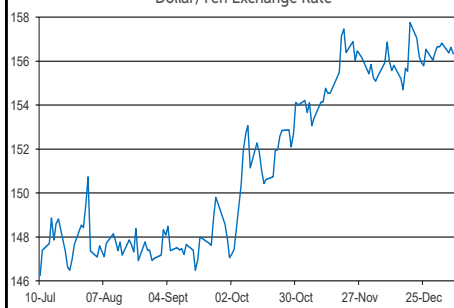
Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1548 |
| GBP/USD | 1.3511 |
| GBP/CAD | 1.866 |
| GBP/NZD | 2.3356 |
| GBP/JPY | 211.23 |
| GBP/SEK | 12.4254 |
| GBP/DKK | 8.6305 |
| GBP/NOK | 13.5825 |
| GBP/CHF | 1.0733 |
| GBP/AUD | 2.0009 |

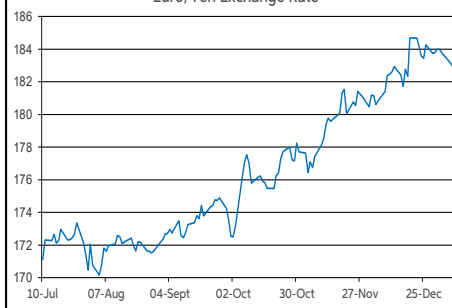
Dollar

| | |
|---------|--------|
| USD/JPY | 156.34 |
| USD/CAD | 1.3812 |
| USD/CHF | 0.7944 |
| USD/CNY | 6.9879 |
| USD/BRL | 5.4073 |
| USD/RUB | 80.9 |
| USD/INR | 89.948 |
| AUD/USD | 0.6751 |
| NZD/USD | 0.5781 |

Dollar/Yen Exchange Rate

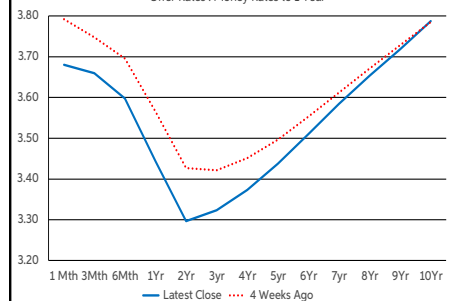


Euro/Yen Exchange Rate



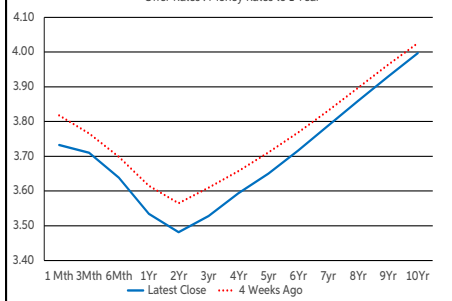
US Swap Curve

Offer Rates : Money Rates to 1 Year



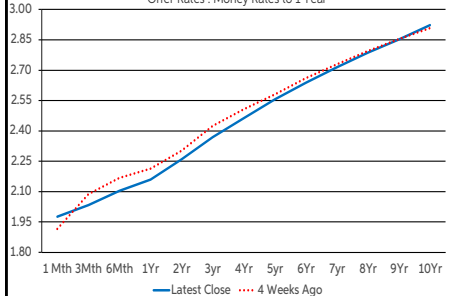
UK Swap Curve

Offer Rates : Money Rates to 1 Year

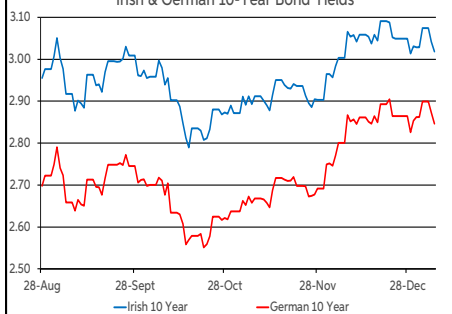


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

| | Close | Change bps | | |
|--|-------|------------|---------|--------|
| | | Day | 4 Weeks | End 25 |
| 10 Year Yield % | | | | |
| US | 4.16 | -3 | -2 | +1 |
| Germany | 2.87 | -3 | +2 | +1 |
| UK | 4.51 | -3 | +0 | +3 |
| | | | | |
| Ireland | 3.04 | -3 | -1 | +1 |
| Belgium | 3.37 | -4 | +3 | +2 |
| France | 3.57 | -4 | +1 | +1 |
| Italy | 3.53 | -4 | -3 | +2 |
| Spain | 3.30 | -4 | -1 | +1 |
| | | | | |
| Portugal | 3.18 | -3 | +0 | +2 |
| Greece | 3.48 | -3 | -2 | +0 |
| ----- | | | | |
| 5 Year Swap % | | | | |
| US | 3.67 | +1 | -6 | -6 |
| Eurozone | 2.54 | -5 | -4 | -2 |
| UK | 3.91 | -1 | -5 | +1 |
| ----- | | | | |
| 2 Year Swap % | | | | |
| US | 3.56 | +1 | -11 | -1 |
| Eurozone | 2.22 | -5 | -8 | -4 |
| UK | 3.73 | -1 | -8 | +0 |
| ----- | | | | |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 17 | -1 | -3 | +0 |
| | | | | |
| Belgium | 50 | -2 | +1 | +1 |
| France | 70 | -1 | -1 | +0 |
| Italy | 66 | -2 | -5 | +1 |
| Spain | 43 | -1 | -3 | -0 |
| | | | | |
| Portugal | 30 | -1 | -2 | +1 |
| Greece | 61 | +0 | -4 | -1 |

Commodities

| | Close | % Change | | |
|----------------|--------|----------|---------|--------|
| | | Day | 4 Weeks | End 25 |
| Brent Oil | 61.76 | +1.66 | -1.17 | +1.50 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 4448.2 | +2.73 | +6.20 | +3.11 |

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