

EUR/USD up above \$1.08 level

The Euro Stoxx 50 continued to trend higher yesterday, gaining 0.7%. Across the Atlantic, the S&P 500 rose by 0.3%. On bond markets, US Treasury yields fell by 5-12bps, led lower by the front-end of the curve, as US rate hike expectations softened. A further decline in CPI inflation and some dovish comments from Fed voter Harker pushed US yields lower also. UK Gilt yields declined as well, with a similar softening in UK rate expectations.

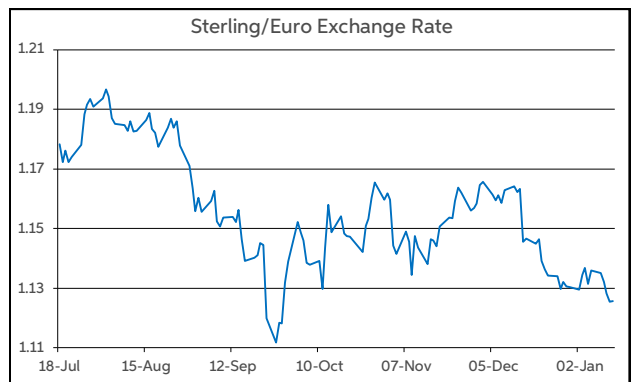
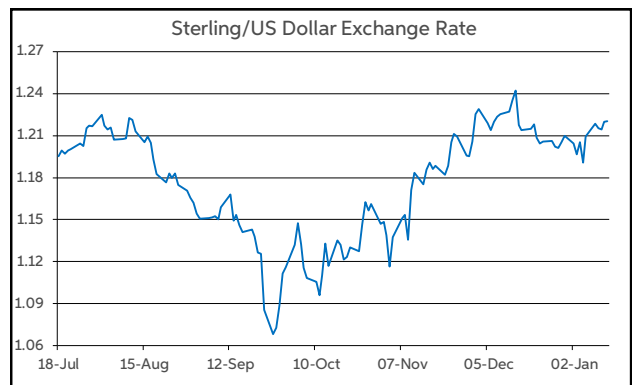
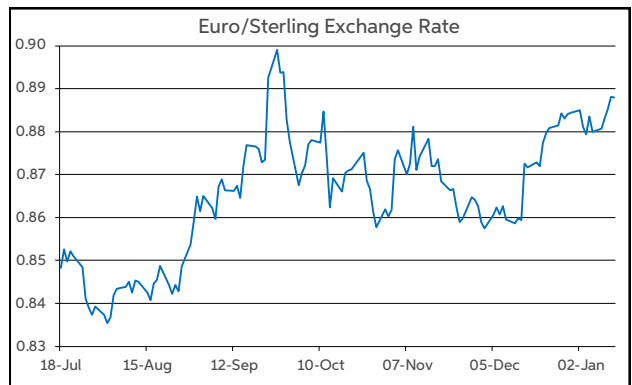
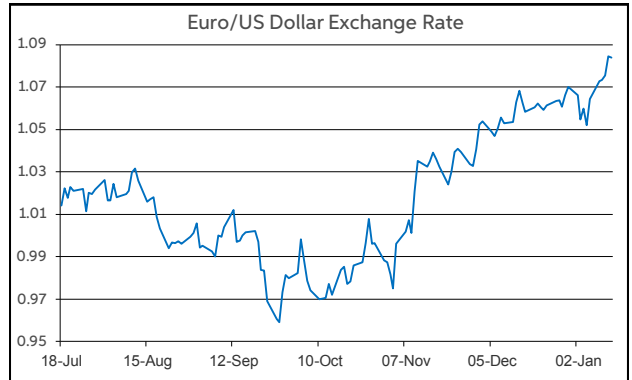
The aforementioned US CPI inflation report, showed the headline rate eased to 6.5% in December, from 7.1%, as expected. Similarly, core CPI dropped to 5.7%, from 6.0%, in-line with the consensus. Speaking after the release, Fed President Harker noted that a move to smaller 25bps rate hikes “will be appropriate going forward”. Market pricing now leans heavily towards a 25bps rate hike from the Fed in February.

On currency markets, the dollar was under some downward pressure throughout the day. Similarly, sterling lost ground versus the euro. Meanwhile, the yen was holding a notably firmer tone as reports suggest the BoJ may assess the impact of its ultra-loose policy stance at its next meeting.

In level terms, the softer tone to the dollar sees EUR/USD open today above the \$1.08 mark. GBP/USD is operating up at the \$1.22 threshold. Elsewhere, EUR/GBP is changing hands just below 89p. USD/JPY is trading back below the ¥129 handle.

Already this morning, UK GDP unexpectedly rose by 0.1% in November (vs. f'cast for -0.2%). Later today, Eurozone industrial production (Nov) and the US Michigan measure of consumer sentiment (Jan) will feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0837	0.71	1.26
EUR/GBP	0.8881	0.30	0.42
GBP/USD	1.2204	0.40	0.88
GBP/EUR	1.1255	-0.30	-0.42
USD/JPY	128.6	-2.30	-1.91
EUR/JPY	139.4	-1.60	-0.64

* 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	4.375	4.46	4.83	5.01	4.41	3.56
EUR	2.50	1.92	2.30	3.21	3.16	2.79
GBP	3.50	3.62	3.96	4.52	4.30	3.86

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

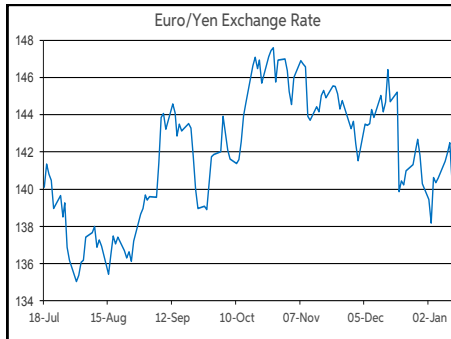
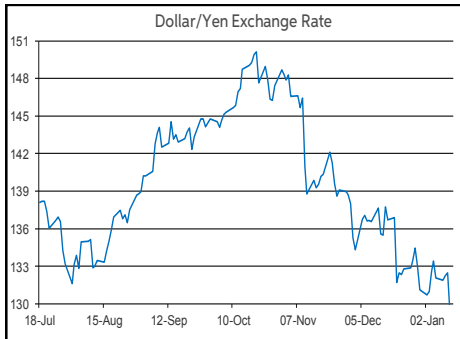
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Opening Levels

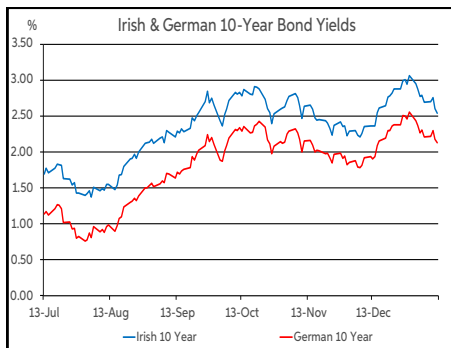
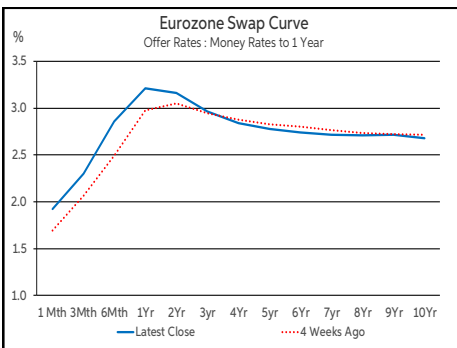
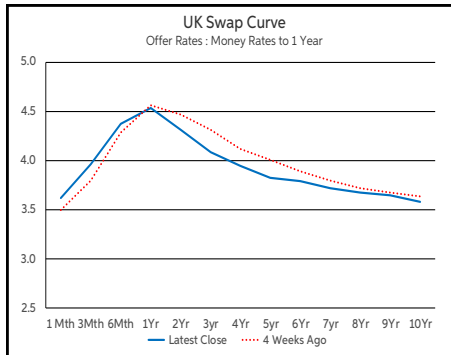
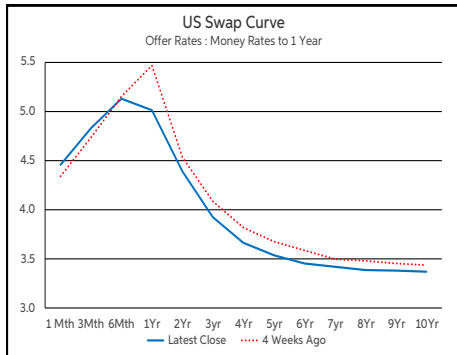
Friday 13 January 2023
07:43 am



Euro		Sterling		Dollar	
EUR/GBP	0.8881	GBP/EUR	1.1255	USD/JPY	128.6
EUR/USD	1.0837	GBP/USD	1.2204	USD/CAD	1.3365
EUR/JPY	139.4	GBP/CAD	1.631	USD/CHF	0.9275
EUR/SEK	11.2822	GBP/NZD	1.9126	USD/CNY	6.7195
EUR/DKK	7.4381	GBP/JPY	156.93	USD/BRL	5.1082
EUR/NOK	10.732	GBP/SEK	12.7073	USD/RUB	67.4
EUR/CHF	1.0053	GBP/DKK	8.3734	USD/INR	81.385
EUR/AUD	1.5558	GBP/NOK	12.0824	AUD/USD	0.6966
EUR/HKD	8.4643	GBP/CHF	1.1319	NZD/USD	0.6378
EUR/CAD	1.4486	GBP/AUD	1.7515		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.44	-10	-1	-43
Germany	2.13	-5	+4	-43
UK	3.33	-8	+9	-34
5 Year Swap %				
US	3.54	-10	-10	-46
Eurozone	2.78	-6	-4	-45
UK	3.83	-10	-18	-48
2 Year Swap %				
US	4.39	-5	-10	-28
Eurozone	3.16	-2	+12	-23
UK	4.31	-5	-15	-37
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-1	-6	-14
Belgium	56	-2	-1	-8
France	49	+0	+0	-6
Italy	187	+1	-20	-27
Spain	102	+0	-4	-7
Portugal	95	+0	-6	-9
Greece	191	-10	-14	-12



Commodities				
	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	84.03	+1.65	+3.47	-2.19
West Texas Oil	78.32	+1.11	+3.20	-2.30
Gold \$	1896.9	+1.09	+6.77	+3.97

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