

Risk appetite sours

Risk appetite soured yesterday as disappointing quarterly earnings reports prompted more concerns over the economic outlook. The Euro Stoxx 50 shed 1.9%, while on Wall Street, the S&P 500 fell by 0.8%. Elsewhere, oil prices continued to trend higher, with Brent crude rising above \$86 per barrel.

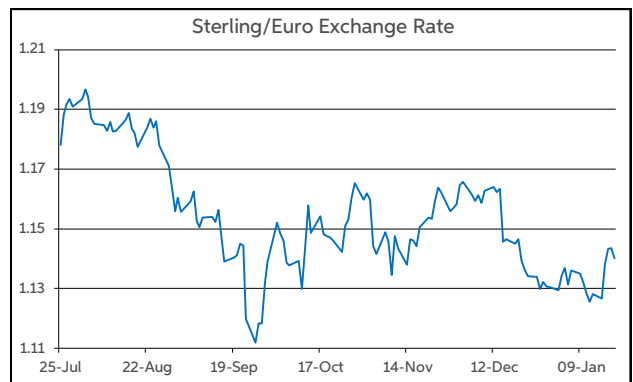
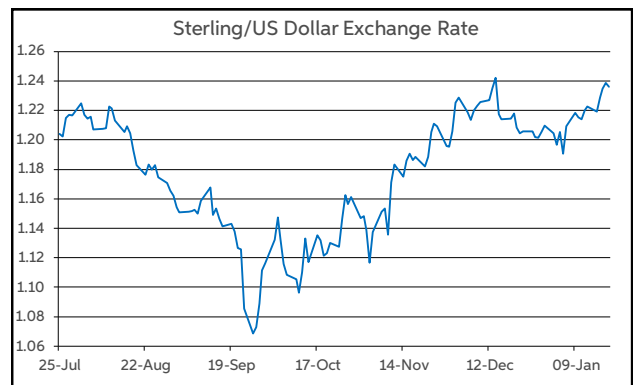
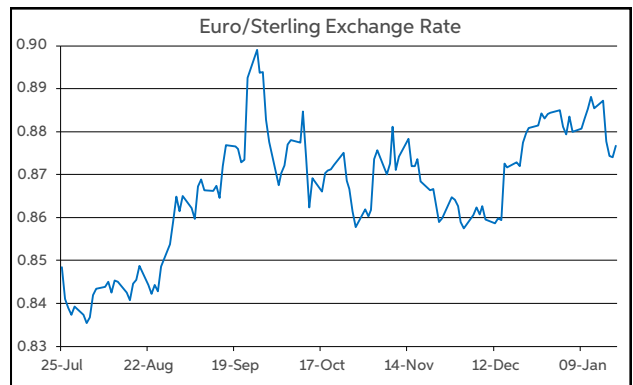
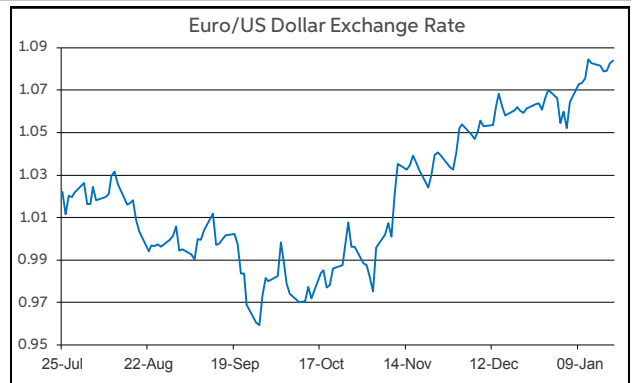
On the monetary policy front, the ECB policy meeting account for December struck a hawkish tone. The minutes showed “a large number” of participants were in favour of a bigger 75bps rate hike than the 50bps increase that was delivered. Meanwhile, ECB President Lagarde maintained a hawkish bias in comments yesterday. In the US, Fed official Collins struck a hawkish chord, stating that rates will need to rise to “just above 5%” and remain there for a period of time. Similarly, FOMC voters Brainard and Williams noted rates will have to remain restrictive for some time.

Currency-wise, the main pairs operated in tight trading ranges. Of the limited moves to register, the dollar was holding a slightly softer tone. Elsewhere, the yen has been on the defensive over the past 24 hours.

In level terms, EUR/USD opens this morning in the lower half of \$1.08-1.09. Meantime, GBP/USD is operating near the midpoint of \$1.23-1.24. EUR/GBP is changing hands in the top half of 87-88p. USD/JPY is trading up close to the ¥129 threshold.

Already this morning, UK retail sales have printed well below the consensus, falling by 1% in December (vs+0.5% f'cast). Similarly, UK, consumer confidence deteriorated to -45 in January, below expectations of an improvement to -40. Later today, remarks from ECB President Lagarde will be of interest once again.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0838	0.44	1.27
EUR/GBP	0.8766	0.19	-0.88
GBP/USD	1.2361	0.24	2.18
GBP/EUR	1.1402	-0.19	0.89
USD/JPY	128.89	0.72	-1.69
EUR/JPY	139.71	1.16	-0.42

* 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	4.49	4.81	5.02	4.41	3.56
EUR	2.50	1.99	2.34	3.25	3.17	2.75
GBP	3.50	3.72	4.04	4.58	4.33	3.86

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

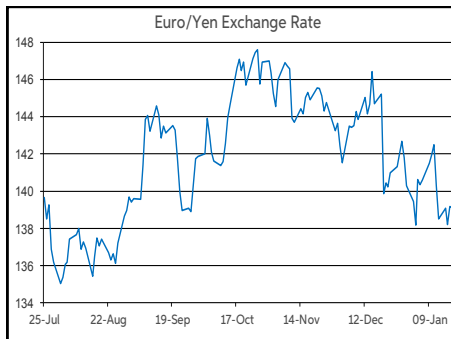
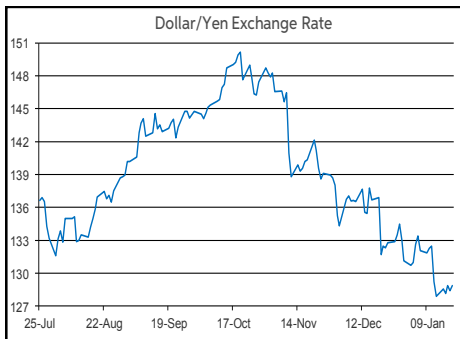
CONTACTS		
AIB Customer Treasury Services business.treasury@aib.ie aib.corporatetreasury@aib.ie aib.ie/fxcentre	Customer Treasury Services GB treasury.gb@aib.ie aibgb.co.uk/fxcentre	Customer Treasury Services NI TreasuryNI@aib.ie aibni.co.uk/fxcentre

Opening Levels

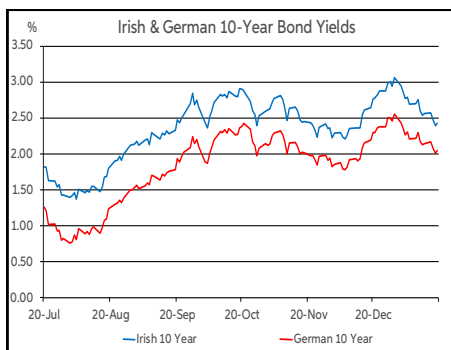
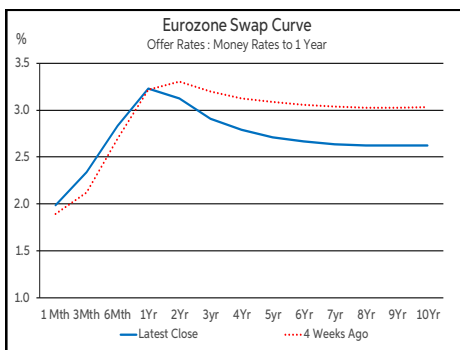
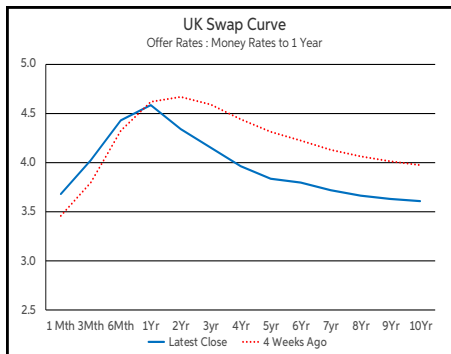
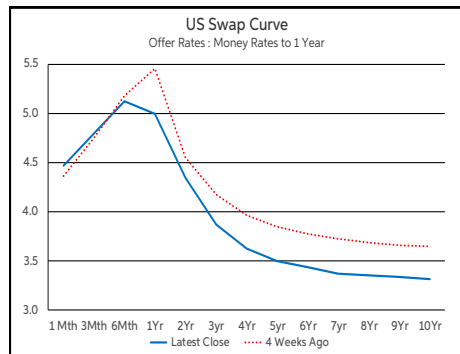
Friday 20 January 2023
07:59 am



Euro		Sterling		Dollar	
EUR/GBP	0.8766	GBP/EUR	1.1402	USD/JPY	128.89
EUR/USD	1.0838	GBP/USD	1.2361	USD/CAD	1.3453
EUR/JPY	139.71	GBP/CAD	1.6629	USD/CHF	0.9158
EUR/SEK	11.1837	GBP/NZD	1.9248	USD/CNY	6.7741
EUR/DKK	7.439	GBP/JPY	159.32	USD/BRL	5.1741
EUR/NOK	10.7165	GBP/SEK	12.7546	USD/RUB	68.7
EUR/CHF	0.9926	GBP/DKK	8.4831	USD/INR	81.18
EUR/AUD	1.5623	GBP/NOK	12.2237		
EUR/HKD	8.4918	GBP/CHF	1.1321	AUD/USD	0.6937
EUR/CAD	1.4581	GBP/AUD	1.7818	NZD/USD	0.642



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.40	+3	-29	-48
Germany	2.05	+4	-32	-51
UK	3.28	-3	-31	-39
5 Year Swap %				
US	3.50	+4	-31	-50
Eurozone	2.71	+6	-36	-52
UK	3.84	-6	-44	-47
2 Year Swap %				
US	4.35	+5	-17	-33
Eurozone	3.13	+5	-17	-26
UK	4.34	-1	-33	-34
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+0	-12	-17
Belgium	51	-1	-9	-12
France	43	-0	-9	-12
Italy	171	-3	-39	-43
Spain	97	+2	-10	-12
Portugal	86	-1	-17	-18
Greece	198	+0	-16	-5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	86.16	+1.39	+6.40	+0.29
West Texas Oil	80.31	+0.98	+3.39	+0.19
Gold \$	1931.4	+1.45	+7.74	+5.86

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.