

Inflation data and Fed speak key again this week

There was a mixed mood on financial markets to kick-off 2023. In the Eurozone, better than anticipated inflation data, with the headline HICP rate falling to 9.2% in December helped support risk appetite. The Euro Stoxx 50 gained circa 6% on the week. Meanwhile, the S&P 500 traded sideways for much of the week following some hawkish Fed comments. However, the index rallied late on Friday to finish up 1.4% for the week.

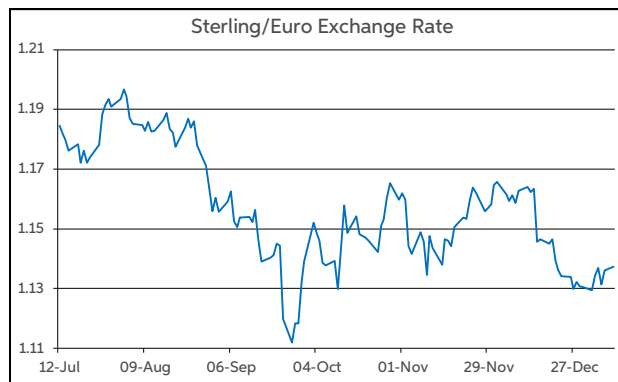
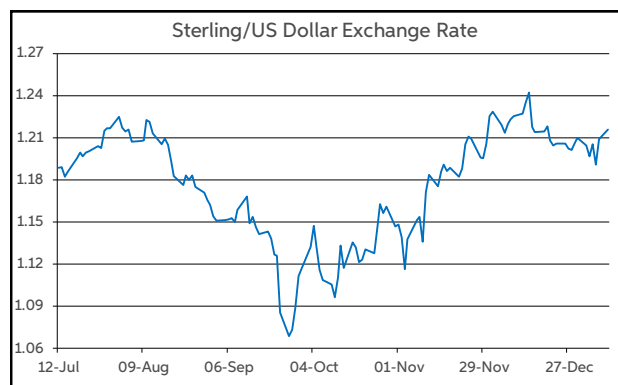
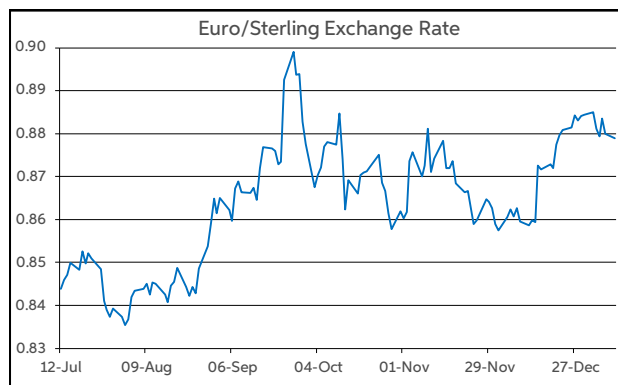
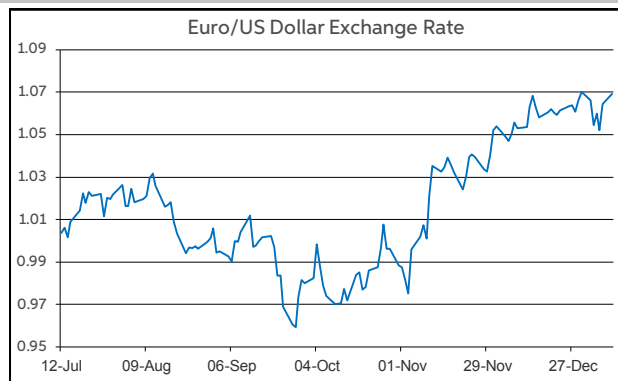
On bond markets, sovereign yields fell across the board. German Bund yields fell by 20-40bps along the curve. The 10-year Italian BTP-Bund yield spread tightened by 10bps also. In the US, Treasury yields moved 15-30bps lower.

Currency-wise, the dollar was holding a firmer tone throughout the week. The dollar index (a measure of the currency's strength against a basket of its peers) rose to its highest level in a month early on Friday. This saw EUR/USD trade to a low of \$1.049. However, a slight easing in US wage inflation, and a sharp fall in the services ISM, coincided with the dollar ending the week under severe downward pressure, erasing all of its gains in the process.

In level terms, EUR/USD opens this morning just below the \$1.07 mark. Meantime, EUR/GBP is operating in the top half of the 87-88p range. GBP/USD is changing hands near the midpoint of the \$1.21-1.22 trading band.

This week, the main release of note will be the US CPI inflation report for December. Both the headline and the core rates of inflation are projected to moderate, in a further sign that price pressures are easing. Meanwhile, comments from a number of Fed officials, including Chair Powell, will garner attention also.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0691	1.69	-0.10
EUR/GBP	0.8788	-0.49	-0.63
GBP/USD	1.2162	2.18	0.54
GBP/EUR	1.1373	0.49	0.64
USD/JPY	131.66	-1.86	0.42
EUR/JPY	140.78	-0.21	0.34

* 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	4.40	4.81	5.07	4.54	3.70
EUR	2.50	1.90	2.25	3.25	3.26	2.92
GBP	3.50	3.52	3.93	4.59	4.56	4.15

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

CONTACTS		
AIB Customer Treasury Services business.treasury@aib.ie aib.corporate@treasury@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

Monday 09 January 2023
07:21 am



Euro

EUR/GBP	0.8787
EUR/USD	1.0691
EUR/JPY	140.78
EUR/SEK	11.1807
EUR/DKK	7.4366
EUR/NOK	10.6222
EUR/CHF	0.9877
EUR/AUD	1.5394
EUR/HKD	8.3457
EUR/CAD	1.431

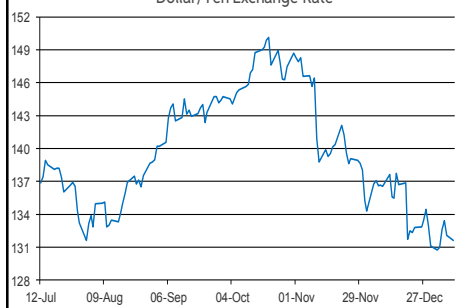
Sterling

GBP/EUR	1.1373
GBP/USD	1.216
GBP/CAD	1.6281
GBP/NZD	1.8983
GBP/JPY	160.12
GBP/SEK	12.7163
GBP/DKK	8.4592
GBP/NOK	12.0799
GBP/CHF	1.124
GBP/AUD	1.7513

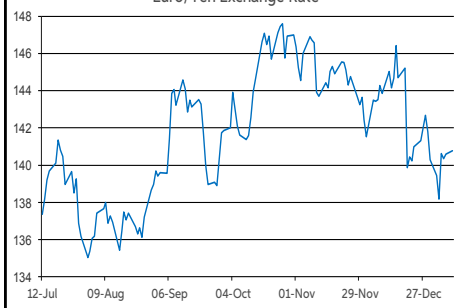
Dollar

USD/JPY	131.66
USD/CAD	1.3385
USD/CHF	0.9238
USD/CNY	6.7617
USD/BRL	5.2254
USD/RUB	70.75
USD/INR	82.32
AUD/USD	0.6944
NZD/USD	0.6404

Dollar/Yen Exchange Rate

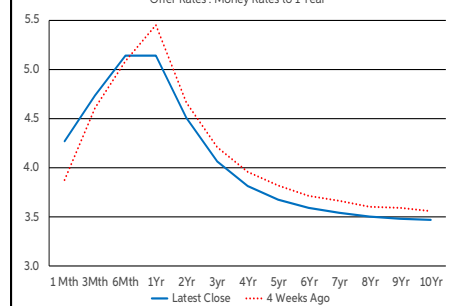


Euro/Yen Exchange Rate



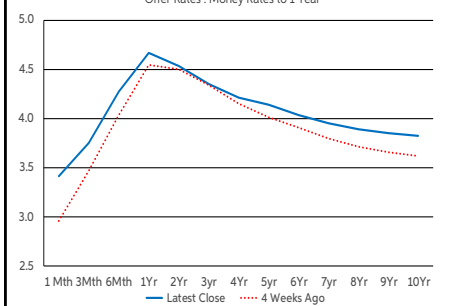
US Swap Curve

Offer Rates : Money Rates to 1 Year



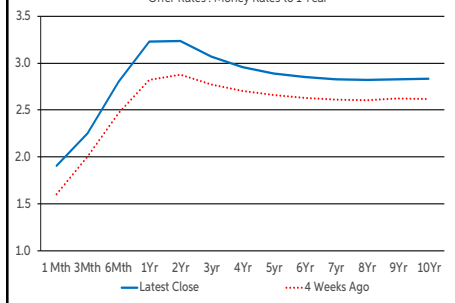
UK Swap Curve

Offer Rates : Money Rates to 1 Year

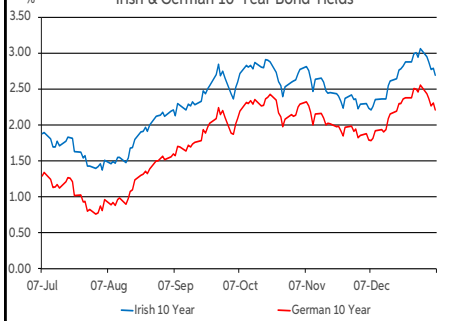


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.56	-16	-3	-32
Germany	2.21	-10	+29	-35
UK	3.48	-8	+29	-19
5 Year Swap %				
US	3.68	-20	-10	-32
Eurozone	2.89	-10	+24	-34
UK	4.14	-8	+14	-16
2 Year Swap %				
US	4.51	-19	-12	-17
Eurozone	3.23	-4	+37	-15
UK	4.54	-7	+4	-14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	51	+0	+5	-7
Belgium	60	-1	+3	-4
France	51	-1	+4	-4
Italy	202	-2	+12	-13
Spain	106	-1	+4	-3
Portugal	102	+0	+8	-2
Greece	224	+4	+18	+21

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	78.57	-0.15	+3.25	-8.54
West Texas Oil	73.77	+0.22	+3.83	-7.97
Gold \$	1865.7	+1.77	+3.84	+2.26

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.