

US CPI the main release this week

It was an interesting week on financial markets to start the new year. Early in the week, equity markets moved higher across the board, as investors bought into the idea that the economic impact of the Omicron variant should be less severe than previous Covid waves. However, on Wednesday risk appetite soured following the release of the latest Fed meeting minutes, which were much more hawkish than anticipated. Stock markets on both sides of the Atlantic ended the week below where they started it.

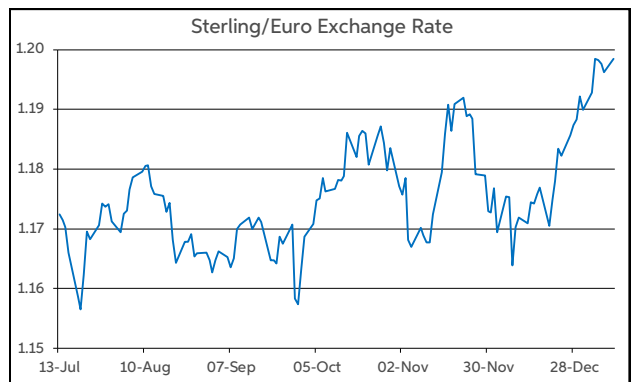
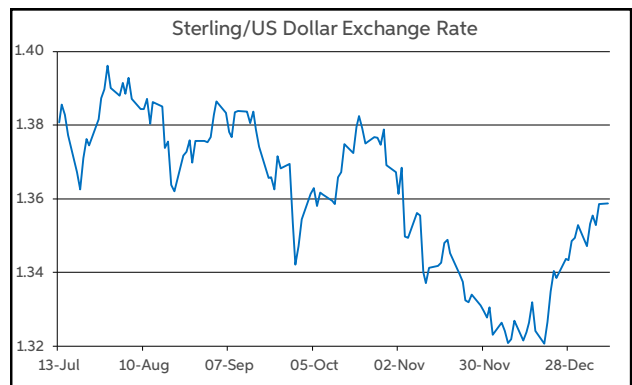
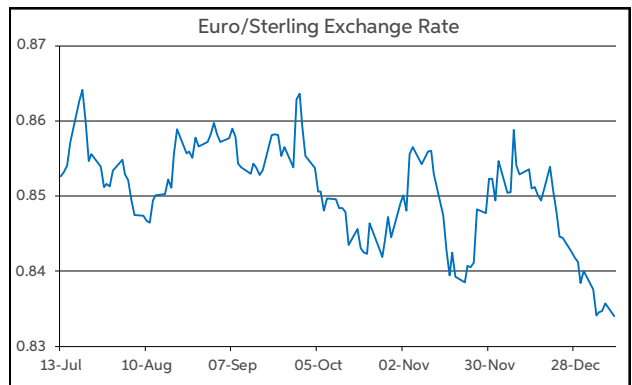
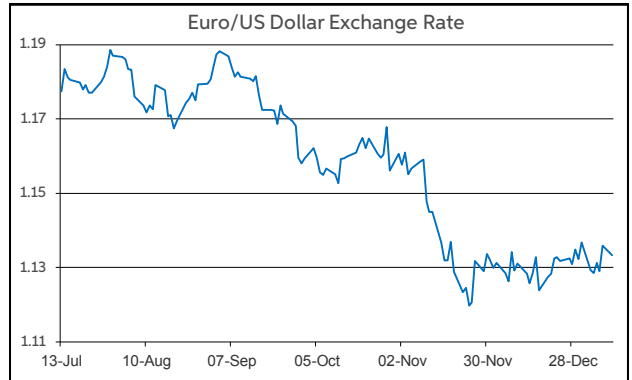
On bond markets, yields were pushed higher by a hardening of rate hike expectations in the US, UK and Eurozone. The hawkish tone in the minutes provided added impetus for yields to continue rising also. The key 10Yr US Treasury yield rose by circa 25bps on the week, with yields in Europe rising by 15-20bps. However, the action on currency markets was much more muted. Of the limited moves, sterling gained 0.7% versus the euro and the dollar.

In level terms, the slightly firmer tone to sterling sees EUR/GBP start this week at the midpoint of the 83-84p range. Meantime, GBP/USD is changing hands in the top half of \$1.35-1.36. EUR/USD is currently operating near the heart of the \$1.13-1.14 band.

This week, the main data highlights are once again from the US. CPI inflation for December will garner close attention, with both the headline and core rates set to rise further. US retail sales and industrial production (Dec) are also due.

In the UK, the monthly reading of GDP is expected to show the economy regained some momentum in November. Meanwhile, industrial production, unemployment and German GDP data will all feature in the Eurozone.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1334	0.30	-0.30
EUR/GBP	0.8341	-0.04	-0.70
GBP/USD	1.3588	0.32	0.44
GBP/EUR	1.1988	0.04	0.71
USD/JPY	115.75	-0.13	0.58
EUR/JPY	131.21	0.17	0.26

* 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	0.125	0.11	0.24	0.61	1.11	1.63
EUR	0.00	-0.57	-0.58	-0.47	-0.26	0.09
GBP	0.25	0.25	0.49	0.92	1.26	1.46

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

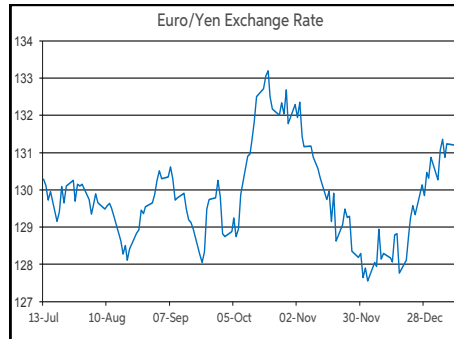
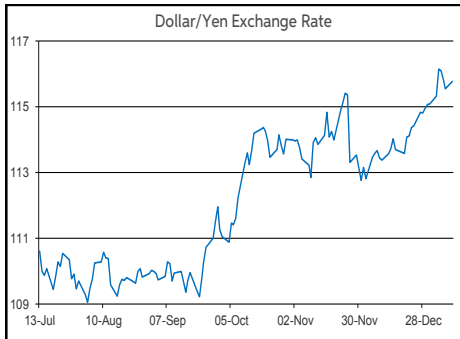
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Opening Levels

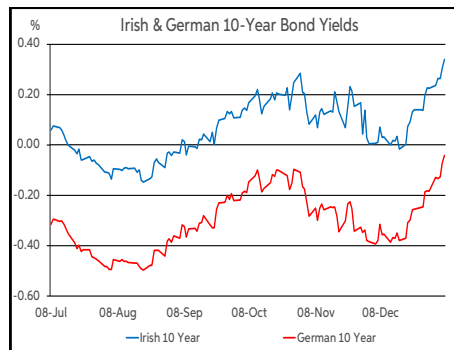
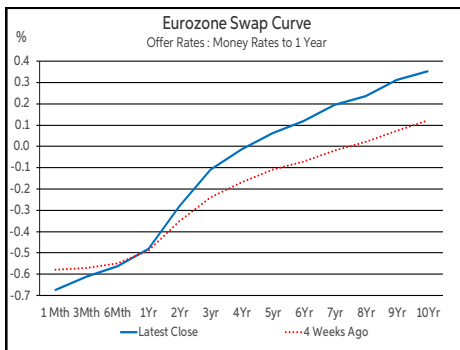
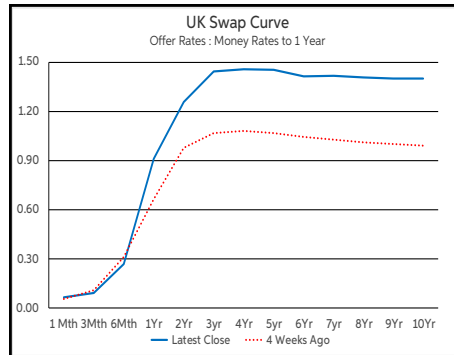
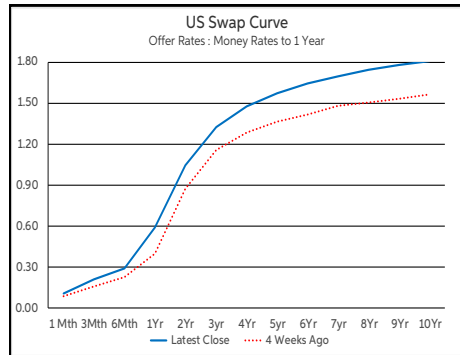
Monday 10 January 2022
07:09 am



Euro		Sterling		Dollar	
EUR/GBP	0.8341	GBP/EUR	1.1988	USD/JPY	115.76
EUR/USD	1.1334	GBP/USD	1.3588	USD/CAD	1.264
EUR/JPY	131.2	GBP/CAD	1.7174	USD/CHF	0.9203
EUR/SEK	10.2737	GBP/NZD	2.0054	USD/CNY	6.3723
EUR/DKK	7.438	GBP/JPY	157.29	USD/BRL	5.6333
EUR/NOK	10.0095	GBP/SEK	12.315	USD/RUB	75.2462
EUR/CHF	1.0432	GBP/DKK	8.9152	USD/INR	74.145
EUR/AUD	1.5751	GBP/NOK	11.9932	AUD/USD	0.7195
EUR/HKD	8.8368	GBP/CHF	1.2505	NZD/USD	0.6775
EUR/CAD	1.4327	GBP/AUD	1.8882		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.77	+4	+28	+25
Germany	-0.03	+4	+32	+15
UK	1.18	+2	+44	+21
Ireland				
Ireland	0.37	+4	+27	+12
Belgium	0.28	+3	+30	+10
France	0.29	+3	+29	+10
Italy	1.32	+4	+35	+13
Spain	0.66	+2	+28	+6
Portugal	0.60	+6	+30	+12
Greece	1.53	+12	+14	+21
5 Year Swap %				
US	1.57	+4	+25	+24
Eurozone	0.06	+1	+18	+5
UK	1.45	+2	+39	+18
2 Year Swap %				
US	1.05	+0	+20	+10
Eurozone	-0.28	+0	+8	+2
UK	1.26	+0	+29	+7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+0	-5	-3
Belgium	31	-1	-2	-5
France	32	-1	-3	-6
Italy	135	+1	+3	-2
Spain	68	-2	-4	-9
Portugal	63	+3	-3	-3
Greece	156	+8	-18	+6



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	81.75	-0.29	+8.78	+5.10
West Texas Oil	79	-0.59	+10.17	+4.87
Gold \$	1795.6	+0.39	+0.74	-1.79

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