

UK data and central bank speakers in focus

There was a positive tone to investor sentiment last week, supported by a further decline in US CPI inflation. The S&P 500 gained 2.7%, while the Euro Stoxx 50 continued to outperform, rising by 3.3% on the week. Meanwhile, bond yields declined across the board, most notably in the US and the UK. The larger fall in Treasury and Gilt yields coincided with a softening in US and UK rate hike expectations.

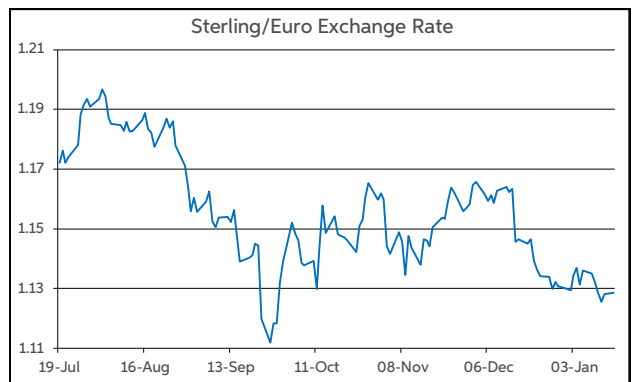
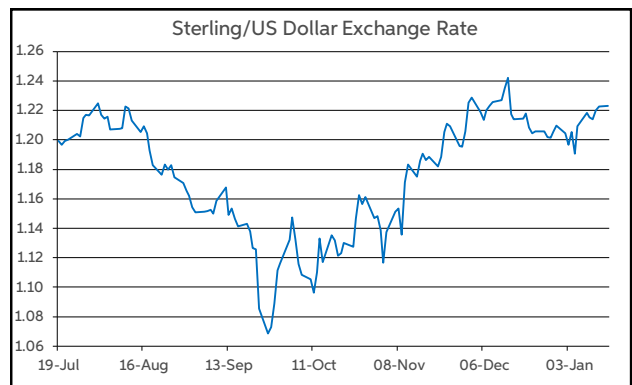
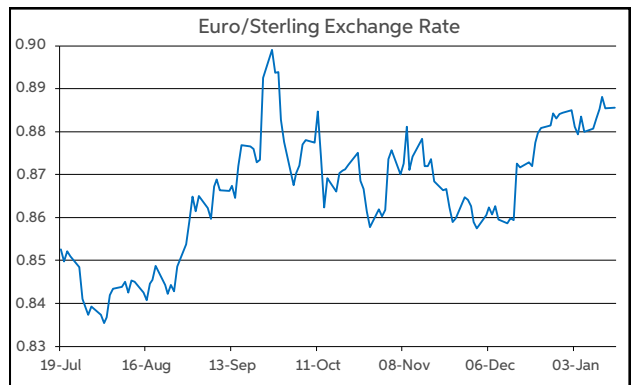
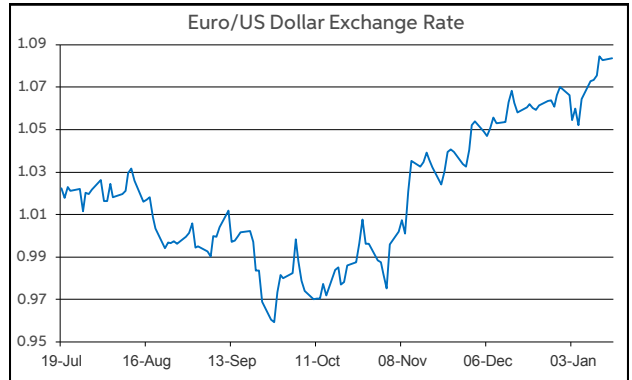
Against the backdrop of an outsized fall in US yields, a further easing of inflationary pressures, and the positive mood on markets, as well as, some less hawkish Fed comments, the dollar was on the defensive. EUR/USD moved above \$1.08, while GBP/USD edged north of \$1.22. Meantime, EUR/GBP regained the 88p handle.

Elsewhere, the yen was holding a firmer tone. It rose by 1.5-3% versus the euro, sterling and dollar, on reports that the BoJ will review the effects of its ultra-easy policy stance, at its meeting this week. In December, the BoJ surprised the market by widening the yield curve control band to +/-0.5%. Any further change in policy will be seen as opening the door to a potential tightening in rates.

As trading gets underway this morning, EUR/USD opens in the lower half of \$1.08-1.09. GBP/USD is operating above \$1.22. Meantime, EUR/GBP is changing hands at the midpoint of 88-89p. USD/JPY is near ¥128, having started last week above ¥131.

This week, UK CPI inflation (Dec) and labour market data (Nov) will be in focus, and pose some event risk for sterling. On the monetary policy front, aside from the BoJ meeting, the release of the December ECB meeting account, and a raft of central bank speakers (incl. some from the Fed) will garner close attention also.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0837	0.01	1.26
EUR/GBP	0.8856	-0.44	0.14
GBP/USD	1.2235	0.45	1.14
GBP/EUR	1.1286	0.44	-0.14
USD/JPY	127.96	-0.92	-2.40
EUR/JPY	138.69	-0.91	-1.15

* 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	4.45	4.79	5.05	4.48	3.65
EUR	2.50	1.91	2.33	3.28	3.20	2.81
GBP	3.50	3.62	3.98	4.54	4.36	3.89

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

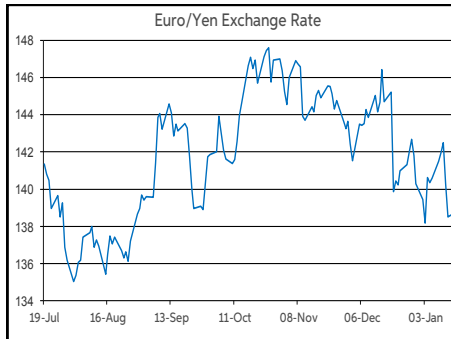
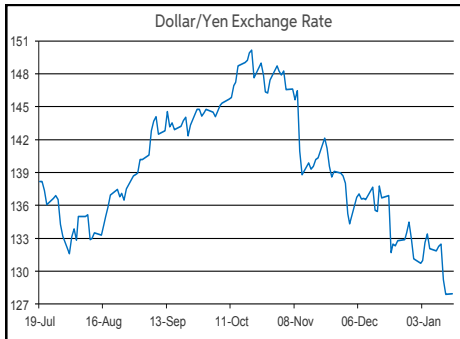
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Opening Levels

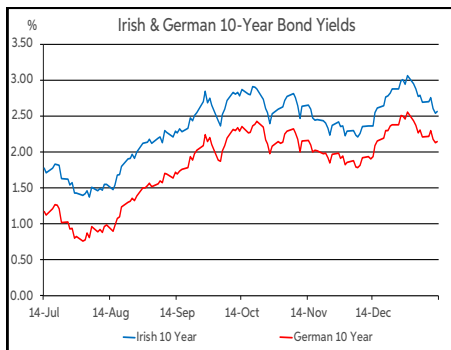
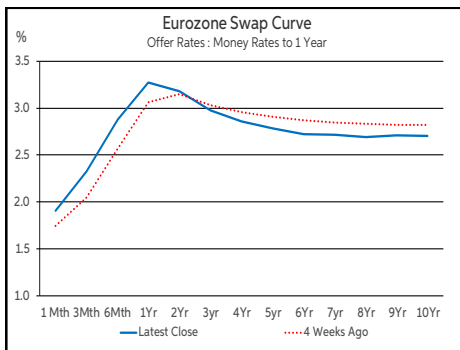
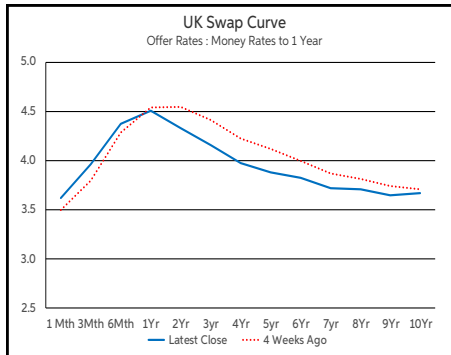
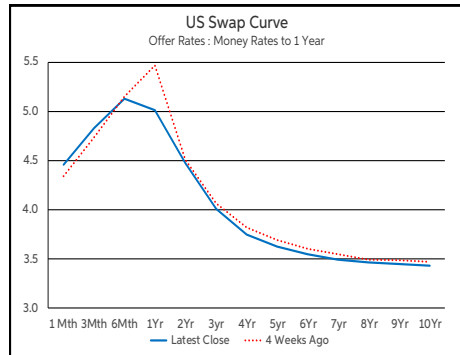
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Euro		Sterling		Dollar	
EUR/GBP	0.8856	GBP/EUR	1.1286	USD/JPY	127.96
EUR/USD	1.0837	GBP/USD	1.2235	USD/CAD	1.3376
EUR/JPY	138.69	GBP/CAD	1.6367	USD/CHF	0.9255
EUR/SEK	11.2491	GBP/NZD	1.9141	USD/CNY	6.7083
EUR/DKK	7.4386	GBP/JPY	156.56	USD/BRL	5.0945
EUR/NOK	10.6799	GBP/SEK	12.6971	USD/RUB	68
EUR/CHF	1.0031	GBP/DKK	8.3964	USD/INR	81.4575
EUR/AUD	1.5528	GBP/NOK	12.0576		
EUR/HKD	8.4641	GBP/CHF	1.1323	AUD/USD	0.6977
EUR/CAD	1.4497	GBP/AUD	1.7533	NZD/USD	0.6389



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.50	+5	+1	-38
Germany	2.14	+1	-2	-42
UK	3.37	+3	+4	-30
Ireland				
Ireland	2.59	+2	-7	-55
Belgium	2.71	+2	-4	-49
France	2.64	+1	-3	-48
Italy	4.01	+1	-27	-69
Spain	3.17	+1	-8	-49
Portugal	3.08	+0	-11	-52
Greece	4.09	+4	-22	-50
5 Year Swap %				
US	3.63	+10	-3	-37
Eurozone	2.79	+1	-11	-45
UK	3.88	+5	-23	-42
2 Year Swap %				
US	4.48	+10	+1	-20
Eurozone	3.18	+2	+4	-21
UK	4.33	+2	-21	-35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	+1	-6	-13
Belgium	57	+1	-2	-7
France	49	+0	-2	-6
Italy	187	+0	-25	-27
Spain	102	+0	-6	-7
Portugal	94	-1	-9	-10
Greece	195	+3	-20	-8



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	85.28	+1.49	+7.89	-0.73
West Texas Oil	79.9	+2.02	+7.70	-0.32
Gold \$	1920.2	+1.23	+7.13	+5.25

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