

EUR/USD starts the week near \$1.09

Risk appetite soured last week, with choppy trading conditions on markets, amid on-going concerns regarding the economic outlook. Investor sentiment was buffeted by a raft of disappointing data releases, hawkish central bank comments, as well as, weaker than anticipated corporate earnings updates. Both the Euro Stoxx 50 and the S&P 500 fell by 0.7% on the week.

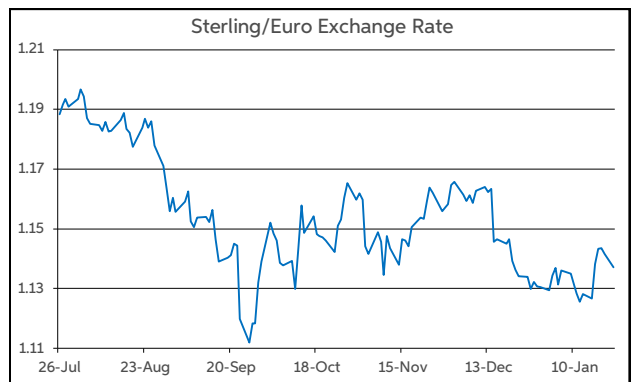
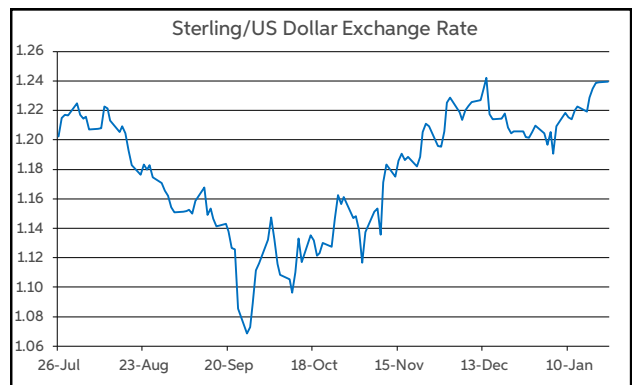
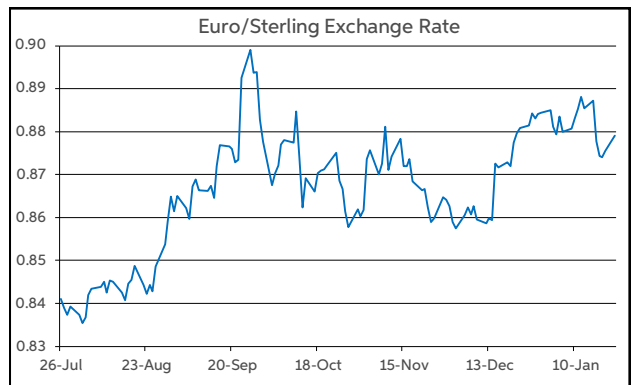
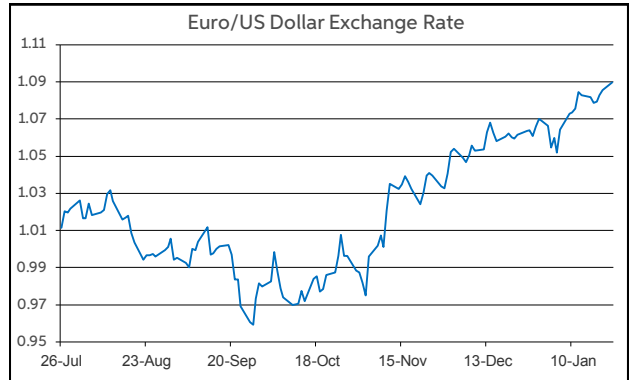
On the currency front, following a very modest fall in UK CPI inflation to 10.5% from 10.7%, and a further rise in average earnings to +6.4% y/y, UK rate hike expectations hardened somewhat. This in turn supported sterling, which rose by circa 1% versus the euro and the dollar.

Elsewhere, there were large swings in the yen, most notably during the period around the latest BoJ meeting. The BoJ left policy unchanged, despite speculation it may alter its yield curve control range once again. Overall, the currency finished the week on the defensive, with USD/JPY closing on Friday above ¥130. Meanwhile, the euro has firmed in early trading this week, while the dollar has been on the defensive.

As European trading gets underway this morning, EUR/USD opens up near the \$1.09 threshold. EUR/GBP is operating in the top half of 87-88p. Meanwhile, GBP/USD is up close to the \$1.24 mark. USD/JPY is in the lower half of the ¥130-131 corridor.

This week, the flash PMIs in the US, Eurozone and UK for January are the main highlight. Modest improvements are pencilled in all round, but most readings are expected to remain below the key 50 mark. Elsewhere, US core-PCE inflation is projected to edge lower to 4.4% in December. The first reading of US Q4 GDP is also due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0896	0.56	1.81
EUR/GBP	0.8789	0.42	-0.62
GBP/USD	1.2393	0.11	2.45
GBP/EUR	1.1371	-0.42	0.63
USD/JPY	130.17	0.77	-0.72
EUR/JPY	141.84	1.34	1.10

* 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	4.51	4.82	5.02	4.43	3.61
EUR	2.50	2.00	2.42	3.27	3.22	2.84
GBP	3.50	3.73	4.06	4.58	4.32	3.90

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

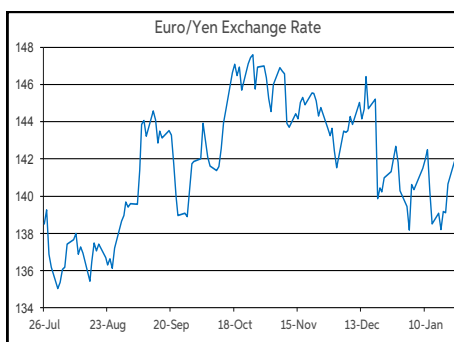
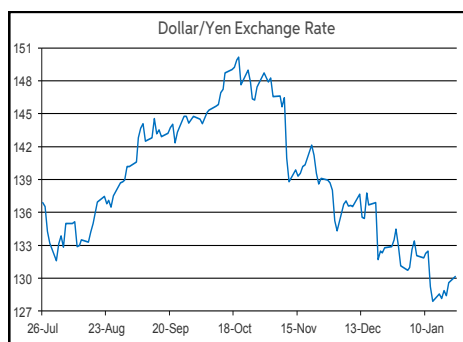
CONTACTS		
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Opening Levels

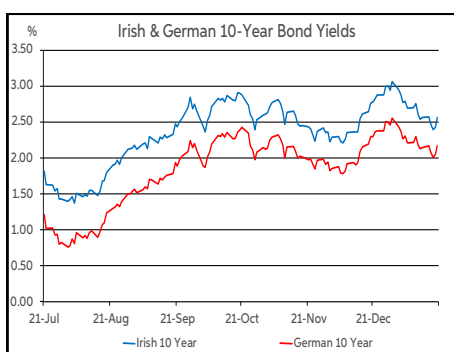
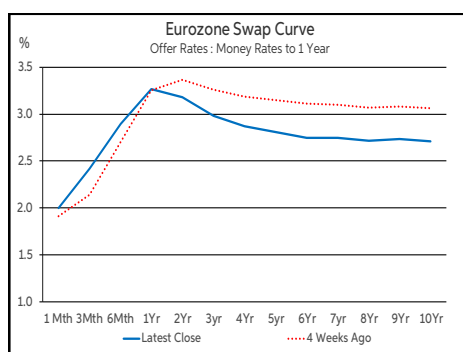
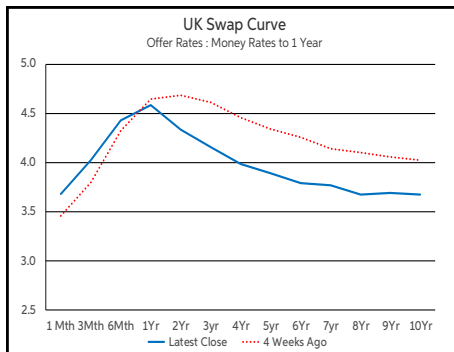
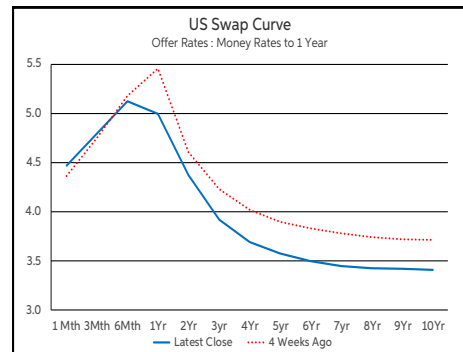
Monday 23 January 2023
07:44 am



Euro		Sterling		Dollar	
EUR/GBP	0.8789	GBP/EUR	1.1371	USD/JPY	130.17
EUR/USD	1.0896	GBP/USD	1.2393	USD/CAD	1.3381
EUR/JPY	141.84	GBP/CAD	1.6586	USD/CHF	0.9188
EUR/SEK	11.1685	GBP/NZD	1.9172	USD/CNY	6.7825
EUR/DKK	7.4388	GBP/JPY	161.32	USD/BRL	5.2074
EUR/NOK	10.7384	GBP/SEK	12.7043	USD/RUB	68.61
EUR/CHF	1.0011	GBP/DKK	8.4603	USD/INR	81.355
EUR/AUD	1.5624	GBP/NOK	12.2149	AUD/USD	0.6973
EUR/HKD	8.532	GBP/CHF	1.1388	NZD/USD	0.6462
EUR/CAD	1.458	GBP/AUD	1.7772		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.48	+8	-27	-40
Germany	2.17	+12	-22	-39
UK	3.38	+9	-26	-29
5 Year Swap %				
US	3.58	+8	-29	-42
Eurozone	2.81	+10	-33	-42
UK	3.89	+6	-40	-41
2 Year Swap %				
US	4.38	+4	-20	-30
Eurozone	3.18	+6	-17	-21
UK	4.34	-0	-35	-34
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+1	-12	-17
Belgium	54	+2	-7	-10
France	45	+2	-9	-10
Italy	181	+10	-29	-33
Spain	99	+2	-9	-10
Portugal	89	+3	-13	-15
Greece	196	-2	-18	-7



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	87.63	+1.71	+4.42	+2.00
West Texas Oil	81.27	+1.20	+2.14	+1.38
Gold \$	1926.6	-0.25	+7.16	+5.60

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