

Fed as expected, ECB & BoE ahead

The main FX pairs were confined to fairly narrow ranges throughout the European session. Market participants were keeping their powder dry ahead the conclusion of the Fed policy meeting.

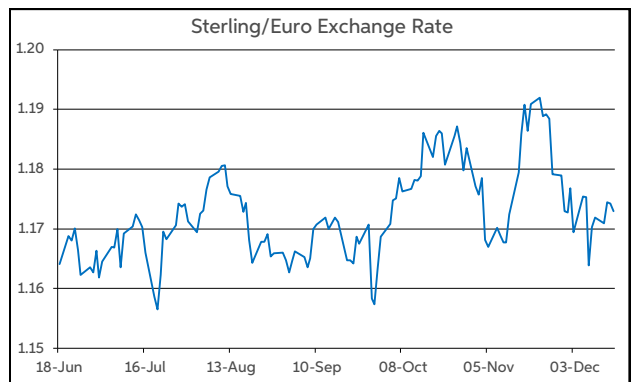
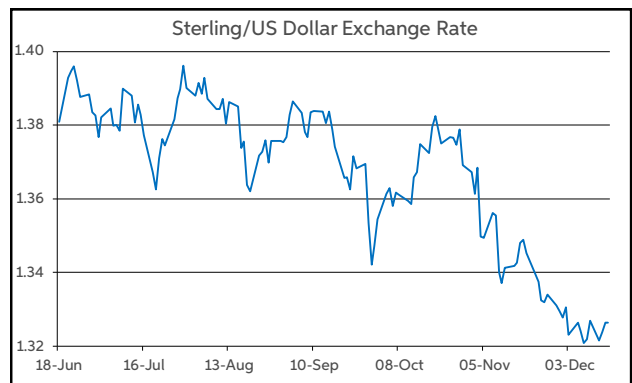
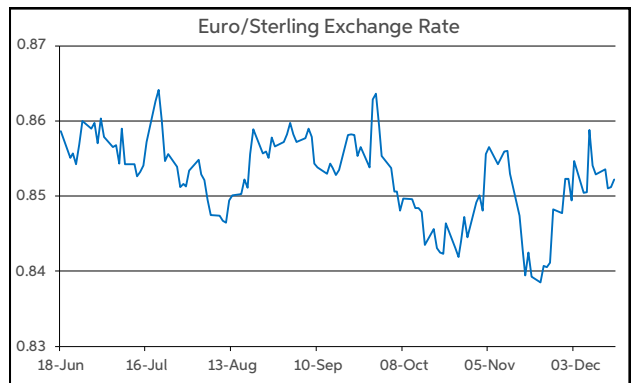
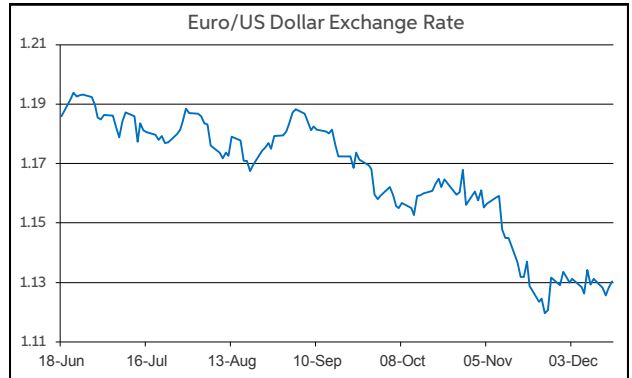
At the Fed meeting, they doubled the pace of tapering to \$30bn as expected. Regarding rate hikes, the dotplot shows the median projection is for three rate hikes next year, with three more in 2023. The dollar strengthened in the initial aftermath of the announcement, with EUR/USD falling to as low as \$1.122. However, the greenback handed back these gains following the press conference.

In level terms, this is reflected by EUR/USD opening this morning up at the \$1.13 handle. Meantime, GBP/USD is changing hands in the top half of the \$1.32-1.33 range. Elsewhere, EUR/GBP continues to operate in the lower half of the 85-86p trading band.

Ahead today, it is the turn of the BoE and the ECB to conclude their final monetary policy setting meetings of the year. The BoE is expected to leave policy unchanged, due to the emergence of the omicron variant. However, if policy is left unaltered, the market will be assessing the meeting statement and minutes for guidance as to when the BoE may hike rates.

The ECB is also set to leave policy unchanged, but may provide some guidance as to the future of its QE programmes. The latest staff projections are due as well, with upward revisions expected for inflation, although, President Lagarde is likely to reiterate that the current elevated levels of inflation will be temporary. Data-wise, the flash PMIs (Dec) for the US, UK and Eurozone are due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1302	0.29	-7.46
EUR/GBP	0.8521	0.15	-4.65
GBP/USD	1.326	0.14	-3.02
GBP/EUR	1.1728	-0.15	4.88
USD/JPY	114.13	0.36	10.55
EUR/JPY	129.01	0.68	2.26

* 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	0.21	0.45	0.85	1.31
EUR	0.00	-0.63	-0.61	-0.50	-0.33	-0.11
GBP	0.10	0.06	0.09	0.73	1.04	1.09

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

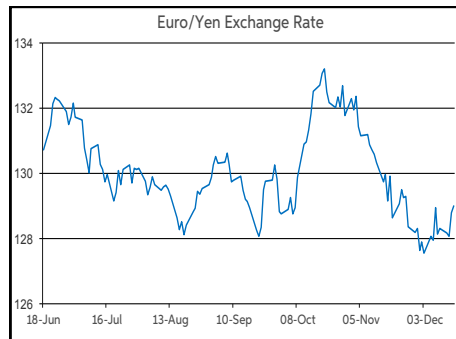
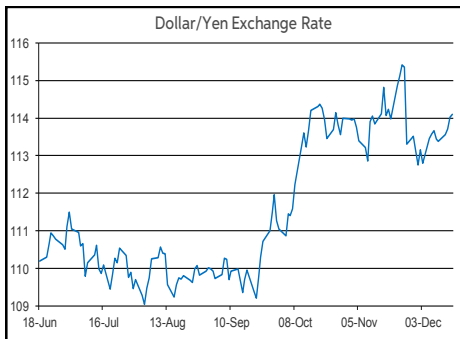
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Opening Levels

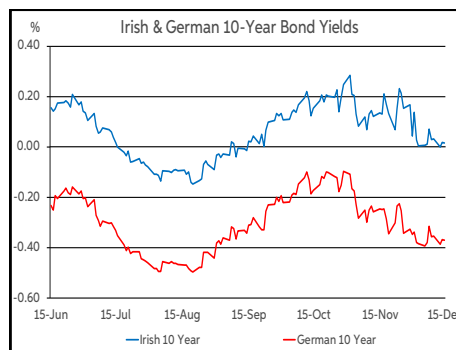
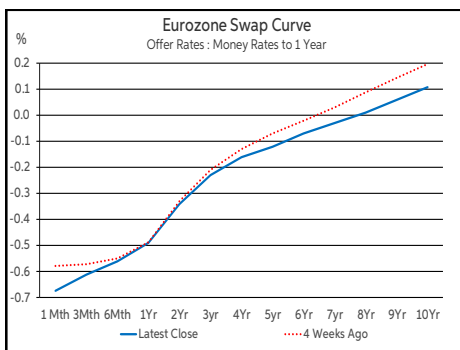
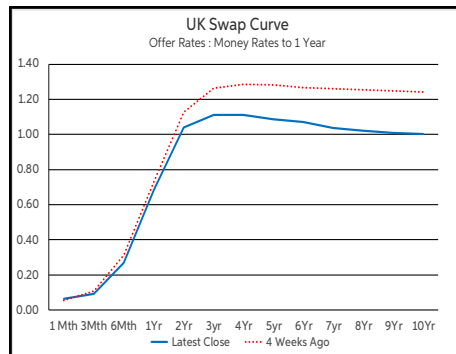
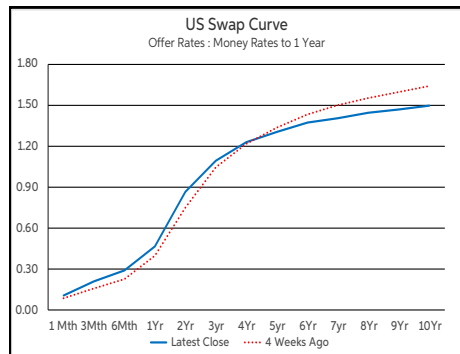
Thursday 16 December 2021
07:41 am



Euro		Sterling		Dollar	
EUR/GBP	0.8521	GBP/EUR	1.1729	USD/JPY	114.13
EUR/USD	1.1302	GBP/USD	1.3261	USD/CAD	1.2801
EUR/JPY	128.99	GBP/CAD	1.6978	USD/CHF	0.9232
EUR/SEK	10.2483	GBP/NZD	1.9521	USD/CNY	6.366
EUR/DKK	7.4359	GBP/JPY	151.35	USD/BRL	5.6806
EUR/NOK	10.1976	GBP/SEK	12.0213	USD/RUB	73.59
EUR/CHF	1.0438	GBP/DKK	8.7222	USD/INR	76.1675
EUR/AUD	1.5765	GBP/NOK	11.9575	AUD/USD	0.7169
EUR/HKD	8.8197	GBP/CHF	1.2246	NZD/USD	0.6791
EUR/CAD	1.4472	GBP/AUD	1.8495		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.46	+2	-13	+54
Germany	-0.36	+0	-12	+21
UK	0.74	+1	-23	+54
Ireland	0.08	-0	-15	+39
Belgium	-0.03	+0	-12	+36
France	-0.01	+0	-13	+33
Italy	0.92	-2	-6	+40
Spain	0.35	+1	-14	+29
Portugal	0.27	-1	-13	+21
Greece	1.24	-7	+1	+61
5 Year Swap %				
US	1.31	+1	+1	+88
Eurozone	-0.12	+1	-4	+34
UK	1.09	+2	-18	+90
2 Year Swap %				
US	0.87	+3	+15	+67
Eurozone	-0.34	+2	+0	+19
UK	1.04	+5	-8	+101
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-0	-3	+18
Belgium	34	+0	+0	+14
France	35	+0	-1	+11
Italy	129	-2	+6	+19
Spain	71	+1	-3	+8
Portugal	63	-1	-1	-1
Greece	160	-7	+13	+40



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	73.88	+0.24	-7.97	+42.63
West Texas Oil	70.89	+0.45	-9.49	+46.62
Gold \$	1777.1	+0.39	-4.82	-6.30

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