

US payrolls first big release of the New Year

Markets have been generally subdued over the Christmas period. However, there was a positive tone to investor sentiment yesterday, the first trading day of the New Year. Bond yields moved higher in the US, while the main equity indices rose on both sides of the Atlantic.

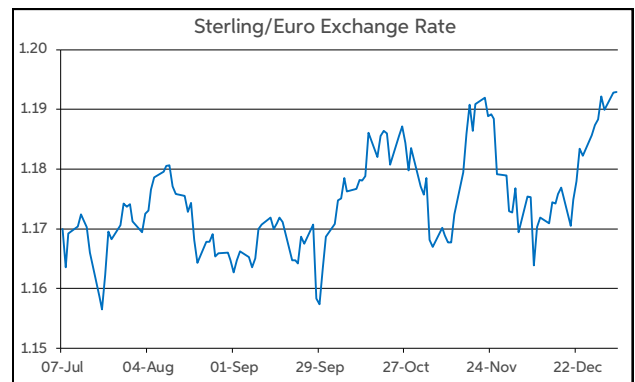
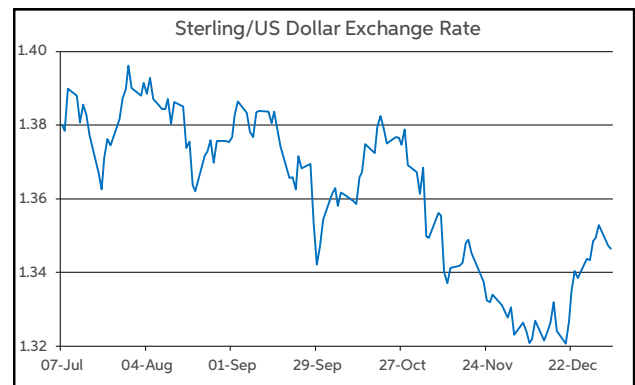
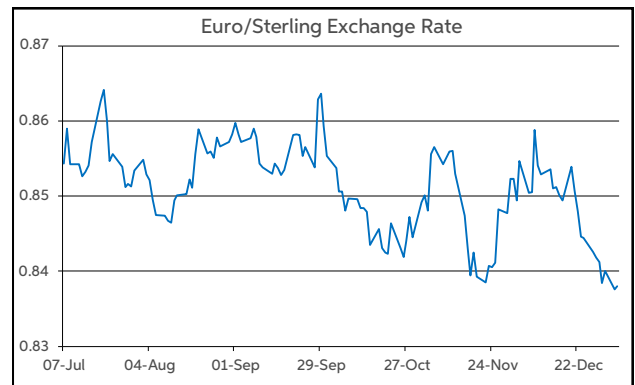
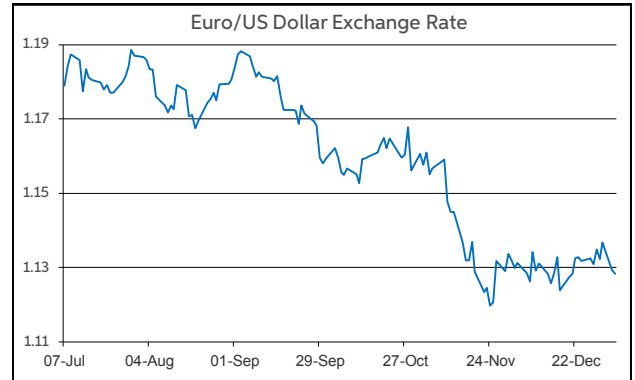
Currency-wise, the key pairs were confined to narrow trading bands over the festive period. In level terms, EUR/USD continued to trade in and around the \$1.13 level. Meantime, sterling was holding a slightly firmer tone, reflected in EUR/GBP opening this morning back below the 84p mark. GBP/USD is changing hands near the midpoint of \$1.34-1.35.

Looking back over 2021 from a currency viewpoint, the first half of the year was characterised by range bound trading. This was amid a very stable low interest rate backdrop and outlook. However, we saw increased volatility in the second half of the year as markets started to anticipate a more hawkish interest rate outlook, especially in terms of the Fed and BoE. As a result, the euro starts this year at significantly lower levels against both the dollar and sterling compared to 12 months ago.

For the week ahead, we get the key US non-farm payrolls number for December. The consensus forecast is for a gain of 400k last month. The other main highlights from the US schedule are the ISM surveys (manu and non-manu) for December. The latest Fed meeting minutes will also garner close attention.

Elsewhere, the UK is quiet this week in terms of data releases. Meanwhile, December inflation numbers and EC sentiment indices are the main data of note due from the Eurozone.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1282	-0.48	-0.76
EUR/GBP	0.8378	-0.25	-0.26
GBP/USD	1.3466	-0.24	-0.47
GBP/EUR	1.1932	0.25	0.26
USD/JPY	115.71	0.36	0.55
EUR/JPY	130.57	-0.11	-0.23

* 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	0.10	0.21	0.53	0.97	1.45
EUR	0.00	-0.58	-0.57	-0.51	-0.28	0.05
GBP	0.10	0.19	0.26	0.89	1.23	1.31

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

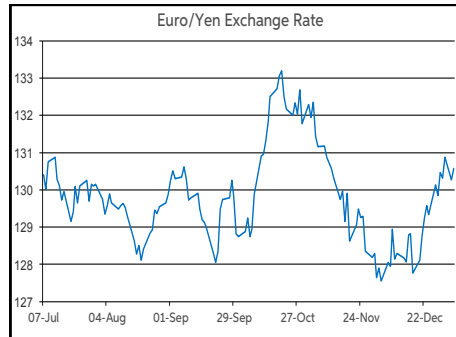
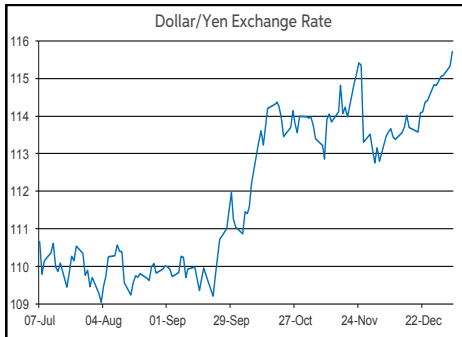
CONTACTS		
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Opening Levels

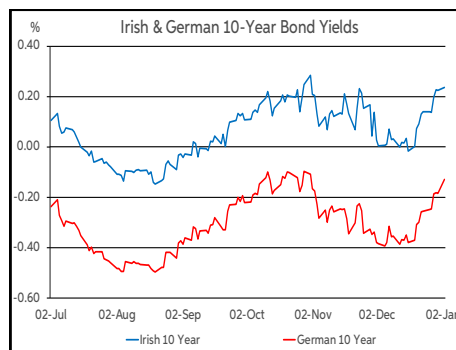
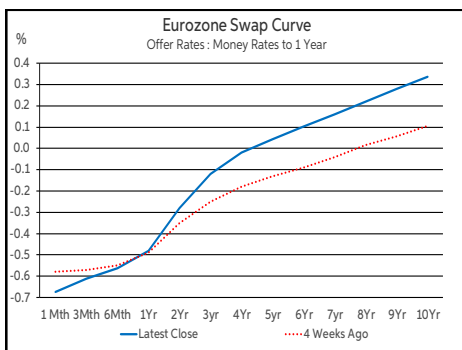
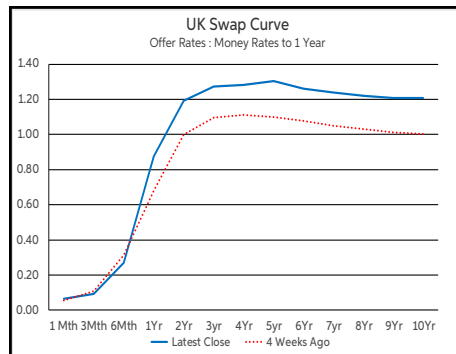
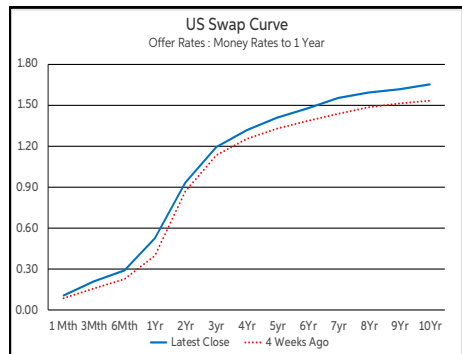
Tuesday 04 January 2022
07:36 am



Euro		Sterling		Dollar	
EUR/GBP	0.8378	GBP/EUR	1.1932	USD/JPY	115.71
EUR/USD	1.1282	GBP/USD	1.3466	USD/CAD	1.273
EUR/JPY	130.56	GBP/CAD	1.7147	USD/CHF	0.9191
EUR/SEK	10.2806	GBP/NZD	1.9831	USD/CNY	6.3748
EUR/DKK	7.4376	GBP/JPY	155.82	USD/BRL	5.6818
EUR/NOK	10.013	GBP/SEK	12.268	USD/RUB	74.8
EUR/CHF	1.037	GBP/DKK	8.8774	USD/INR	74.528
EUR/AUD	1.5658	GBP/NOK	11.9496	AUD/USD	0.7206
EUR/HKD	8.7946	GBP/CHF	1.238	NZD/USD	0.6789
EUR/CAD	1.4364	GBP/AUD	1.8688		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.64	+12	+20	+12
Germany	-0.12	+6	+26	+6
UK	0.97	+0	+24	+0
5 Year Swap %				
US	1.41	+8	+11	+8
Eurozone	0.04	+3	+18	+3
UK	1.30	+3	+21	+3
2 Year Swap %				
US	0.94	-1	+10	-1
Eurozone	-0.28	+2	+8	+2
UK	1.19	+0	+20	+0
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-3	-6	-3
Belgium	34	-2	-1	-2
France	36	-2	+0	-2
Italy	132	-4	+5	-4
Spain	73	-5	-0	-5
Portugal	63	-3	-2	-3
Greece	144	-5	-23	-5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	78.98	+1.54	+8.07	+1.54
West Texas Oil	75.99	+0.88	+9.15	+0.88
Gold \$	1800.8	-1.51	+1.28	-1.51

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