

Main FX pairs range bound

The risk averse tone to investor sentiment on financial markets last week carried over into trading yesterday. Equity markets on both sides of the Atlantic moved lower in the European session, as participants continued to re-price assets following suggestions that the Fed may tighten monetary policy much faster than had been anticipated. The Euro Stoxx 50 fell by 1.5% yesterday. However, US stock markets recovered strongly just before the close, finishing the day close to flat.

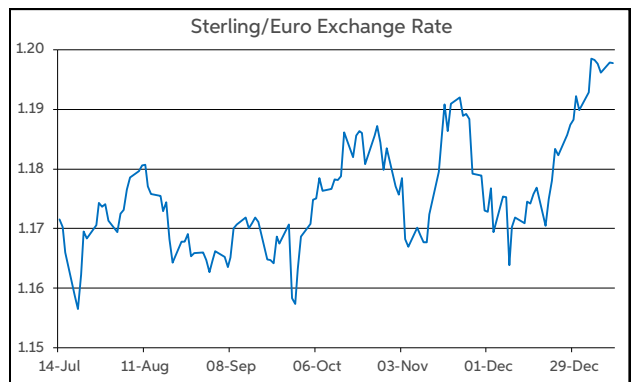
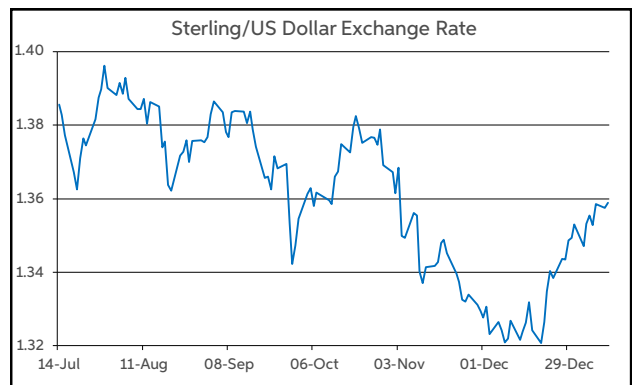
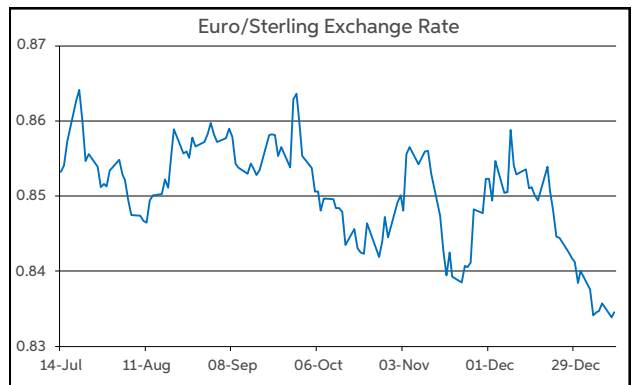
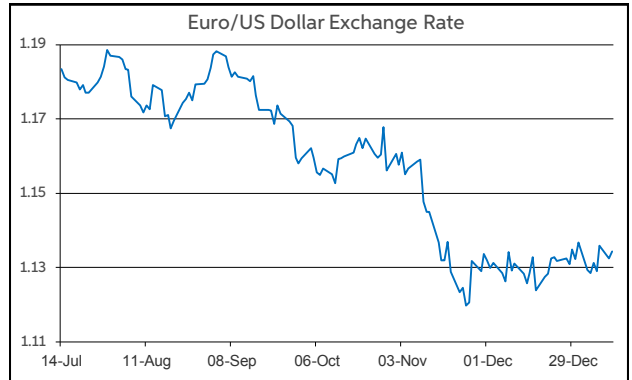
Elsewhere, bond markets paused for breath, having risen by 15-25bps last week. Yields moved by 1-3bps on the day. Meanwhile, oil prices declined by 1% over growing concerns for demand due to surging Omicron Covid-19 case numbers globally.

On the currency front, the action was also lacklustre. The key FX rates remained confined to narrow ranges on the exchanges. Of the limited moves to register, the yen regained some support, having suffered some heavy losses recently. The currency rose by around 0.5% versus the euro, dollar and sterling.

In level terms, the limited action is reflected in the main pairs opening at levels similar to 24 hours ago. EUR/USD is operating near the heart of the \$1.13-1.14 band. EUR/GBP remains close to the midpoint of 83-84p. GBP/USD continues to trade just below the \$1.36 handle.

Ahead today, there is a sparse data schedule in Europe and the US. However, both the head of the US Federal Reserve, Chair Powell, and ECB President Lagarde, are due to make prepared remarks which will garner close attention. A plethora of other Fed officials are also due out today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.134	0.06	-0.25
EUR/GBP	0.8342	0.00	-0.69
GBP/USD	1.3592	0.05	0.47
GBP/EUR	1.1985	0.00	0.70
USD/JPY	115.21	-0.52	0.11
EUR/JPY	130.67	-0.44	-0.15

* 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	0.125	0.11	0.24	0.62	1.12	1.63
EUR	0.00	-0.57	-0.58	-0.47	-0.25	0.10
GBP	0.25	0.25	0.49	1.09	1.37	1.47

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

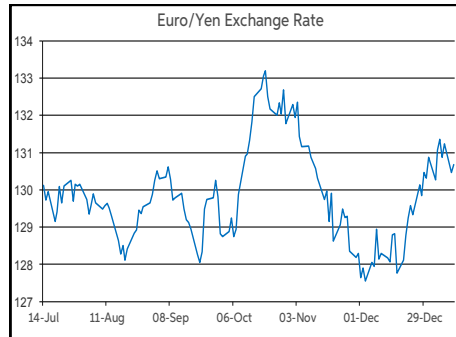
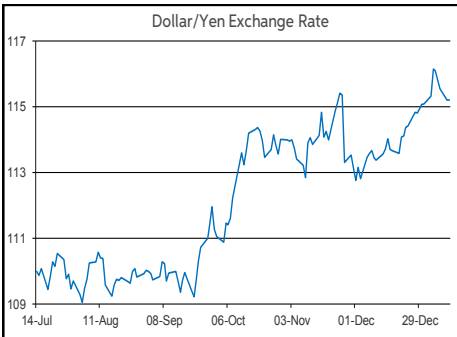
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Opening Levels

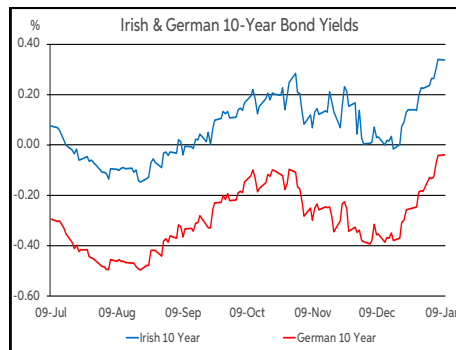
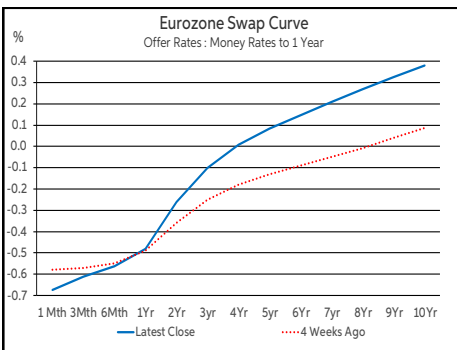
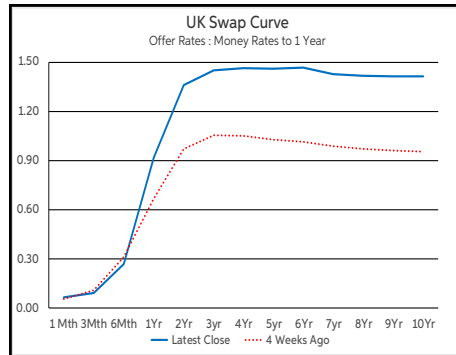
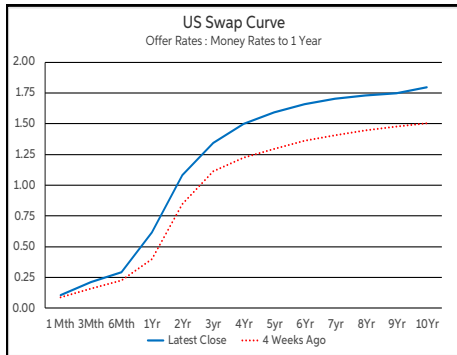
Tuesday 11 January 2022
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8343	GBP/EUR	1.1982	USD/JPY	115.22
EUR/USD	1.1339	GBP/USD	1.3591	USD/CAD	1.2642
EUR/JPY	130.66	GBP/CAD	1.718	USD/CHF	0.9258
EUR/SEK	10.3003	GBP/NZD	2.0074	USD/CNY	6.372
EUR/DKK	7.4383	GBP/JPY	156.6	USD/BRL	5.6633
EUR/NOK	10.028	GBP/SEK	12.343	USD/RUB	74.831
EUR/CHF	1.0498	GBP/DKK	8.9131	USD/INR	73.881
EUR/AUD	1.578	GBP/NOK	12.0116	AUD/USD	0.7185
EUR/HKD	8.8416	GBP/CHF	1.2582	NZD/USD	0.6768
EUR/CAD	1.4341	GBP/AUD	1.8912		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.76	-1	+34	+24
Germany	-0.04	-1	+34	+14
UK	1.19	+1	+50	+22
Ireland				
Ireland	0.37	+0	+34	+12
Belgium	0.28	-1	+32	+10
France	0.29	-0	+32	+9
Italy	1.29	-3	+37	+10
Spain	0.66	+0	+34	+6
Portugal	0.59	-2	+32	+10
Greece	1.57	+4	+21	+25
5 Year Swap %				
US	1.59	+2	+32	+26
Eurozone	0.08	+1	+22	+7
UK	1.46	+1	+44	+19
2 Year Swap %				
US	1.08	+3	+26	+14
Eurozone	-0.26	+1	+11	+4
UK	1.36	+10	+40	+17
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+1	-1	-3
Belgium	31	+0	-2	-5
France	32	+0	-3	-5
Italy	132	-3	+3	-4
Spain	69	+1	-1	-8
Portugal	62	-1	-2	-4
Greece	160	+5	-13	+11



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	80.87	-1.08	+8.71	+3.97
West Texas Oil	78.11	-1.13	+9.72	+3.69
Gold \$	1801.4	+0.32	+0.81	-1.48

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