

# Morning Comment

AIB Treasury Economic Research Unit



Wednesday 11 January 2023  
07:33 am

## Quiet day on markets

There was a mixed tone to investor sentiment yesterday. The Euro Stoxx 50 fell back modestly, by 0.3%, having moved sharply higher since the start of the year. On Wall Street, the S&P 500 finished with a 0.7% gain on the day. Elsewhere, oil prices rose by circa 0.5%, with Brent crude inching higher, back up to \$80 per barrel.

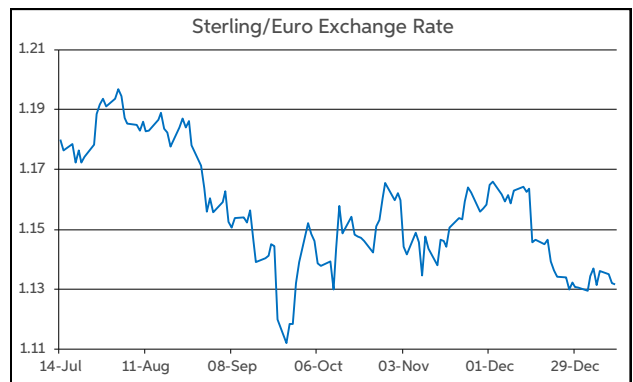
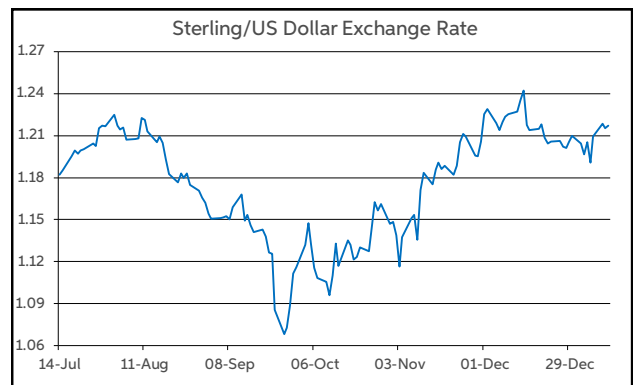
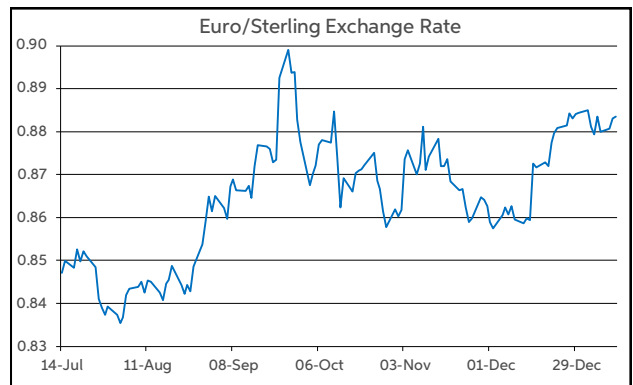
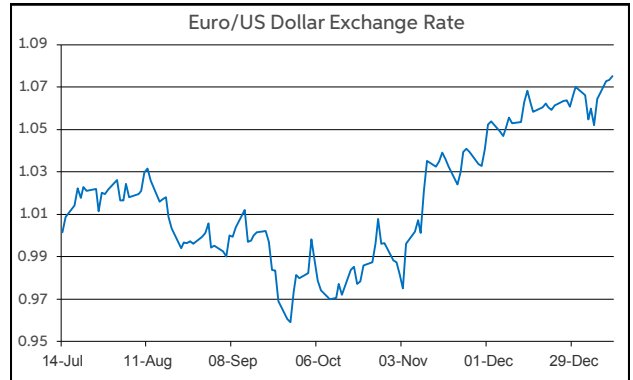
In terms of fixed income markets, yields rose across the board. US Treasury yields climbed 5-9bps higher. Similarly, German Bund yields increased by circa 8bps. Meanwhile, UK Gilt yields moved a more modest 2-3bps higher.

On the currency front, the majors traded in very narrow ranges throughout the day. A sparse data schedule likely contributed to the lacklustre price action. The only release of note, US Small Business Optimism, edged lower to 89.8 in December from 91.9. However, the data did not impact the dollar. There was also no market moving comments from the raft of central bank speakers yesterday, which included Fed Chair Powell.

As trading gets underway this morning, the majors open at very similar levels to 24 hours ago. EUR/USD remains in and around the midpoint of the \$1.07-1.08 corridor. Meantime, EUR/GBP has held its ground above the 88p threshold, with the pair continuing to change hands in the bottom half of the 88-89p band. Cable (GBP/USD) is operating above the midpoint of \$1.21-1.22. Elsewhere, USD/JPY continues to straddle the ¥132 handle.

Turning to the day ahead, the data schedule, once again, is very light on both sides of the Atlantic. As a result, currency markets may continue to trade sideways, ahead of the key data release, US CPI inflation for December, due tomorrow.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0752	0.10	0.47
EUR/GBP	0.8832	0.12	-0.14
GBP/USD	1.217	-0.03	0.60
GBP/EUR	1.1316	-0.12	0.14
USD/JPY	132.28	0.39	0.89
EUR/JPY	142.22	0.47	1.37

\* 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	4.43	4.81	5.04	4.50	3.69
EUR	2.50	1.90	2.27	3.27	3.28	2.92
GBP	3.50	3.58	3.96	4.58	4.47	4.10

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

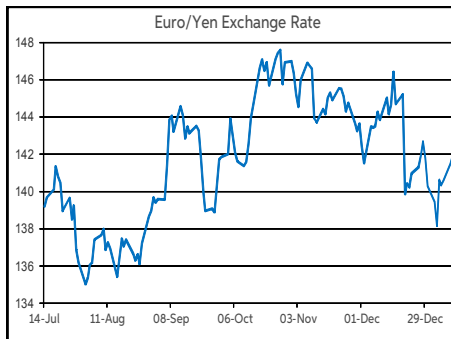
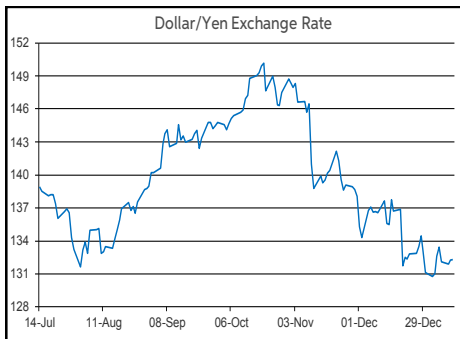
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# Opening Levels

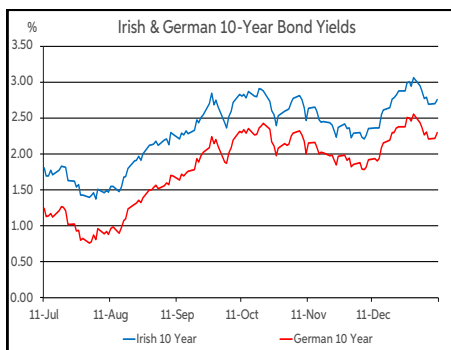
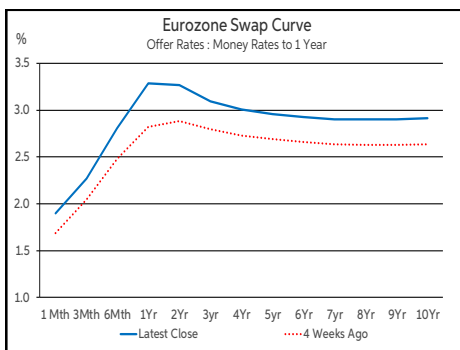
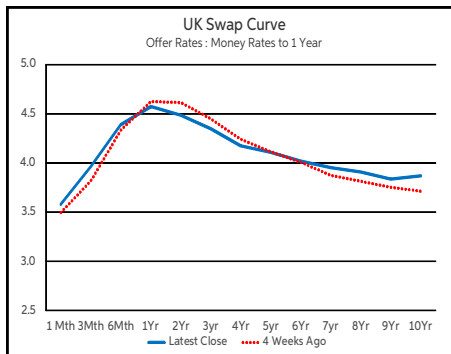
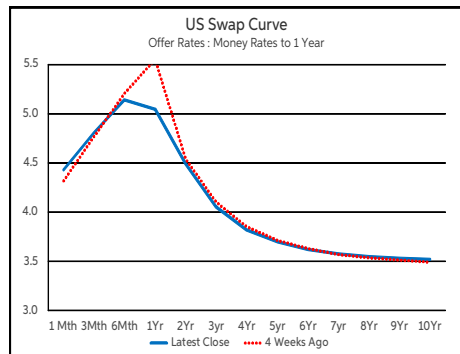
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Euro		Sterling		Dollar	
EUR/GBP	0.8832	GBP/EUR	1.1316	USD/JPY	132.28
EUR/USD	1.0752	GBP/USD	1.217	USD/CAD	1.3418
EUR/JPY	142.22	GBP/CAD	1.6331	USD/CHF	0.9209
EUR/SEK	11.1918	GBP/NZD	1.9093	USD/CNY	6.7713
EUR/DKK	7.4366	GBP/JPY	160.98	USD/BRL	5.1997
EUR/NOK	10.7233	GBP/SEK	12.6727	USD/RUB	69.65
EUR/CHF	0.9899	GBP/DKK	8.4165	USD/INR	81.648
EUR/AUD	1.556	GBP/NOK	12.1375		
EUR/HKD	8.3994	GBP/CHF	1.1207	AUD/USD	0.6909
EUR/CAD	1.4427	GBP/AUD	1.7613	NZD/USD	0.6372



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	3.62	+9	+11	-26
Germany	2.30	+8	+39	-26
UK	3.56	+3	+27	-11
<b>5 Year Swap %</b>				
US	3.70	+6	+2	-30
Eurozone	2.96	+5	+28	-27
UK	4.11	+2	+5	-19
<b>2 Year Swap %</b>				
US	4.49	+4	-1	-19
Eurozone	3.27	+3	+40	-12
UK	4.48	+3	-13	-20
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	48	-3	-1	-11
Belgium	59	-3	+1	-5
France	50	-1	+2	-5
Italy	192	-4	+3	-22
Spain	103	-2	+1	-6
Portugal	96	-2	+3	-7
Greece	208	-15	+4	+5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	80.1	+0.56	-0.72	-6.76
West Texas Oil	75.11	+0.56	-0.44	-6.30
Gold \$	1877.3	+0.30	+3.70	+2.90

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