

## US CPI inflation due today

There was a more positive tone to investor sentiment yesterday, as risk appetite firmed. The Euro Stoxx 50 and the S&P 500 gained around 1%. Meantime, on bond markets, UK gilts declined by 1-4bps along the curve. Benchmark US and Eurozone yields were little changed.

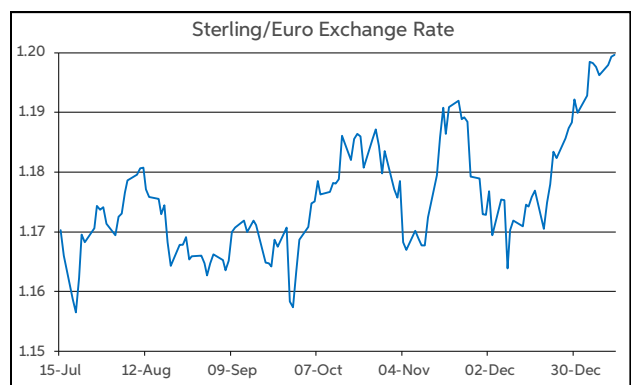
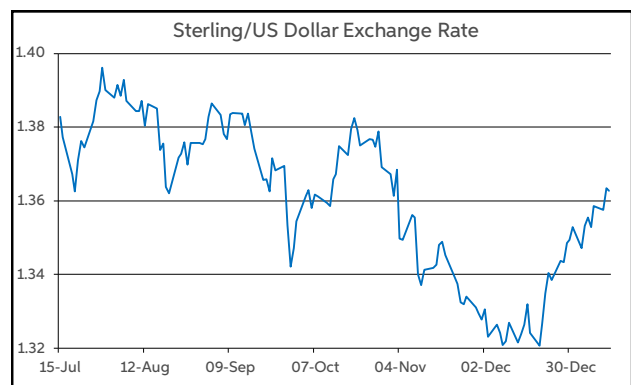
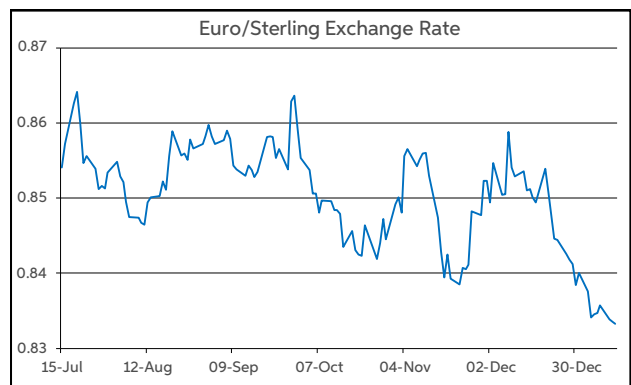
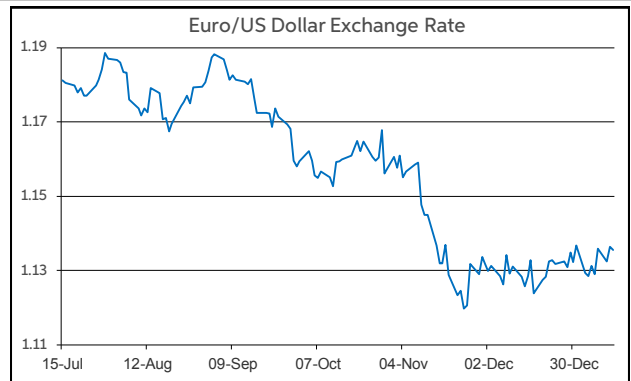
On the currency front, the main pairs continued to operate in very narrow ranges. Of the limited action to note, the dollar was holding a slightly softer tone. A barren data schedule on both sides of the Atlantic contributed to the muted moves on the exchanges.

Elsewhere, in prepared remarks to Congress yesterday, Fed Chair Powell reiterated that the central bank is committed to containing inflation which has surged over the past 12 months. Meantime a number of regional Fed Presidents called for a faster removal of monetary policy support. The market believes a first rate hike from the Fed could arrive as early as March.

However, despite the hawkish remarks, as mentioned above, the dollar ended the day slightly lower. The latest positioning data shows that the market is stretched long the currency and this may be acting as a headwind. EUR/USD opens above the midpoint of \$1.13-1.14. GBP/USD is trading in the bottom half of \$1.36-1.37. EUR/GBP remains between 83-84p.

Ahead today, US CPI inflation data are the main release of note. An above consensus print may provide the dollar with some momentum. The forecast is for headline CPI to rise to 7.0% in December, with the core rate rising to 5.4% also. Elsewhere, Eurozone industrial production is projected to have increased by 0.5% in November.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1355	0.15	-0.11
EUR/GBP	0.8333	-0.06	-0.80
GBP/USD	1.3628	0.24	0.73
GBP/EUR	1.1998	0.06	0.80
USD/JPY	115.39	0.10	0.27
EUR/JPY	131.07	0.29	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	0.10	0.24	0.62	1.12	1.61
EUR	0.00	-0.56	-0.57	-0.49	-0.24	0.11
GBP	0.25	0.27	0.50	1.09	1.36	1.46

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

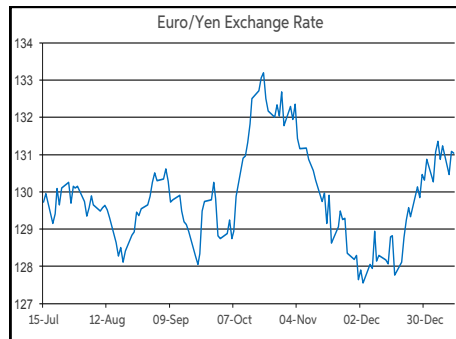
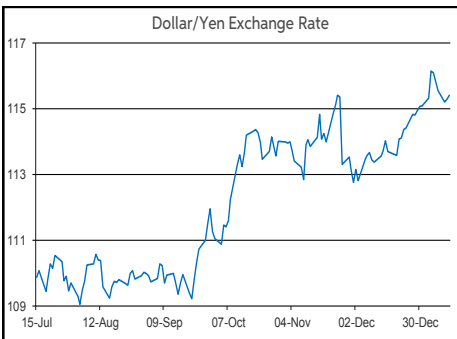
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# Opening Levels

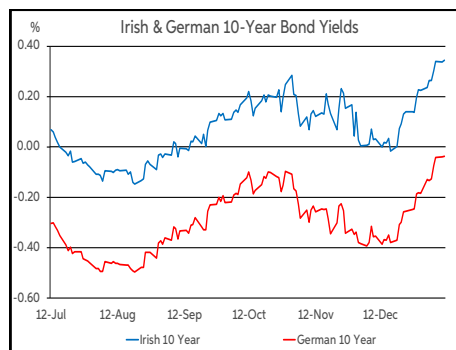
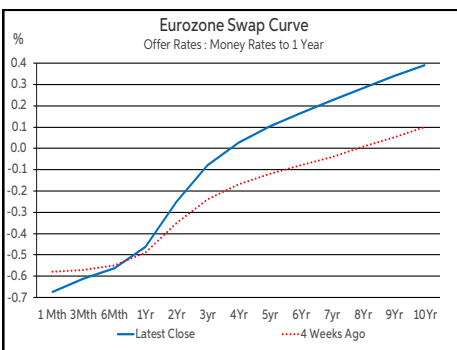
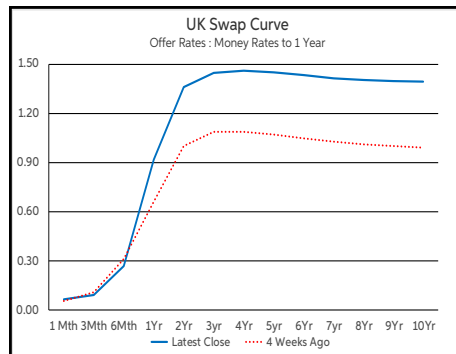
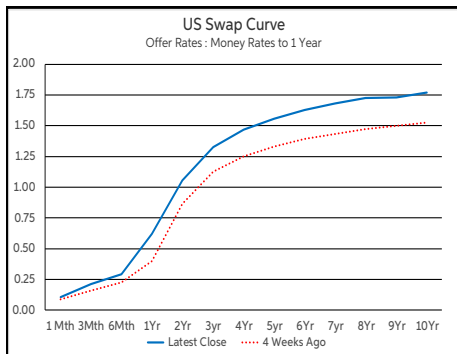
Wednesday 12 January 2022  
07:47 am



Euro		Sterling		Dollar	
EUR/GBP	0.8331	GBP/EUR	1.1996	USD/JPY	115.4
EUR/USD	1.1355	GBP/USD	1.3626	USD/CAD	1.2571
EUR/JPY	131.07	GBP/CAD	1.7132	USD/CHF	0.924
EUR/SEK	10.2589	GBP/NZD	2.0091	USD/CNY	6.3643
EUR/DKK	7.4415	GBP/JPY	157.24	USD/BRL	5.5686
EUR/NOK	9.9667	GBP/SEK	12.309	USD/RUB	74.547
EUR/CHF	1.0495	GBP/DKK	8.9277	USD/INR	73.978
EUR/AUD	1.5758	GBP/NOK	11.958	AUD/USD	0.7205
EUR/HKD	8.852	GBP/CHF	1.2594	NZD/USD	0.678
EUR/CAD	1.4276	GBP/AUD	1.8909		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.75	-1	+31	+23
Germany	-0.03	+0	+33	+15
UK	1.17	-2	+45	+20
<b>5 Year Swap %</b>				
US	1.56	-3	+26	+23
Eurozone	0.10	+2	+23	+9
UK	1.45	-1	+39	+18
<b>2 Year Swap %</b>				
US	1.06	-2	+22	+11
Eurozone	-0.25	+1	+11	+5
UK	1.36	-0	+37	+17
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	41	+1	-4	-2
Belgium	32	+1	-2	-4
France	33	+1	-2	-4
Italy	141	+9	+11	+5
Spain	70	+1	-0	-8
Portugal	64	+2	+0	-3
Greece	162	+2	-6	+13



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	83.72	+3.52	+13.60	+7.64
West Texas Oil	81.17	+3.92	+15.02	+7.75
Gold \$	1822.0	+1.14	+2.93	-0.35

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