

Cloudy outlook leads to choppy trading

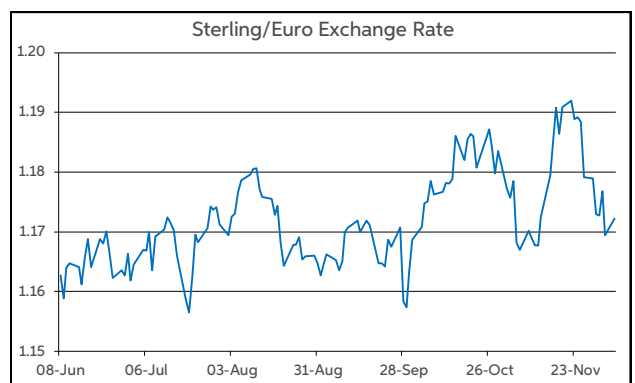
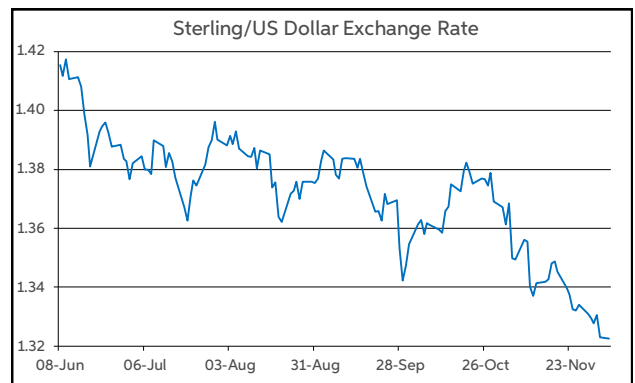
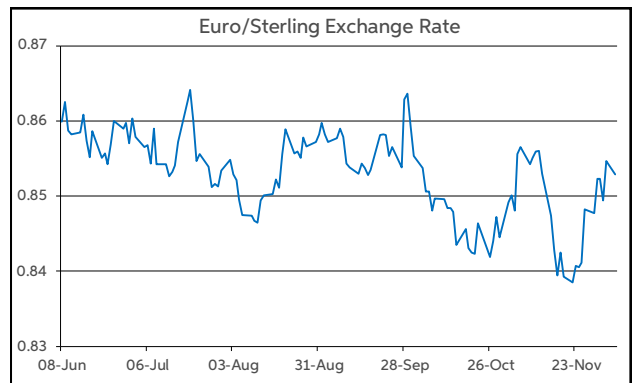
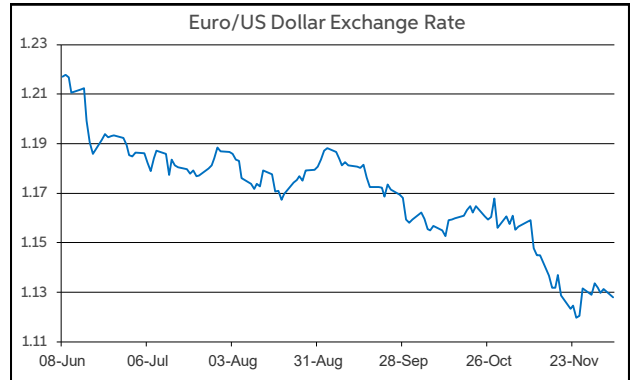
There were volatile trading conditions on markets last week, as negative newsflow in relation to the latest Covid variant, and the re-imposition of some restrictions weighed on sentiment. Meanwhile, some unexpected hawkish comments from Fed Chair Powell caught markets by surprise, adding to the volatility, not only on equity markets, but also for bonds and the dollar.

Data-wise, the main focus was on the US non-farm payrolls figure for November. The headline number was well below the consensus, at 210K (vs 550k f'cast). The dollar initially weakened slightly following the release, but regained some momentum before the close as investors took a look under the bonnet of the labour market report. The unemployment rate declined sharply to 4.2% from 4.6%, while the participation rate edged above its post-Covid peak, as both metrics came in ahead of expectations.

In level terms, EUR/USD opens this morning below the \$1.13 mark, having trading as high as \$1.138 last week. Meantime, EUR/GBP starts the week above 85p, having spent last week in a 84.4-85.5p trading band. Elsewhere, GBP/USD is changing hands in the bottom half of the \$1.32-1.33 range, as markets have become less confident the BoE will hike rates at its policy meeting next week.

Looking ahead to this week, markets will likely continue to assess the potential of a quicker paced taper from the Fed. Another elevated US CPI inflation print (due Friday), as is expected, would increase the odds of QE being withdrawn faster. The other main data release comes from the UK, in the form of October's GDP print. The consensus is for output to rise by 0.5%. However, sentiment is likely to continue to be driven by Covid related newsflow, as the outlook remains clouded by the Omicron variant.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.128	-0.15	-7.64
EUR/GBP	0.8529	0.36	-4.57
GBP/USD	1.3226	-0.52	-3.27
GBP/EUR	1.1721	-0.36	4.78
USD/JPY	113.1	-0.09	9.55
EUR/JPY	127.6	-0.24	1.14

* 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	0.19	0.40	0.85	1.28
EUR	0.00	-0.57	-0.56	-0.49	-0.36	-0.14
GBP	0.10	0.07	0.09	0.68	1.03	1.11

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

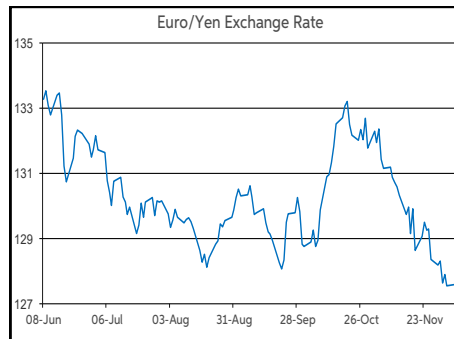
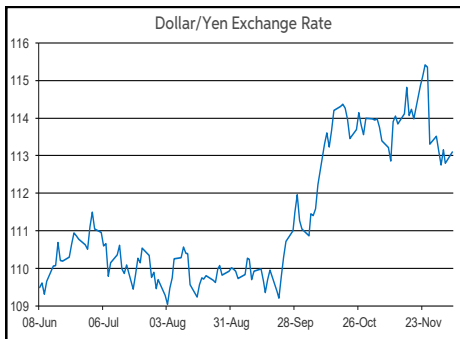
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

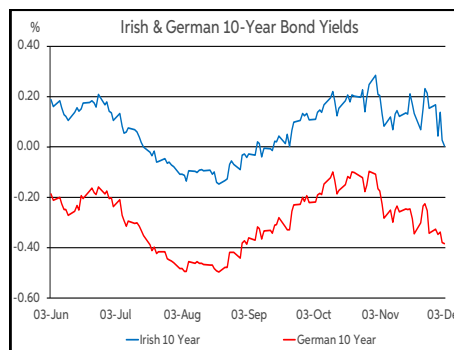
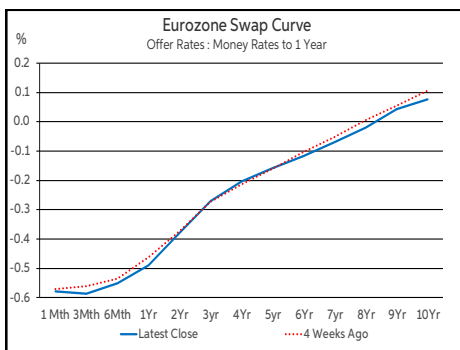
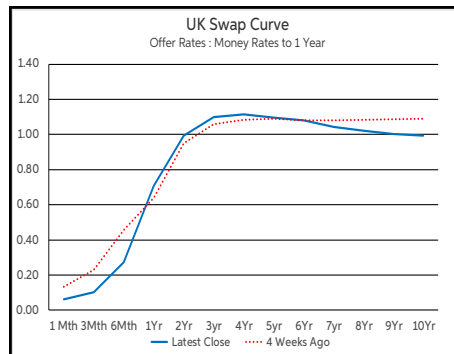
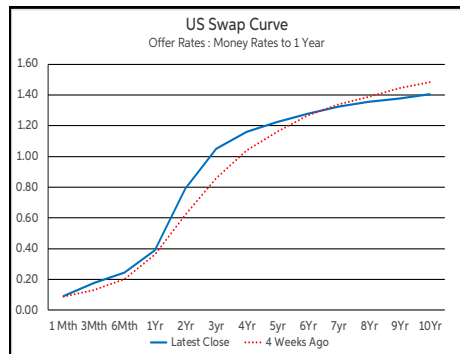
Monday 06 December 2021
07:13 am



Euro		Sterling		Dollar	
EUR/GBP	0.8529	GBP/EUR	1.1721	USD/JPY	113.1
EUR/USD	1.128	GBP/USD	1.3226	USD/CAD	1.2828
EUR/JPY	127.6	GBP/CAD	1.6966	USD/CHF	0.9208
EUR/SEK	10.3369	GBP/NZD	1.9604	USD/CNY	6.3725
EUR/DKK	7.4361	GBP/JPY	149.59	USD/BRL	5.6524
EUR/NOK	10.3475	GBP/SEK	12.1185	USD/RUB	73.663
EUR/CHF	1.039	GBP/DKK	8.7162	USD/INR	75.3625
EUR/AUD	1.6086	GBP/NOK	12.13	AUD/USD	0.7013
EUR/HKD	8.7974	GBP/CHF	1.2181	NZD/USD	0.6745
EUR/CAD	1.4472	GBP/AUD	1.8858		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.36	-9	-10	+44
Germany	-0.38	-1	-10	+20
UK	0.75	-7	-10	+55
5 Year Swap %				
US	1.22	-6	+10	+80
Eurozone	-0.16	-2	+1	+30
UK	1.10	-6	+2	+91
2 Year Swap %				
US	0.79	-3	+21	+60
Eurozone	-0.38	-1	-0	+15
UK	0.99	-5	+5	+97
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-2	+2	+18
Belgium	34	-1	+4	+15
France	35	-1	+1	+12
Italy	130	-3	+14	+21
Spain	73	-3	+5	+10
Portugal	66	-3	+7	+3
Greece	160	+2	+22	+40



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	69.88	+0.30	-15.54	+34.90
West Texas Oil	66.39	-0.32	-18.29	+37.31
Gold \$	1783.7	+0.85	-1.82	-5.95

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