

No news is good news

In contrast to the risk averse mood on markets for much of last week, owing to headlines relating to the Omicron variant and a more hawkish Fed, there was a positive tone to investor sentiment yesterday. The Euro Stoxx 50 finished up 1.4%. Meantime, at the closing bell on Wall Street, the S&P 500 was circa 1% higher.

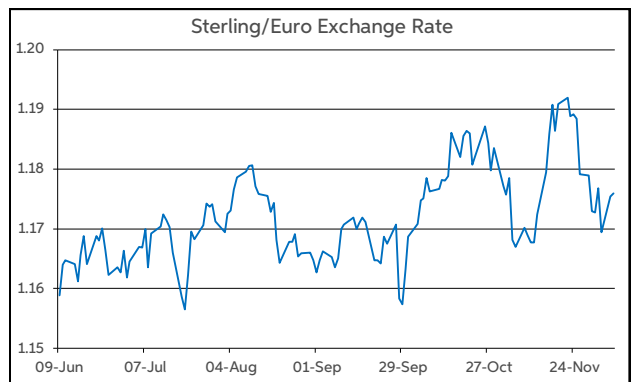
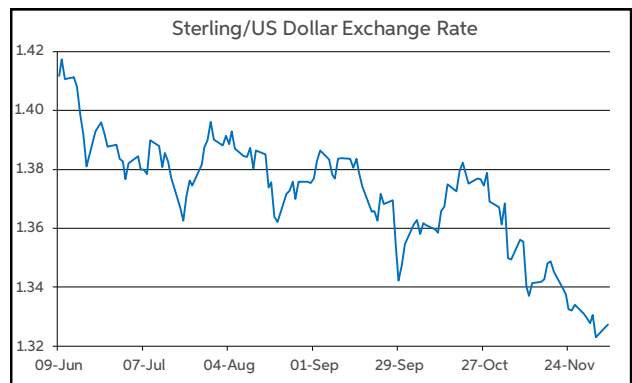
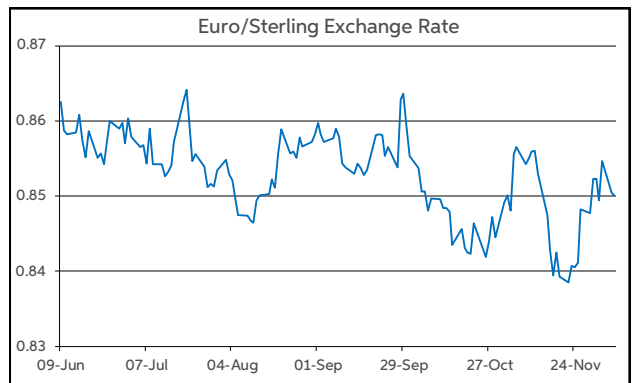
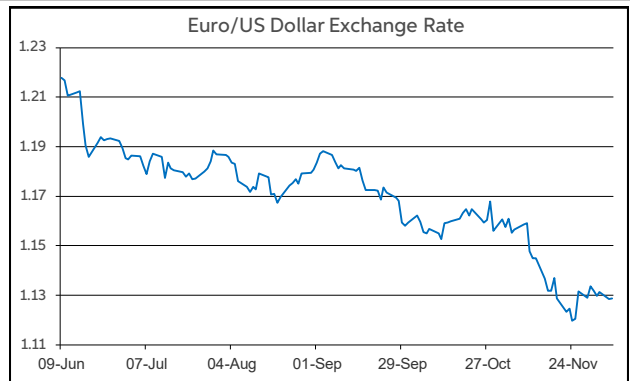
On the currency front, the key FX pairs operated in narrow ranges yesterday. A sparse data calendar may have contributed to the lacklustre action on the exchanges. Of the limited moves to note, sterling regained some slight support, having come under some downward pressure last week.

Market expectations of a December rate hike from the BoE have been pared back recently, which has been unhelpful for sterling. Comments last Friday from BoE MPC member Saunders, that it may be appropriate for the BoE to hold-off on hiking interest rates until more is known about the Omicron variant, added to expectations of an early rate hike declining further. Meanwhile, a speech yesterday from another BoE MPC member, Broadbent, provide little indication as to which way he will vote at the policy meeting next week.

In level terms, the slightly firmer tone to sterling is reflected in EUR/GBP opening this morning down at the 85p mark. Meantime, GBP/USD is changing hands in the top half of the \$1.32-1.33 range. EUR/USD continues to operate just below the \$1.13 threshold.

Ahead today, another quiet data schedule suggests that currency markets may be confined to their recent ranges once again. However, sentiment is likely to remain highly sensitive to Omicron related newsflow, which may spark bouts of volatility.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1286	0.05	-7.59
EUR/GBP	0.85	-0.29	-4.89
GBP/USD	1.3276	0.38	-2.90
GBP/EUR	1.1758	0.29	5.14
USD/JPY	113.65	0.54	10.08
EUR/JPY	128.28	0.60	1.68

* 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	0.42	0.89	1.36
EUR	0.00	-0.57	-0.56	-0.49	-0.35	-0.12
GBP	0.10	0.07	0.09	0.69	1.02	1.12

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

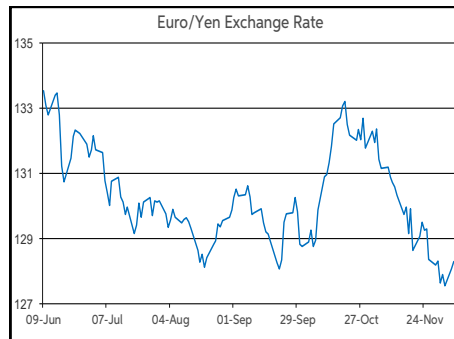
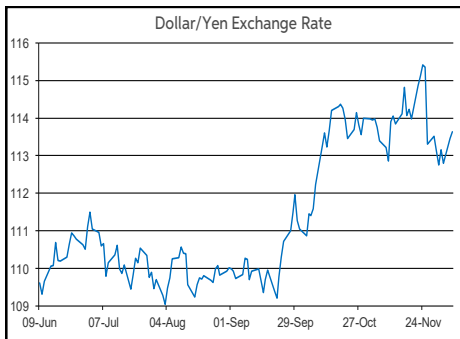
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

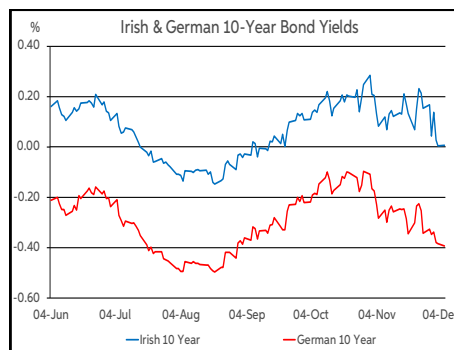
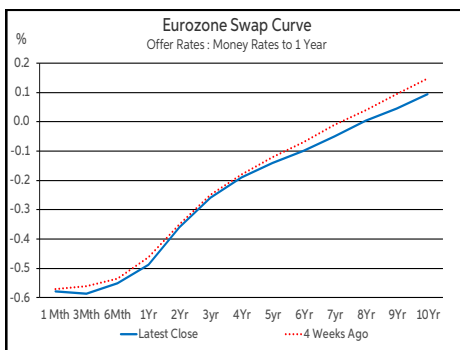
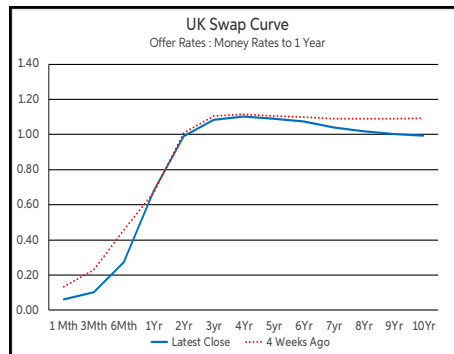
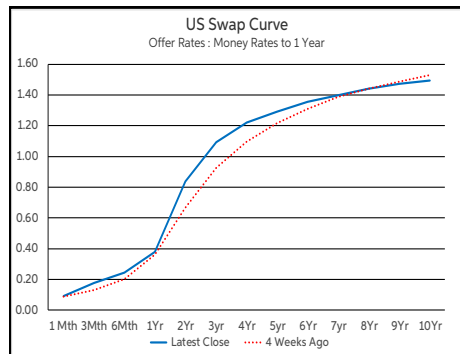
Tuesday 07 December 2021
07:55 am



Euro		Sterling		Dollar	
EUR/GBP	0.85	GBP/EUR	1.1758	USD/JPY	113.65
EUR/USD	1.1286	GBP/USD	1.3276	USD/CAD	1.2727
EUR/JPY	128.28	GBP/CAD	1.69	USD/CHF	0.9246
EUR/SEK	10.2474	GBP/NZD	1.9617	USD/CNY	6.3676
EUR/DKK	7.4357	GBP/JPY	150.88	USD/BRL	5.6891
EUR/NOK	10.2202	GBP/SEK	12.0526	USD/RUB	74.182
EUR/CHF	1.0435	GBP/DKK	8.7472	USD/INR	75.368
EUR/AUD	1.5916	GBP/NOK	12.021		
EUR/HKD	8.8025	GBP/CHF	1.2277	AUD/USD	0.7089
EUR/CAD	1.4368	GBP/AUD	1.8722	NZD/USD	0.6766



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.43	+8	-6	+52
Germany	-0.39	-1	-14	+19
UK	0.73	-1	-12	+54
5 Year Swap %				
US	1.29	+8	+11	+87
Eurozone	-0.14	+0	-1	+32
UK	1.09	-1	-1	+90
2 Year Swap %				
US	0.84	+5	+21	+64
Eurozone	-0.36	-0	-0	+17
UK	0.99	-1	-1	+96
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	+1	+3	+19
Belgium	35	+1	+4	+16
France	36	+0	+1	+12
Italy	127	-3	+13	+18
Spain	73	+0	+5	+10
Portugal	65	-2	+6	+1
Greece	168	+7	+34	+47



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	73.08	+4.58	-12.41	+41.08
West Texas Oil	69.62	+4.87	-15.06	+43.99
Gold \$	1778.1	-0.32	-2.53	-6.24

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