

## Sentiment continues to improve

Investor sentiment continued its improving trend from Monday during yesterday's trading. Risk appetite took solace from the possibility that the Omicron variant of Covid-19 might be less severe than initially feared. This 'risk-on' mood was evident in strong gains on equity markets. In Europe, the Euro Stoxx 50 gained over 3%. At the closing bell on Wall Street last night, the S&P 500 index was up by 2% on the day.

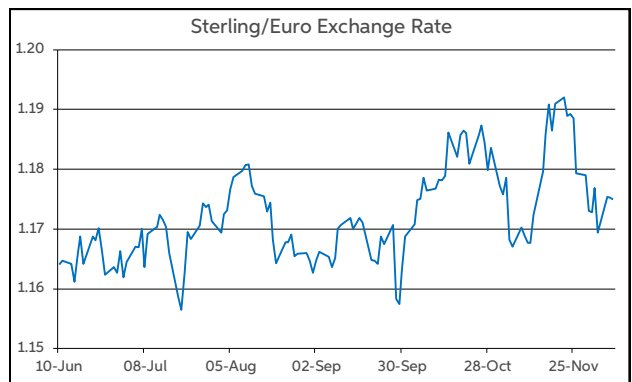
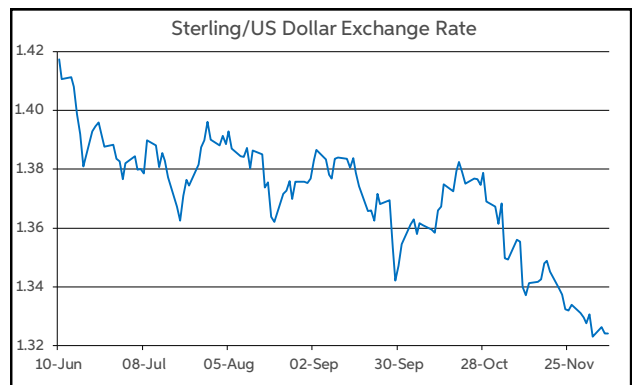
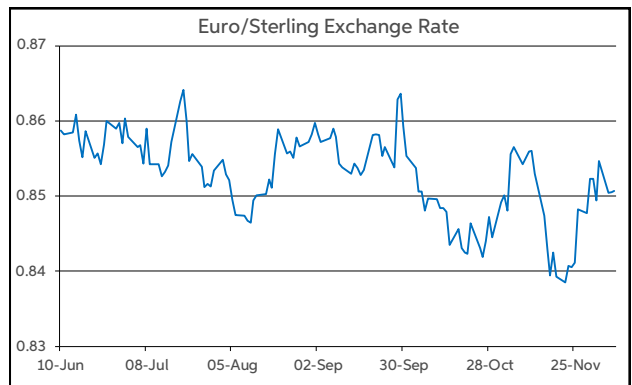
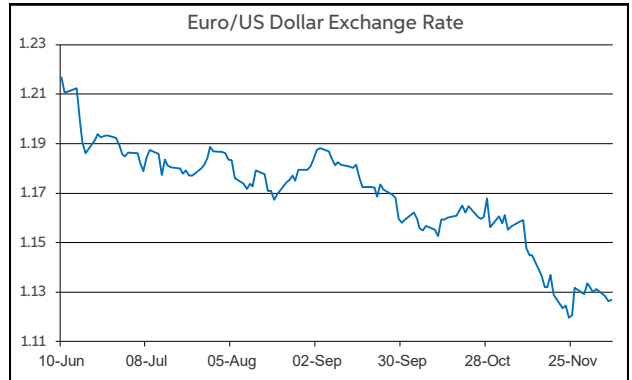
Data-wise, yesterday's calendar was fairly sparse. The latest reading of Eurozone Q3 GDP was in line with expectations. Elsewhere, the German ZEW survey of investors for December printed ahead of forecasts. None of this data had any impact on the euro. Meanwhile, there were no releases of any note from either a dollar or sterling perspective.

On the currency front, the action was limited, although, the dollar was holding the upper hand for much of the day. The recent hawkish shift from the Fed in relation to potentially accelerating the pace of QE tapering continued to provide a supportive backdrop for the dollar. In this context, the policy sensitive US 2-year swap rate remained on its upward trend, rising by 4bps yesterday. EUR/USD moved down into the lower half of \$1.12-1.13.

However, this moved was not sustained and EUR/USD opens this morning (similar to yesterday) just below \$1.13. Elsewhere, sterling is modestly softer over the past 24 hours. This is reflected in EUR/GBP back above 85p and GBP/USD in the lower half of \$1.32-1.33

Looking ahead to today the macro diary is very sparse. Therefore, unless there are major swings in market sentiment, the main FX pairs may range trade near to current levels.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1284	-0.01	-7.61
EUR/GBP	0.8523	0.32	-4.63
GBP/USD	1.324	-0.32	-3.17
GBP/EUR	1.1727	-0.32	4.86
USD/JPY	113.42	-0.26	9.86
EUR/JPY	128.01	-0.27	1.47

\* 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	0.20	0.44	0.92	1.37
EUR	0.00	-0.57	-0.56	-0.48	-0.34	-0.11
GBP	0.10	0.07	0.09	0.68	1.00	1.11

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

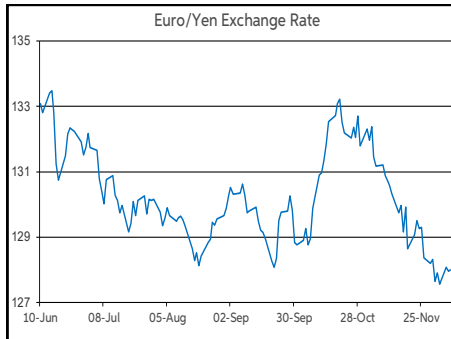
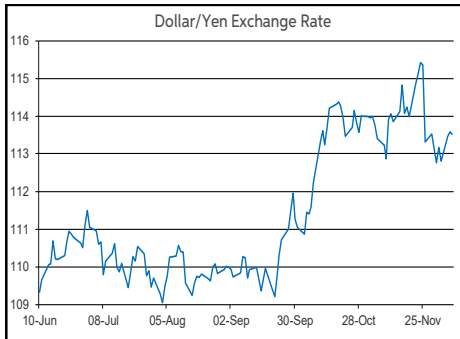
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

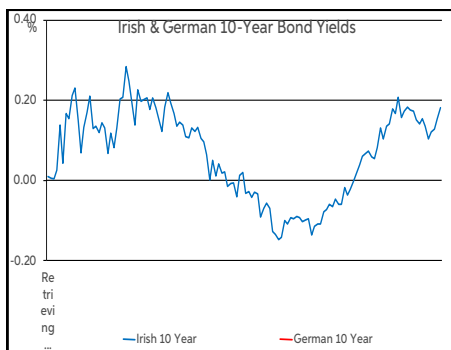
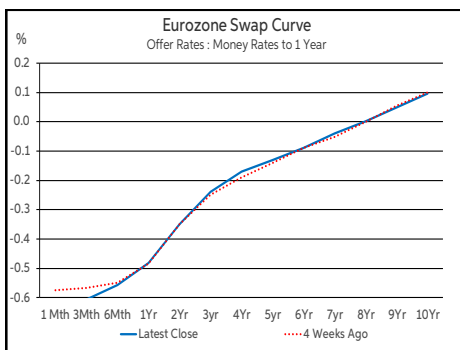
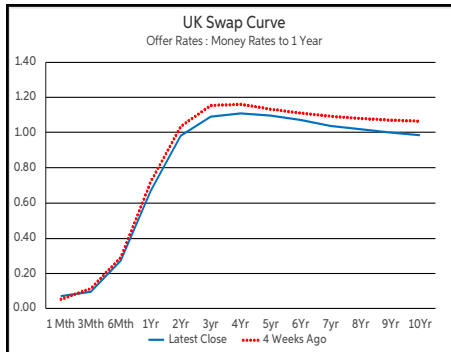
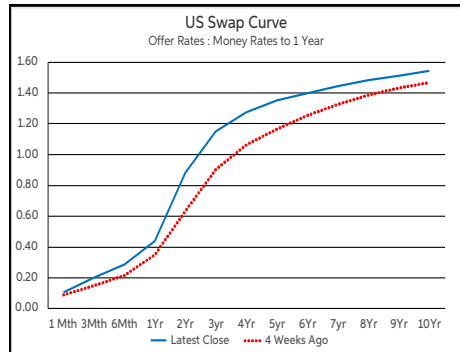
Wednesday 08 December 2021  
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8523	GBP/EUR	1.1727	USD/JPY	113.42
EUR/USD	1.1284	GBP/USD	1.324	USD/CAD	1.2658
EUR/JPY	128.01	GBP/CAD	1.6759	USD/CHF	0.9237
EUR/SEK	10.253	GBP/NZD	1.9514	USD/CNY	6.3544
EUR/DKK	7.4362	GBP/JPY	150.17	USD/BRL	5.6128
EUR/NOK	10.1676	GBP/SEK	12.0276	USD/RUB	73.8588
EUR/CHF	1.0425	GBP/DKK	8.7223	USD/INR	75.48
EUR/AUD	1.5846	GBP/NOK	11.9235	AUD/USD	0.7122
EUR/HKD	8.7973	GBP/CHF	1.2231	NZD/USD	0.6783
EUR/CAD	1.4286	GBP/AUD	1.8589		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.48	+5	+4	+57
Germany	0.00	+0	+0	+58
UK	0.73	+0	-9	+54
Ireland	0.08	+1	-6	+38
Belgium	-0.05	-1	-6	+34
France	-0.03	+0	-8	+31
Italy	0.92	+3	+7	+40
Spain	0.33	-1	-5	+28
Portugal	0.26	+0	-4	+20
Greece	1.25	-3	+17	+63
<b>5 Year Swap %</b>				
US	1.35	+5	+21	+93
Eurozone	-0.13	+1	+2	+33
UK	1.10	+1	-3	+91
<b>2 Year Swap %</b>				
US	0.88	+4	+28	+69
Eurozone	-0.35	+1	+1	+18
UK	0.98	-1	-5	+96
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	8	+1	-6	-19
Belgium	-5	-1	-6	-24
France	-3	+0	-8	-26
Italy	92	+3	+7	-18
Spain	33	-1	-5	-30
Portugal	26	+0	-4	-37
Greece	125	-3	+17	+5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	0	#DIV/0!	#DIV/0!	-100.00
West Texas Oil	69.62	+4.87	-17.24	+43.99
Gold \$	1784.0	+0.33	-2.59	-5.93

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