

Euro firms while sterling weakens

Market sentiment remained highly subject to Covid-19 related newsflow yesterday. The Euro Stoxx 50 closed down 1%, while on Wall Street, the S&P 500, finished up 0.3%. On bond markets, yields rose across the board, as the first official statement from a vaccine maker regarding the efficacy of their shot against Omicron showed that 3 vaccine doses are effective against the variant.

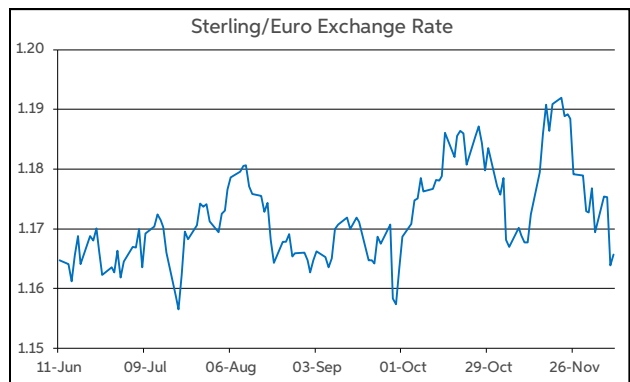
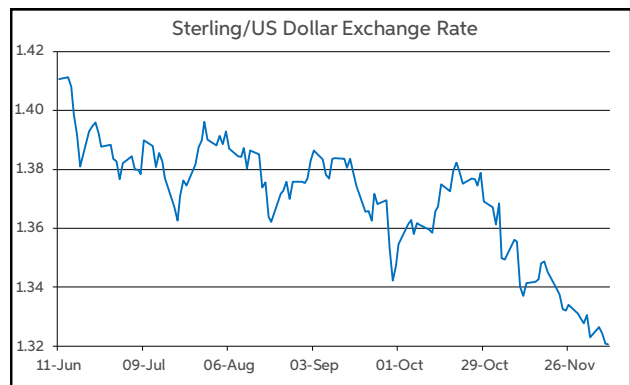
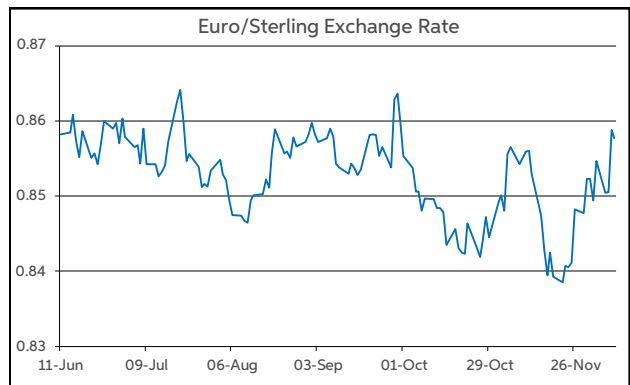
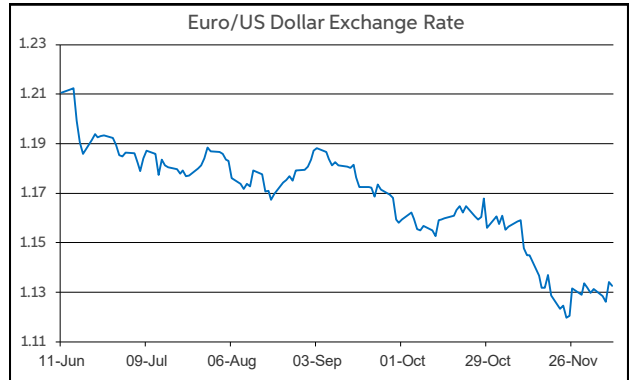
Currency-wise, the euro was holding a firmer tone. Comments from ECB Vice-President de Guindos, stating that Covid restrictions will not “derail the Euro-area recovery”, and that inflation may take longer to fall back than had been expected, coincided with the move higher. The euro was boosted further by the positive statement on Covid-19 vaccines.

Elsewhere, sterling was under some modest downward pressure on the exchanges, as reports emerged (which were later confirmed) that the UK Government was considering imposing some domestic restrictions to stop the spread of Covid-19, amid rising case numbers and the emergence of the Omicron variant. Sterling traded briefly below \$1.32 against the dollar following the reports that restrictions would be introduced.

The firmer tone to the euro and sterling weakness is reflected in EUR/GBP opening this morning up in the top half of the 85-86p trading range. Meanwhile, EUR/USD has regained some ground above the \$1.13 threshold. Cable (GBP/USD) continues to operate at the \$1.32 handle.

Ahead today, a barren data schedule on either side of the Atlantic suggests that sentiment will remain driven by Covid-19 related newsflow.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1323	0.27	-7.29
EUR/GBP	0.8574	0.65	-4.06
GBP/USD	1.3202	-0.38	-3.44
GBP/EUR	1.1658	-0.64	4.23
USD/JPY	113.51	0.01	9.95
EUR/JPY	128.52	0.27	1.87

* 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	0.43	0.90	1.38
EUR	0.00	-0.57	-0.57	-0.49	-0.34	-0.10
GBP	0.10	0.07	0.09	0.66	0.98	1.10

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

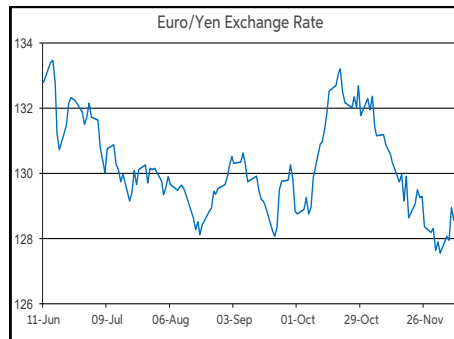
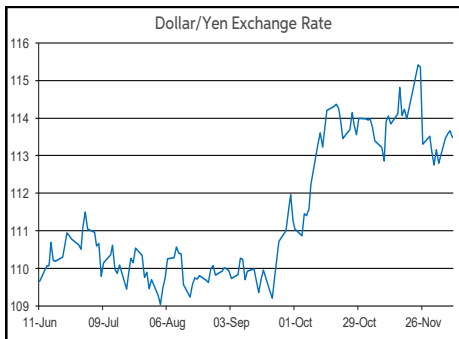
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

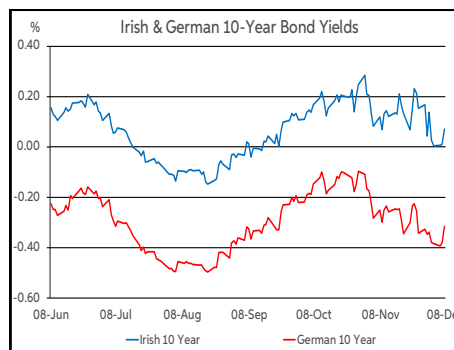
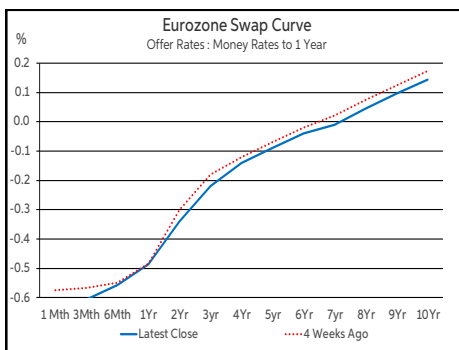
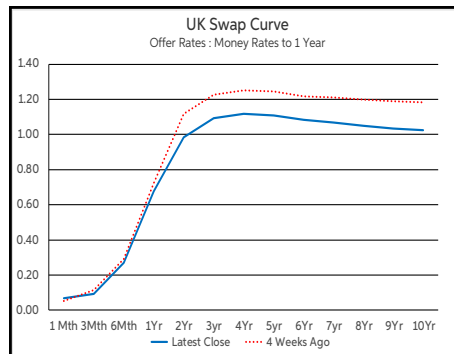
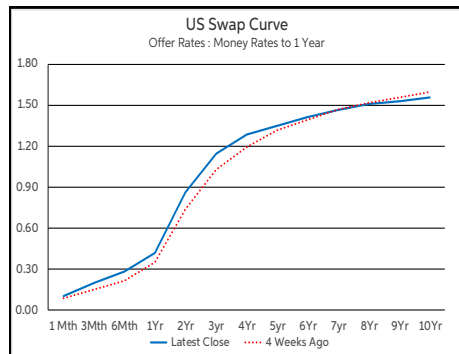
Thursday 09 December 2021
07:31 am



Euro		Sterling		Dollar	
EUR/GBP	0.8574	GBP/EUR	1.1658	USD/JPY	113.51
EUR/USD	1.1323	GBP/USD	1.3202	USD/CAD	1.2655
EUR/JPY	128.52	GBP/CAD	1.6707	USD/CHF	0.9207
EUR/SEK	10.2442	GBP/NZD	1.9358	USD/CNY	6.3436
EUR/DKK	7.4359	GBP/JPY	149.86	USD/BRL	5.5327
EUR/NOK	10.0616	GBP/SEK	11.9438	USD/RUB	73.5825
EUR/CHF	1.0426	GBP/DKK	8.6687	USD/INR	75.49
EUR/AUD	1.5776	GBP/NOK	11.7245	AUD/USD	0.7175
EUR/HKD	8.8292	GBP/CHF	1.2156	NZD/USD	0.6818
EUR/CAD	1.433	GBP/AUD	1.8395		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.53	+5	-4	+61
Germany	-0.31	+7	-6	+27
UK	0.77	+4	-15	+58
5 Year Swap %				
US	1.35	+0	+7	+93
Eurozone	-0.09	+4	-1	+37
UK	1.11	+1	-12	+92
2 Year Swap %				
US	0.86	-2	+17	+67
Eurozone	-0.34	+1	-3	+19
UK	0.98	+0	-12	+96
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-0	+0	+18
Belgium	34	+1	+1	+14
France	35	+1	-1	+12
Italy	134	+5	+16	+25
Spain	73	+2	+1	+10
Portugal	66	+2	+4	+2
Greece	168	+5	+30	+48



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	75.82	+0.50	-8.25	+46.37
West Texas Oil	72.43	+0.68	-10.83	+49.80
Gold \$	1782.1	-0.11	-3.65	-6.03

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