

Busy week of central bank meetings ahead

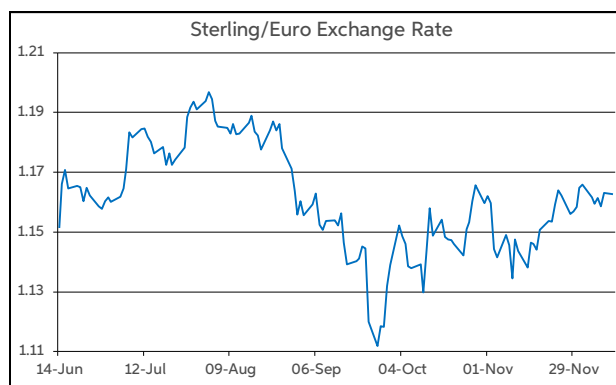
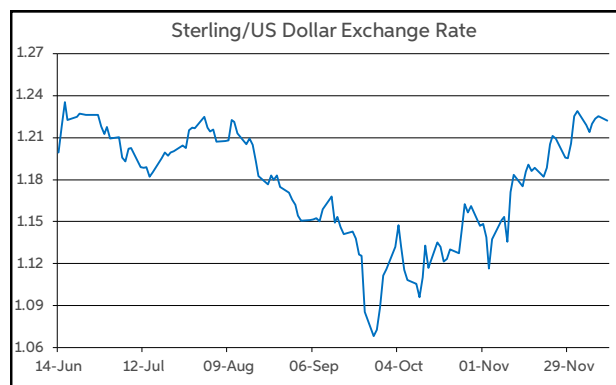
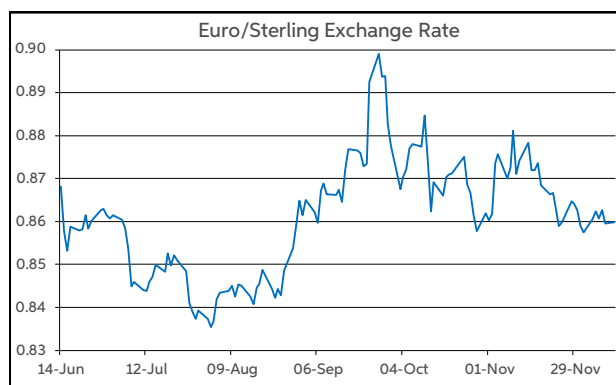
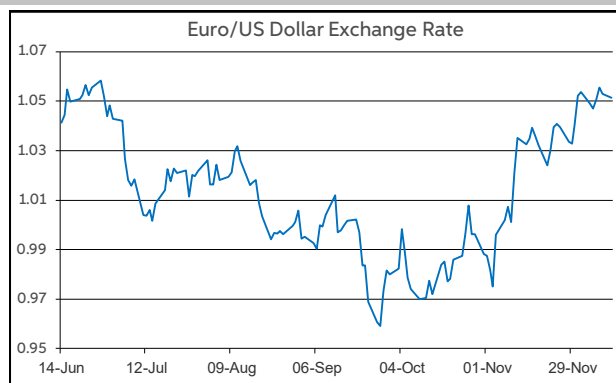
Last week, there was a subdued mood on financial markets amid a dearth of top tier data releases. Equity markets moved lower on concerns regarding how quickly the Chinese economy can fully re-open, as Covid cases continue to rise. Some profit taking, following consecutive monthly gains in October and November, may have contributed to the sell-off also. The Euro Stoxx 50 lost around 1%, while the S&P 500 was over 3%. Elsewhere, oil prices fell sharply, with Brent crude declining by 10% on the week, to \$77 per barrel.

Currency-wise, the main pairs remained within their recent ranges, amid choppy trading conditions. EUR/USD traded between a low of \$1.045, and a high of \$1.059 last week. Meantime, GBP/USD operated in a \$1.21-1.235 range. EUR/GBP continued to straddle the 86p handle. Overall though, having initially been on the back-foot, the dollar finished the week up circa 0.5% versus the euro and sterling. Elsewhere, the yen handed back around 1% of its recent gains across the board.

In level terms, the slightly firmer tone to the dollar sees EUR/USD open this morning in the lower half of the \$1.05-1.06 corridor. Meanwhile, GBP/USD is below the midpoint of \$1.22-1.23. Elsewhere, EUR/GBP is changing hands at the 86p handle.

This week, the focus will be on the years final monetary policy meetings of the ECB, Fed and BoE. A slowdown in the pace of rate hikes, to 50bps is expected from all three, although it may be a close call in some cases. Signals regarding the future path of rate hikes, the ECB's updated staff projections, the new interest rate dotplot from the Fed, and the vote split from the BoE will garner close attention. A busy data schedule also lies ahead, including US and UK CPI for November, and the flash PMIs for December.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0513	-0.59	-7.52
EUR/GBP	0.86	-0.29	2.38
GBP/USD	1.2223	-0.29	-9.65
GBP/EUR	1.1622	0.29	-2.33
USD/JPY	136.88	0.54	18.94
EUR/JPY	143.93	-0.04	9.98

* 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	3.875	4.27	4.73	5.09	4.66	3.79
EUR	2.00	1.61	2.01	2.82	2.89	2.67
GBP	3.00	3.41	3.76	4.55	4.53	4.03

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Monday 12 December 2022
07:24 am



Euro

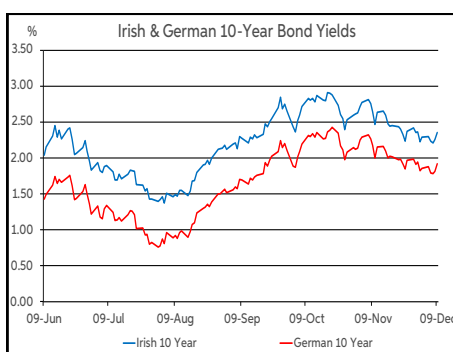
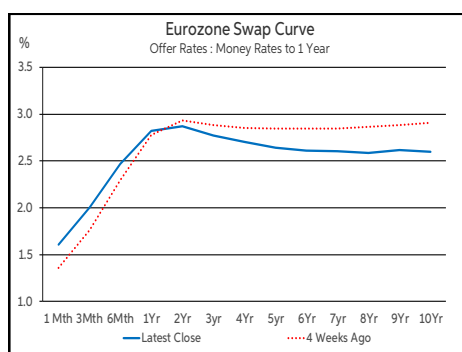
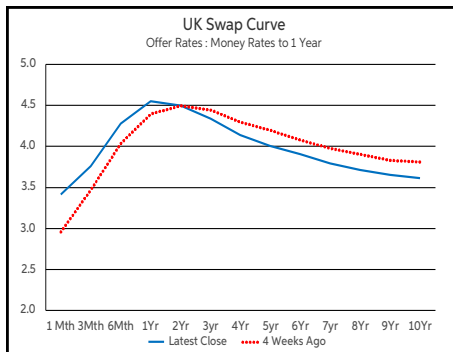
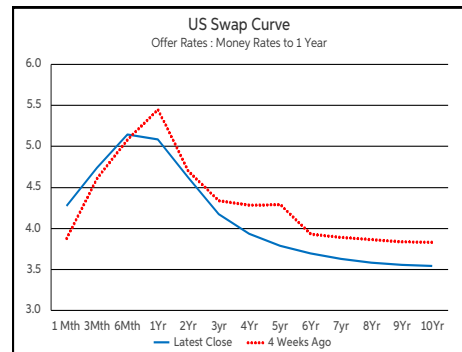
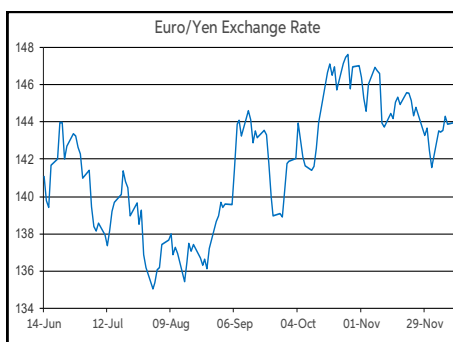
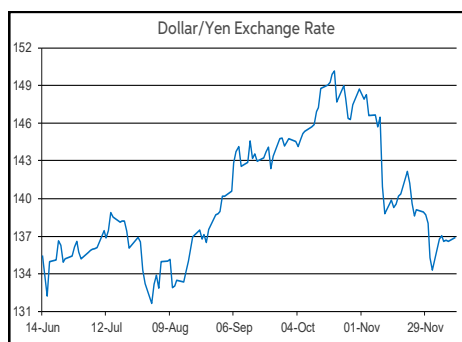
EUR/GBP	0.86
EUR/USD	1.0513
EUR/JPY	143.93
EUR/SEK	10.895
EUR/DKK	7.4375
EUR/NOK	10.5318
EUR/CHF	0.9846
EUR/AUD	1.5531
EUR/HKD	8.1779
EUR/CAD	1.4352

Sterling

GBP/EUR	1.1622
GBP/USD	1.2223
GBP/CAD	1.6687
GBP/NZD	1.9137
GBP/JPY	167.31
GBP/SEK	12.6644
GBP/DKK	8.6451
GBP/NOK	12.2442
GBP/CHF	1.1447
GBP/AUD	1.8056

Dollar

USD/JPY	136.88
USD/CAD	1.3649
USD/CHF	0.9364
USD/CNY	6.977
USD/BRL	5.24
USD/RUB	62.6
USD/INR	82.564
AUD/USD	0.6769
NZD/USD	0.6387



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.59	+10	-23	+207
Germany	1.92	+10	-24	+210
UK	3.18	+9	-17	+221
5 Year Swap %				
US	3.78	+8	-47	+245
Eurozone	2.64	+6	-19	+263
UK	4.00	-0	-19	+273
2 Year Swap %				
US	4.61	+2	-4	+367
Eurozone	2.87	+5	-6	+317
UK	4.50	+1	+1	+330
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	-1	-5	+3
Belgium	57	+3	-2	+21
France	47	+1	-4	+10
Italy	190	+2	-14	+53
Spain	103	+2	-2	+25
Portugal	93	-1	-6	+27
Greece	206	+8	-29	+57

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	76.1	-0.07	-20.72	-2.16
West Texas Oil	71.05	-0.35	-20.29	-5.68
Gold \$	1796.6	+0.41	+1.46	-1.74

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