

Cautious tone to start the week

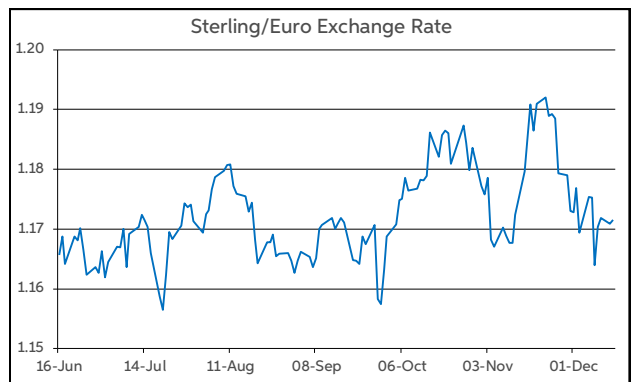
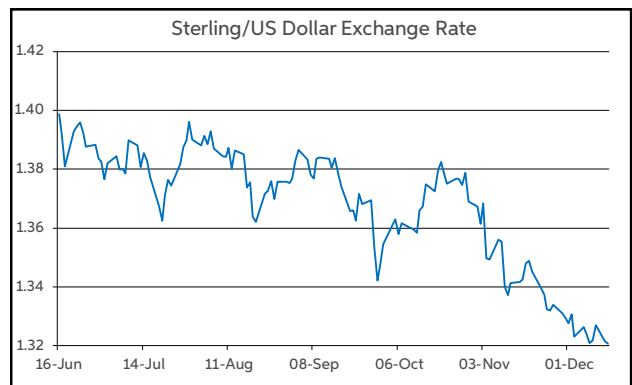
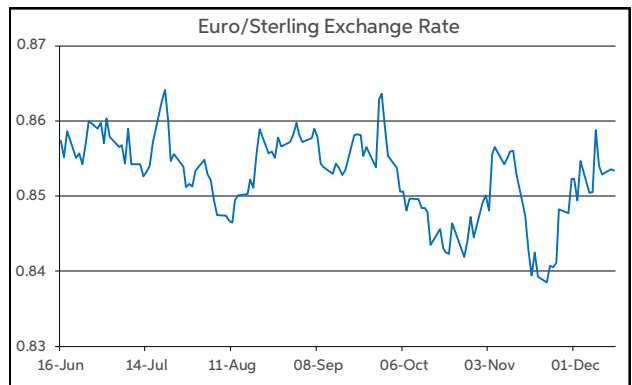
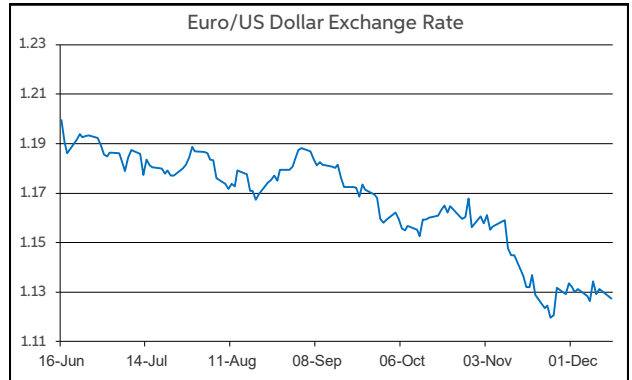
There was a cautious tone to investor sentiment at the start of the week yesterday. This follows last week's strong improvement in risk appetite. Most of the main equity indices drifted downwards against the backdrop of on-going Covid related uncertainty. In Europe, the Euro Stoxx 50 was down by 0.4%. At the closing bell on Wall Street last night, the S&P 500 was 0.9% lower. Meanwhile, bond yields moved lower amid the risk averse environment, with the 10-year US Treasury yield falling down towards the 1.4% level.

On the currency front, the action was contained within tight ranges. This was the case for all the main pairs. Data-wise, the calendar was very sparse, meaning there was no macro updates for the markets to digest. There was also an element of 'wait-and-see' given the policy setting meetings of the ECB, Fed and BoE are all due later in the week.

The EUR/USD pair spent yesterday in a narrow range just below the \$1.13 threshold. The moves in EUR/GBP were similarly limited, with the pair operating in the lower half of the 85-86p trading band. GBP/USD was changing hands in and around the midpoint of \$1.32-1.33. Overnight, the subdued trading has continued, although the dollar starts this morning holding a slightly firmer tone on the exchanges, including GBP/USD nearer to \$1.32.

Already this morning, we have got a raft of UK labour market data for October. This is the first full set of job metrics available for the post-furlough scheme period. Overall, the data show little initial impact from the scheme ending. The unemployment rate, as expected printed at 4.2% (from 4.3%). The remainder of the day's macro diary is quiet. Therefore, it could be another day of relatively narrow range trading for the main FX pairs.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1272	-0.22	-7.70
EUR/GBP	0.8532	0.07	-4.53
GBP/USD	1.3211	-0.29	-3.38
GBP/EUR	1.1717	-0.07	4.75
USD/JPY	113.63	0.12	10.06
EUR/JPY	128.1	-0.09	1.54

* 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	0.11	0.20	0.41	0.86	1.32
EUR	0.00	-0.58	-0.59	-0.50	-0.36	-0.13
GBP	0.10	0.06	0.09	0.66	0.98	1.03

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

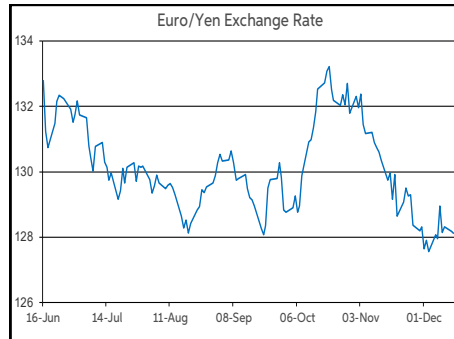
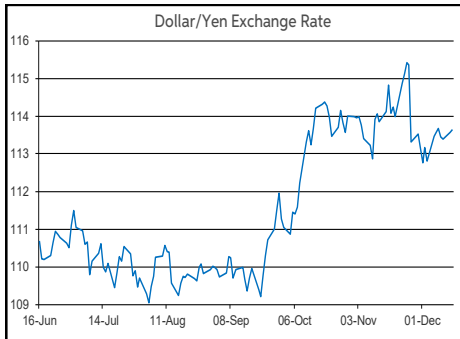
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

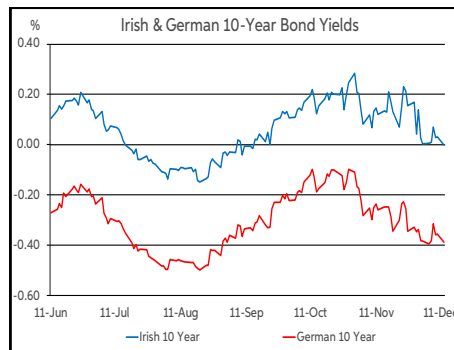
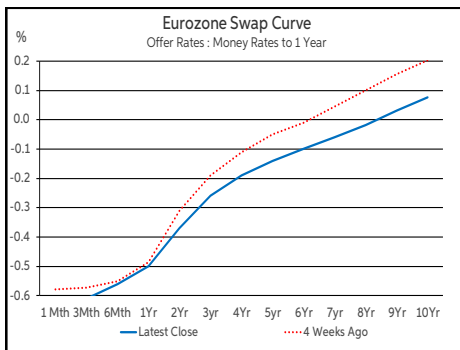
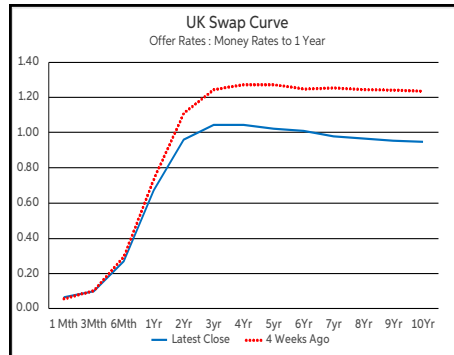
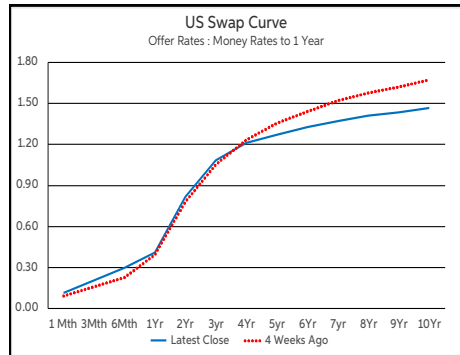
Tuesday 14 December 2021
07:16 am



Euro		Sterling		Dollar	
EUR/GBP	0.8532	GBP/EUR	1.1717	USD/JPY	113.63
EUR/USD	1.1272	GBP/USD	1.3211	USD/CAD	1.2801
EUR/JPY	128.1	GBP/CAD	1.6912	USD/CHF	0.923
EUR/SEK	10.2563	GBP/NZD	1.9567	USD/CNY	6.363
EUR/DKK	7.4363	GBP/JPY	150.12	USD/BRL	5.6804
EUR/NOK	10.1946	GBP/SEK	12.0192	USD/RUB	73.4507
EUR/CHF	1.0408	GBP/DKK	8.7119	USD/INR	75.8725
EUR/AUD	1.5833	GBP/NOK	11.9416	AUD/USD	0.712
EUR/HKD	8.7949	GBP/CHF	1.2196	NZD/USD	0.675
EUR/CAD	1.4431	GBP/AUD	1.8552		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.41	-7	-20	+50
Germany	-0.38	-3	-14	+20
UK	0.70	-5	-26	+50
5 Year Swap %				
US	1.27	-5	-5	+85
Eurozone	-0.14	-2	-8	+32
UK	1.02	-4	-24	+83
2 Year Swap %				
US	0.81	-3	+7	+62
Eurozone	-0.37	-1	-5	+16
UK	0.96	-1	-14	+93
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-4	-4	+14
Belgium	33	+0	-0	+14
France	35	-1	-2	+11
Italy	129	-3	+4	+20
Spain	70	-3	-3	+7
Portugal	64	-2	+2	+1
Greece	174	+1	+27	+54



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	74.39	-1.01	-9.34	+43.61
West Texas Oil	71.19	-0.73	-11.95	+47.24
Gold \$	1786.9	+0.25	-4.05	-5.78

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