

## Yen remains on the front foot

Investor sentiment was somewhat subdued yesterday. The Euro Stoxx 50 fell by 0.2%. On Wall Street, the S&P 500 finished near to flat for the day, amid light trading conditions. In terms of fixed income, sovereign bond yields rose across the board for the second day running, as the Bank of Japan's decision to widen its yield curve control band spilled over into other markets.

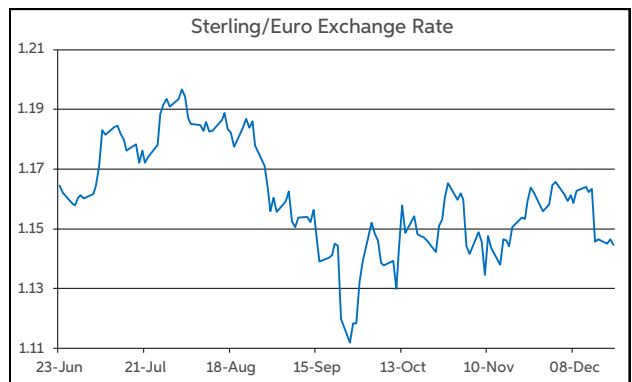
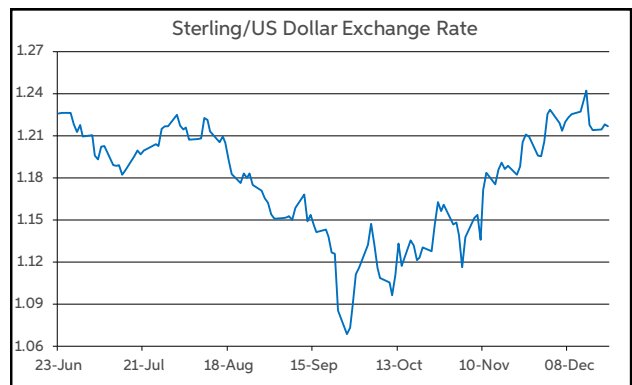
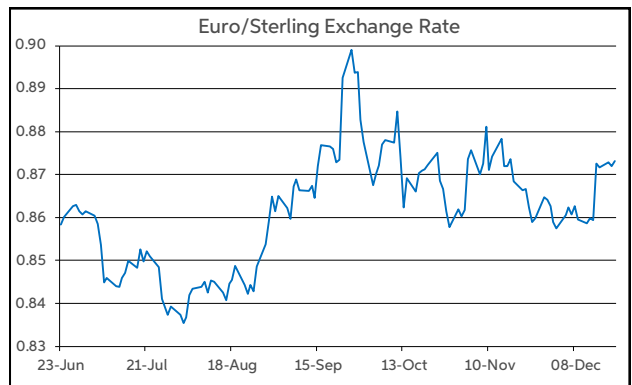
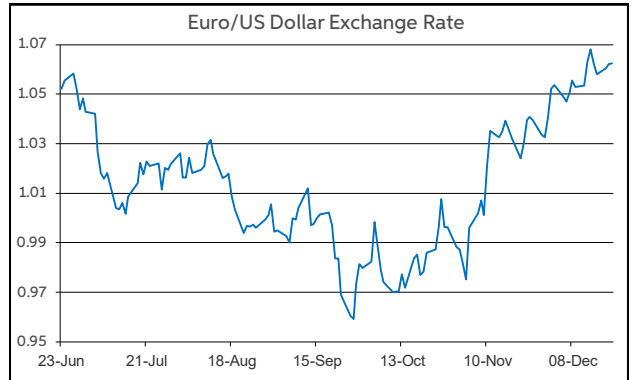
10-year German Bund and US Treasury yields rose by 10bps. Elsewhere, 10-year UK Gilt yields moved circa 10bps higher also, as the market continued to digest the BoE's announcement on Friday to increase the pace of quantitative tightening to £9.75bn during Q1 2023, from its current pace of £6bn in Q4 2022.

On the currency front, the main pairs operated in relatively tight ranges. Of the limited moves to register, the dollar was holding a slightly softer tone. The greenback closed down 0.4% against the euro and sterling. Meantime, the yen remained on the front foot against most other majors, with USD/JPY trading to a low of ¥130.6 yesterday, its lowest level since June.

As trading gets underway this morning, EUR/USD opens in the lower half of the \$1.06-1.07 range. GBP/USD is changing hands in the top half of \$1.21-1.22. EUR/GBP remains in the 87-88p corridor. Meanwhile, overnight, the yen handed back some of its gains, which sees USD/JPY start today up above the ¥131 threshold.

Turning to the day ahead, the only release of note will be the US Conference Board measure of consumer confidence. The index is expected to record a slight improvement in December. However, barring any major surprises, it is unlikely to impact the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0627	0.39	-6.52
EUR/GBP	0.8731	-0.06	3.94
GBP/USD	1.2169	0.45	-10.05
GBP/EUR	1.1447	0.06	-3.79
USD/JPY	131.81	-0.84	14.54
EUR/JPY	140.12	-0.36	7.07

\* 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	4.375	4.35	4.74	5.00	4.54	3.81
EUR	2.50	1.80	2.06	3.16	3.25	3.00
GBP	3.50	3.46	3.79	4.64	4.65	4.31

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

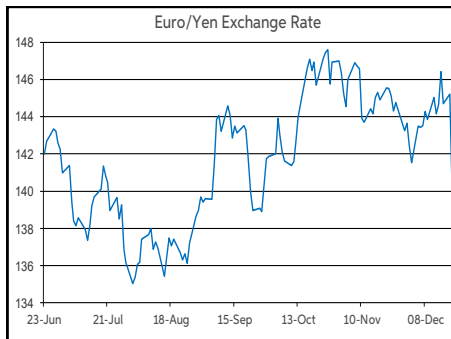
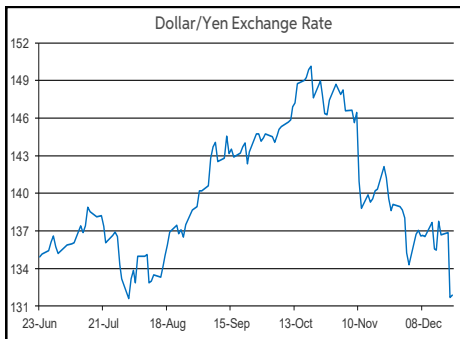
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

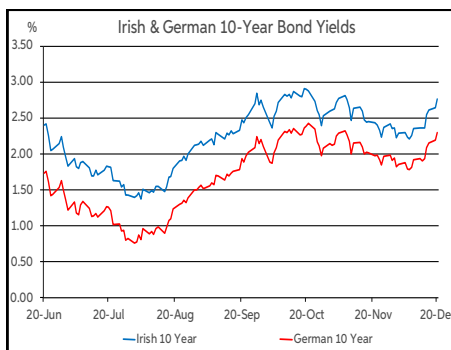
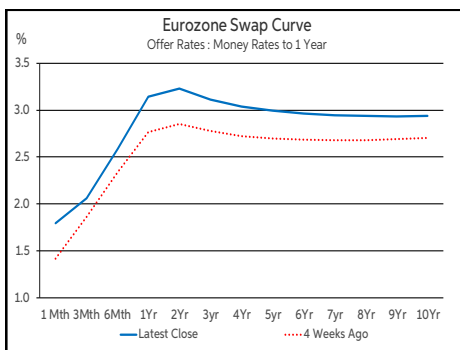
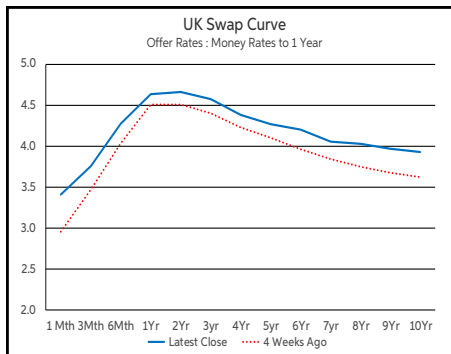
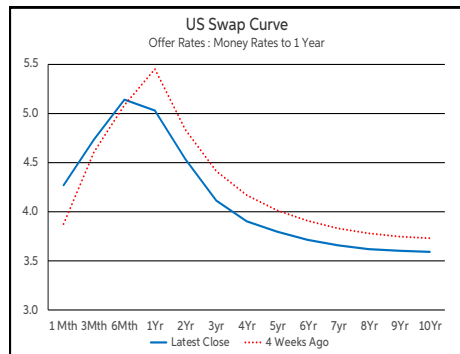
Wednesday 21 December 2022  
07:48 am



Euro		Sterling		Dollar	
EUR/GBP	0.8731	GBP/EUR	1.1447	USD/JPY	131.81
EUR/USD	1.0627	GBP/USD	1.2169	USD/CAD	1.3608
EUR/JPY	140.12	GBP/CAD	1.6563	USD/CHF	0.9269
EUR/SEK	11.0836	GBP/NZD	1.9298	USD/CNY	6.968
EUR/DKK	7.4375	GBP/JPY	160.4	USD/BRL	5.1996
EUR/NOK	10.498	GBP/SEK	12.6905	USD/RUB	70.6
EUR/CHF	0.985	GBP/DKK	8.5155	USD/INR	82.735
EUR/AUD	1.5909	GBP/NOK	12.019	AUD/USD	0.668
EUR/HKD	8.2841	GBP/CHF	1.128	NZD/USD	0.6304
EUR/CAD	1.4464	GBP/AUD	1.8216		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.69	+10	-7	+218
Germany	2.30	+10	+32	+248
UK	3.60	+10	+47	+263
<b>5 Year Swap %</b>				
US	3.80	+6	-18	+246
Eurozone	3.00	+9	+31	+299
UK	4.27	+7	+17	+299
<b>2 Year Swap %</b>				
US	4.54	+2	-26	+359
Eurozone	3.23	+7	+39	+353
UK	4.66	+3	+16	+347
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	52	-1	+7	+9
Belgium	62	+1	+11	+26
France	54	+2	+7	+17
Italy	218	+0	+25	+81
Spain	111	+1	+10	+33
Portugal	106	+3	+12	+39
Greece	215	+1	-11	+65



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	79.99	+0.24	-9.47	+2.84
West Texas Oil	75.92	+1.16	-6.07	+0.78
Gold \$	1817.4	+1.68	+4.43	-0.60

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