

## Key FX pairs tightly range bound

There was a more positive tone to investor sentiment on financial markets yesterday. On equity markets, the Euro Stoxx 50 closed up 1.7% for the day, while the S&P 500 finished 1.8% higher also. Meanwhile, on bond markets, benchmark sovereign bond yields rose across the board by 4-10bps. Yield curves moved higher and steepened in the UK, US and Eurozone. Oil prices rose as well.

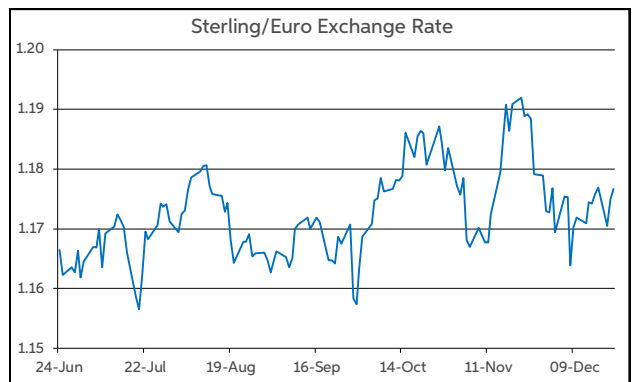
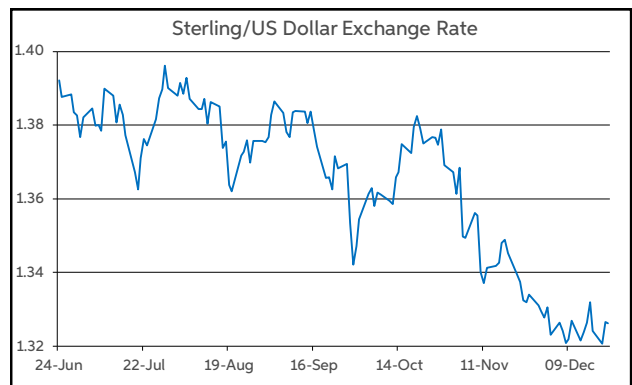
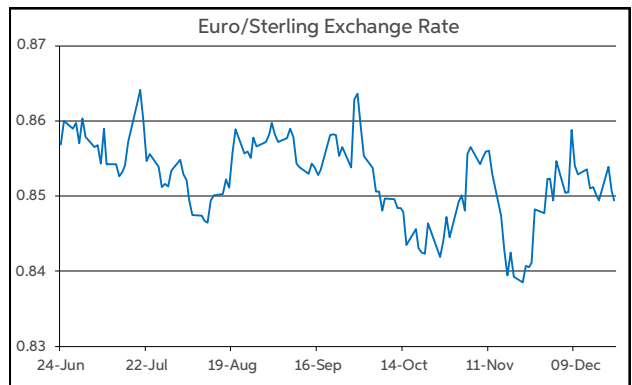
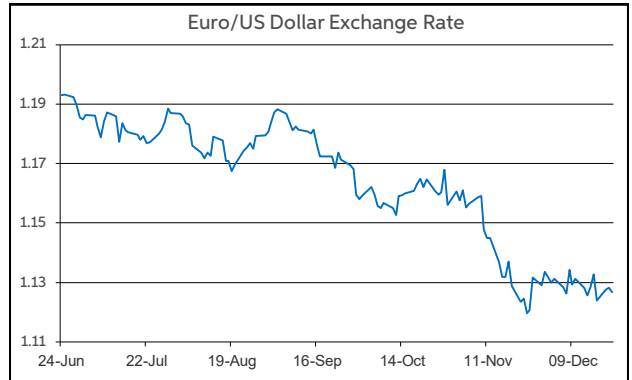
Currency-wise though, the main FX pairs were tightly range bound. Of the limited moves to note, sterling regained some slight support, as the UK Government held-off on introducing a new round of restrictions, to counteract the recent surge in Covid cases. Sterling gained about 0.4% against the euro and the dollar on the exchanges.

A sparse data schedule likely contributed to the lacklustre action on currency markets. The only release of interest was the latest reading of consumer confidence in the Eurozone. The index declined by more than anticipated in December (-8.3 vs -8.0 f'cast), as more restrictions were brought in across the bloc. However, the data did not impact the euro.

As trading gets underway this morning, the slightly firmer tone to sterling is evidenced by EUR/GBP opening just below the 85p mark. GBP/USD is operating above the midpoint of the \$1.32-1.33 range. EUR/USD remains in the top half of \$1.12-1.13.

Already today, the final reading of UK GDP revised growth lower to 1.1% in Q3, from 1.3% previously. Later on, the final reading of US GDP is expected to confirm the US economy expanded by 2.1% in annualised terms in Q3. Elsewhere in the US, consumer confidence is forecast to remain at a subdued level in December.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.127	-0.08	-7.72
EUR/GBP	0.8494	-0.47	-4.96
GBP/USD	1.3264	0.37	-2.99
GBP/EUR	1.1768	0.47	5.22
USD/JPY	114.15	0.38	10.57
EUR/JPY	128.65	0.28	1.97

\* 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	0.21	0.51	0.92	1.34
EUR	0.00	-0.63	-0.59	-0.52	-0.34	-0.09
GBP	0.10	0.17	0.24	0.84	1.17	1.24

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

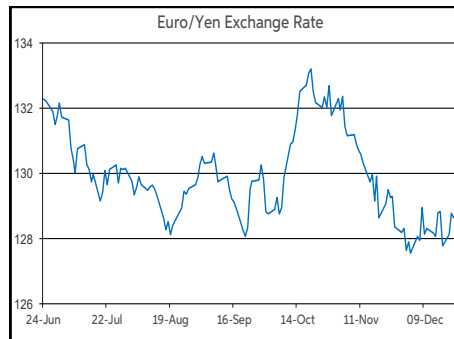
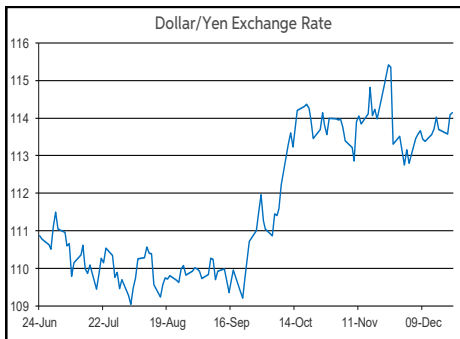
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

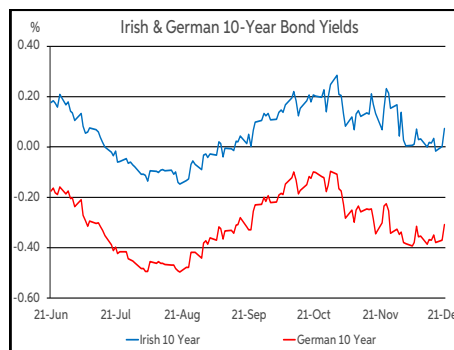
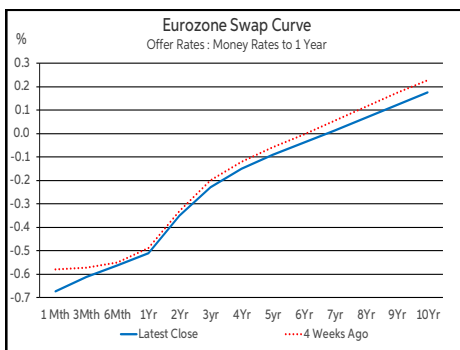
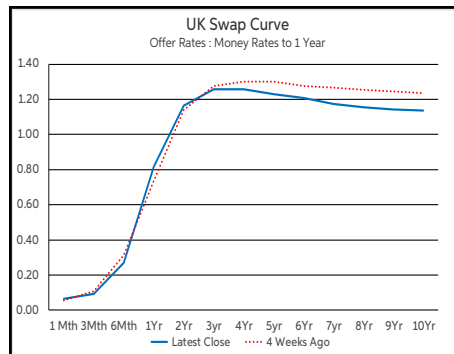
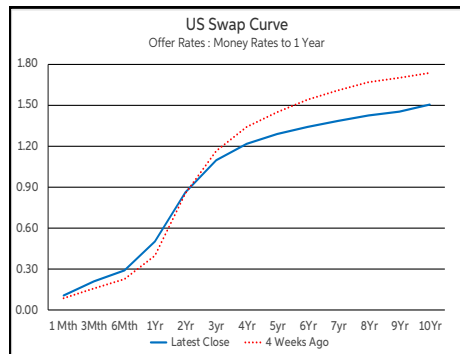
Wednesday 22 December 2021  
07:50 am



Euro		Sterling		Dollar	
EUR/GBP	0.8494	GBP/EUR	1.1768	USD/JPY	114.15
EUR/USD	1.127	GBP/USD	1.3264	USD/CAD	1.2908
EUR/JPY	128.65	GBP/CAD	1.7122	USD/CHF	0.9247
EUR/SEK	10.3132	GBP/NZD	1.9636	USD/CNY	6.3723
EUR/DKK	7.4361	GBP/JPY	151.41	USD/BRL	5.7451
EUR/NOK	10.0707	GBP/SEK	12.1373	USD/RUB	73.814
EUR/CHF	1.0423	GBP/DKK	8.7496	USD/INR	75.575
EUR/AUD	1.5784	GBP/NOK	11.8527	AUD/USD	0.714
EUR/HKD	8.7907	GBP/CHF	1.2267	NZD/USD	0.6754
EUR/CAD	1.4549	GBP/AUD	1.8577		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.47	+4	-21	+55
Germany	-0.30	+6	-8	+27
UK	0.87	+10	-12	+68
<b>5 Year Swap %</b>				
US	1.29	+5	-13	+87
Eurozone	-0.09	+4	-2	+37
UK	1.23	+9	-5	+104
<b>2 Year Swap %</b>				
US	0.86	+1	+4	+67
Eurozone	-0.35	+3	-1	+18
UK	1.16	+7	+4	+114
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	44	+1	-0	+17
Belgium	35	+1	-1	+16
France	36	+1	-0	+13
Italy	132	+2	+3	+22
Spain	76	+3	+1	+13
Portugal	65	+1	-1	+2
Greece	159	-2	+6	+38



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	73.98	+3.44	-10.12	+42.82
West Texas Oil	71.1	+3.51	-9.22	+47.05
Gold \$	1788.4	-0.05	-0.08	-5.70

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