

Risk appetite firms

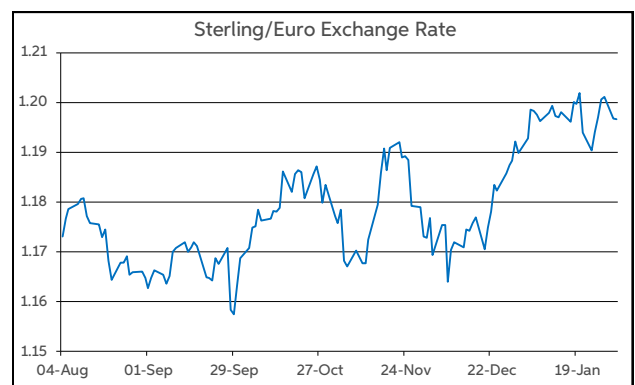
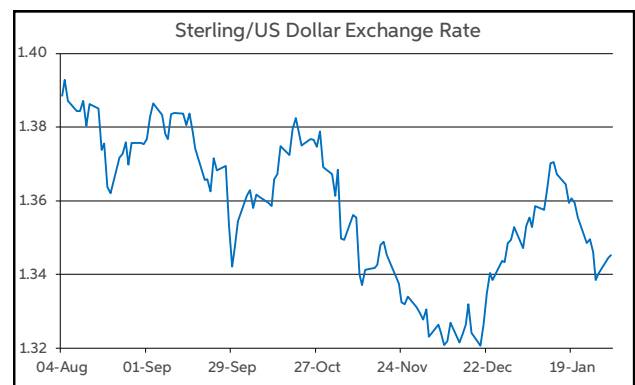
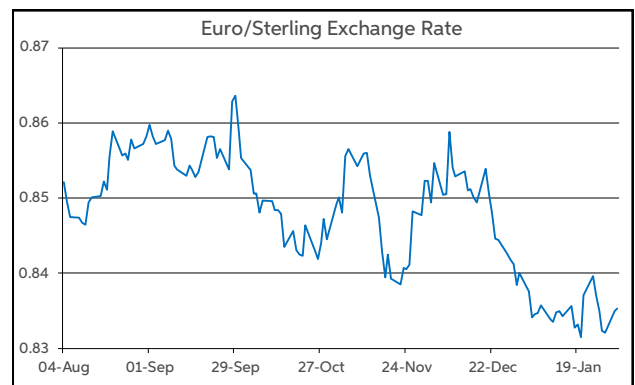
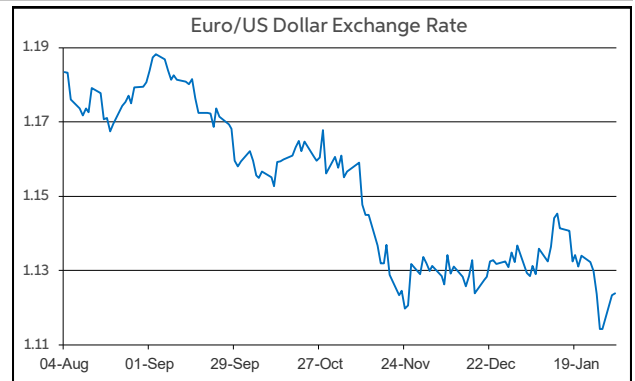
There was a firmer tone to risk appetite across financial markets yesterday. The Euro Stoxx 50 gained 0.9% on the day. At the close on Wall Street, the S&P 500 was around 2% higher. On bond markets, European yields rose by circa 4-8bps along the curve. The 10-year German Bund yield closed above 0% for the first time since May 2019 in the process. In contrast US Treasury yields were little changed.

Currency-wise, the euro moved slightly higher, supported by the rise in Eurozone bond yields. The single currency gained 0.6% against the dollar and 0.4% versus sterling. Data-wise, the first reading of Q4 GDP showed economic growth in the Eurozone slowed to 0.3% from 2.2% in Q3 as the Delta and Omicron waves weighed on activity. Overall, the economy expanded by 5.2% in 2021. Elsewhere, German inflation fell by less than anticipated in January, declining to 5.1% from 5.7% (vs 4.7% f'cast).

As trading gets underway this morning, the firmer tone to the euro over the past 24 hours is reflected in EUR/USD opening above the \$1.12 handle, near the halfway mark of \$1.12-1.13. Meanwhile, EUR/GBP is operating at the midpoint of 83-84p. Cable (GBP/USD) is changing hands in the heart of the \$1.34-1.35 range.

Ahead today, the main release of note will be the Eurozone unemployment rate (December). The forecast is for the jobless rate to continue to trend lower, falling to 7.1% from 7.2% in November. Across the Atlantic, the manufacturing ISM is expected to edge down to 57.5 from 58.7 in January as the Omicron wave weighed slightly on activity in the sector. However, barring any major surprises, the data is unlikely to have any great impact on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1237	0.65	-1.15
EUR/GBP	0.8353	0.40	-0.56
GBP/USD	1.3453	0.28	-0.56
GBP/EUR	1.1969	-0.40	0.56
USD/JPY	115.04	-0.32	-0.03
EUR/JPY	129.29	0.33	-1.21

* 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	0.32	0.85	1.33	1.69
EUR	0.00	-0.56	-0.55	-0.41	-0.12	0.25
GBP	0.25	0.42	0.61	1.28	1.59	1.62

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

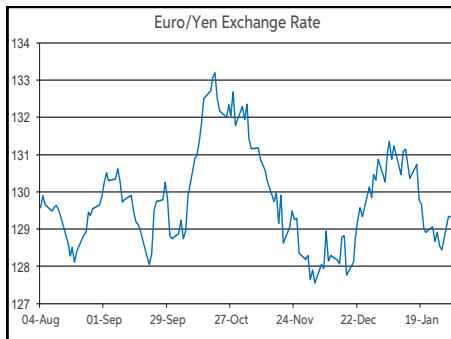
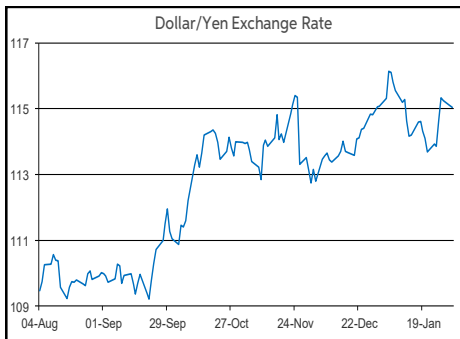
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

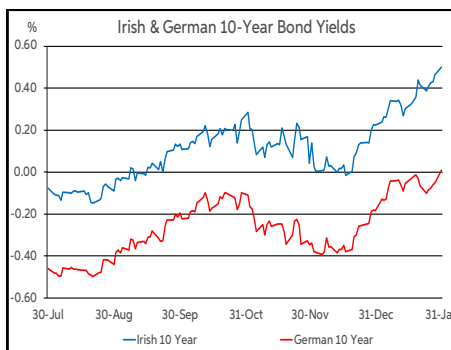
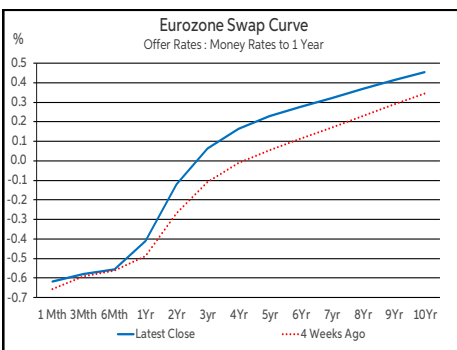
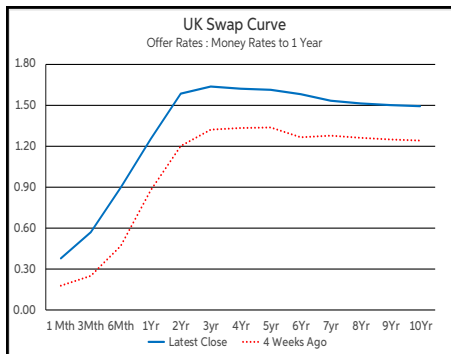
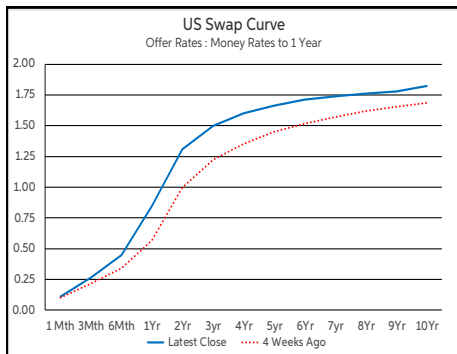
Tuesday 01 February 2022
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8353	GBP/EUR	1.1969	USD/JPY	115.04
EUR/USD	1.1237	GBP/USD	1.3453	USD/CAD	1.2691
EUR/JPY	129.29	GBP/CAD	1.7074	USD/CHF	0.9254
EUR/SEK	10.4693	GBP/NZD	2.0422	USD/CNY	6.3605
EUR/DKK	7.4413	GBP/JPY	154.75	USD/BRL	5.3041
EUR/NOK	9.9929	GBP/SEK	12.5323	USD/RUB	77.1118
EUR/CHF	1.0398	GBP/DKK	8.9066	USD/INR	74.78
EUR/AUD	1.5898	GBP/NOK	11.9596	AUD/USD	0.7068
EUR/HKD	8.7626	GBP/CHF	1.2448	NZD/USD	0.6585
EUR/CAD	1.4262	GBP/AUD	1.9031		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.78	+1	+15	+27
Germany	0.01	+6	+14	+19
UK	1.31	+6	+34	+34
Ireland				
Ireland	0.52	+4	+25	+27
Belgium	0.35	+6	+14	+17
France	0.43	+6	+20	+23
Italy	1.37	+2	+17	+19
Spain	0.76	+5	+15	+16
Portugal	0.67	+5	+17	+19
Greece	1.77	+5	+45	+46
5 Year Swap %				
US	1.66	+1	+24	+33
Eurozone	0.23	+8	+19	+22
UK	1.61	+7	+31	+34
2 Year Swap %				
US	1.31	+3	+34	+37
Eurozone	-0.12	+6	+16	+18
UK	1.59	+7	+39	+39
10 Year Government Bond Spreads to Benchmark bps				
Ireland	50	-2	+11	+8
Belgium	34	-0	-0	-2
France	41	+0	+6	+4
Italy	136	-4	+3	-1
Spain	74	-1	+2	-3
Portugal	66	-1	+3	-1
Greece	176	-1	+31	+26



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	91.21	+1.31	+15.48	+17.27
West Texas Oil	89.16	+1.70	+17.33	+18.36
Gold \$	1796.5	+0.30	-0.24	-1.75

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