

Risk appetite continues to improve

The first trading day of February saw a continuation of the improvement in risk appetite that took hold towards the end of January. This was reflected in gains for equity markets on both sides of the Atlantic. In Europe, the Euro Stoxx 50 rose by 1.2%. Meanwhile, on Wall Street, the S&P 500 was 0.7% higher.

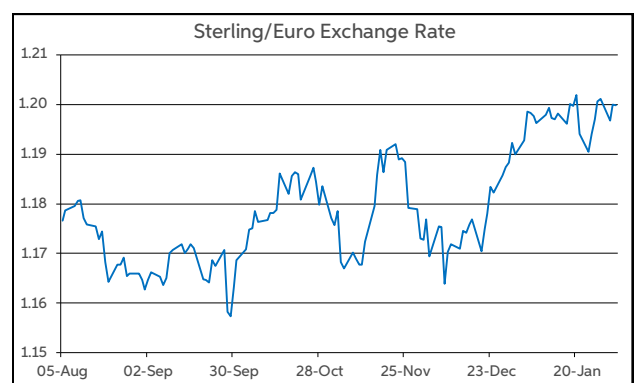
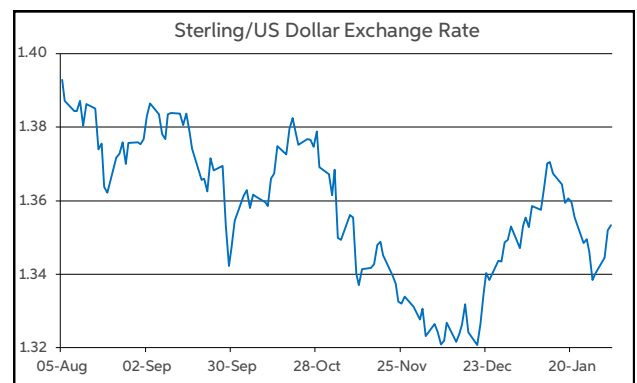
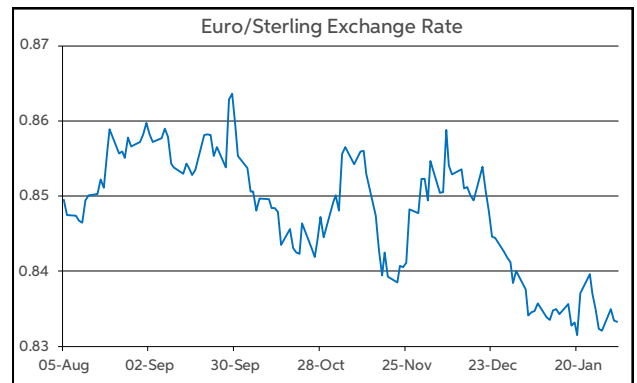
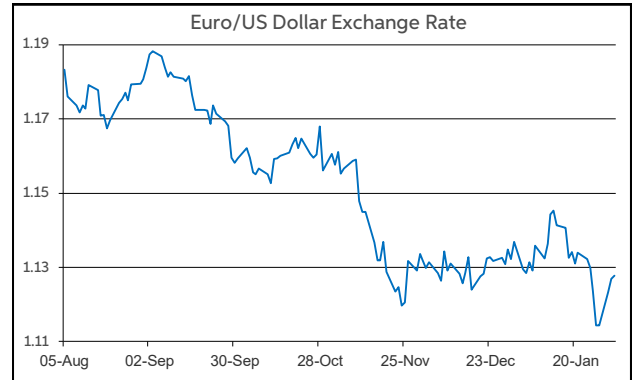
Data-wise, there was a busy schedule yesterday. This included the Eurozone unemployment rate for December coming in ahead of expectations, edging down to 7%, a new record low (from 7.1%). Meanwhile, in the UK, house price data (Nationwide measure), showed continued upward pressure on prices at the start of the year, rising by 0.8% in January, with the year-on-year rate accelerating to 11.2%.

In the US, the headline reading of the manufacturing ISM for January was broadly in line with forecasts. It fell to 57.6 from 58.8, indicating that growth in the sector remained solid. However, inflationary prices remained evident with a jump in the 'prices paid' index. Overall though, none of these releases generated much impact on their respective currencies.

Of the limited forex moves to register over the past 24 hours, sterling has been holding a slightly firmer tone, while at the same time, the dollar has edged lower. In level terms, the EUR/GBP pair opens this morning in the lower half of 83-84p trading band. Meanwhile, EUR/USD has moved above the midpoint of \$1.12-1.13. Elsewhere, GBP/USD is back up in \$1.35 territory.

Ahead today, the macro diary is sparse. The main highlight is the flash January reading of Eurozone inflation. Therefore, the action amongst the FX majors may continue within relatively tight bands.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1275	0.31	-0.82
EUR/GBP	0.8331	-0.28	-0.82
GBP/USD	1.3531	0.60	0.01
GBP/EUR	1.1999	0.28	0.83
USD/JPY	114.62	-0.32	-0.40
EUR/JPY	129.25	0.00	-1.24

* 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	0.30	0.85	1.33	1.70
EUR	0.00	-0.57	-0.55	-0.40	-0.10	0.26
GBP	0.25	0.45	0.64	1.29	1.58	1.61

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

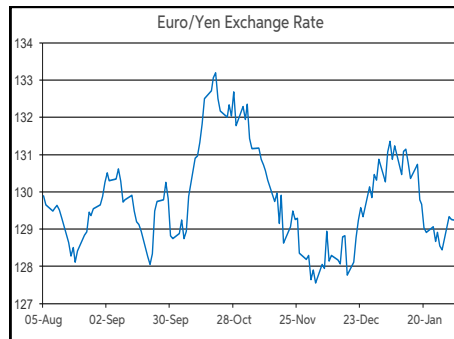
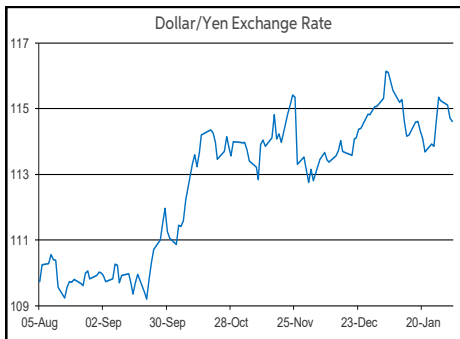
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

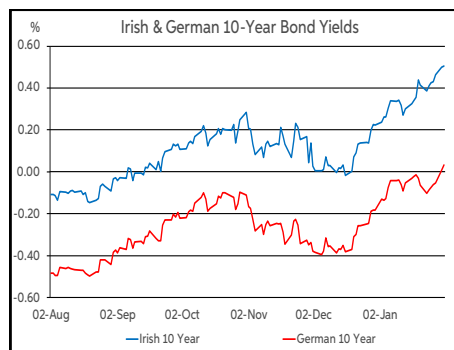
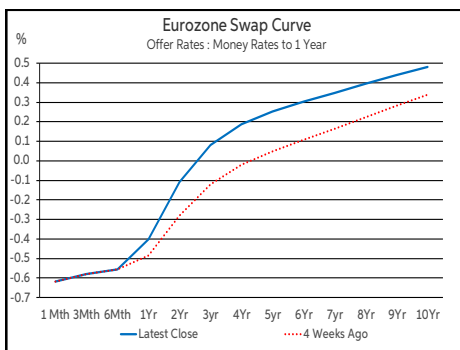
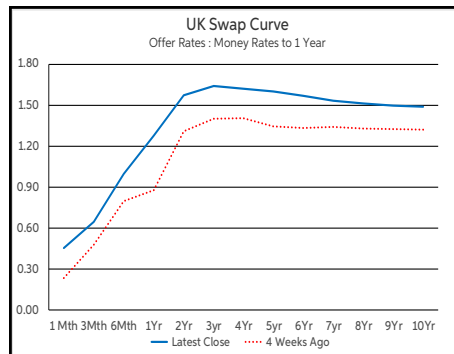
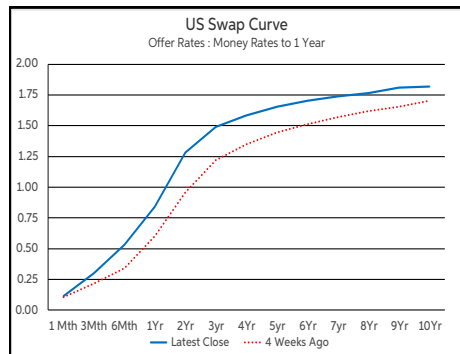
Wednesday 02 February 2022
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8331	GBP/EUR	1.1999	USD/JPY	114.62
EUR/USD	1.1275	GBP/USD	1.3531	USD/CAD	1.2678
EUR/JPY	129.25	GBP/CAD	1.7159	USD/CHF	0.9202
EUR/SEK	10.4215	GBP/NZD	2.039	USD/CNY	6.3605
EUR/DKK	7.4403	GBP/JPY	155.09	USD/BRL	5.2655
EUR/NOK	9.954	GBP/SEK	12.502	USD/RUB	76.5799
EUR/CHF	1.0379	GBP/DKK	8.9262	USD/INR	74.975
EUR/AUD	1.5797	GBP/NOK	11.9373	AUD/USD	0.7138
EUR/HKD	8.7899	GBP/CHF	1.2453	NZD/USD	0.6634
EUR/CAD	1.4299	GBP/AUD	1.8955		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.79	+1	+15	+28
Germany	0.04	+2	+17	+22
UK	1.30	-1	+21	+33
5 Year Swap %				
US	1.65	+1	+24	+32
Eurozone	0.25	+2	+22	+24
UK	1.60	-1	+26	+33
2 Year Swap %				
US	1.28	-0	+35	+34
Eurozone	-0.11	+1	+18	+19
UK	1.57	-1	+27	+38
10 Year Government Bond Spreads to Benchmark bps				
Ireland	48	-2	+7	+6
Belgium	34	+0	-2	-2
France	41	+0	+5	+4
Italy	138	+3	+3	+2
Spain	75	+0	+2	-3
Portugal	66	+1	+4	-0
Greece	171	-4	+28	+22



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	89.16	-2.25	+11.45	+14.63
West Texas Oil	88.22	-1.05	+14.57	+17.11
Gold \$	1800.7	+0.23	-0.77	-1.52

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