

US payrolls to round out a busy week

Yesterday, as expected, both the ECB and the BoE raised interest rates by 50bps, respectively. The ECB also highlighted its intention to hike rates by 50bps again, at its next meeting in March. Meantime, the BoE also maintains a hawkish bias, although, changes to the language in its post-meeting statement suggest it may move to smaller rate increases going forward.

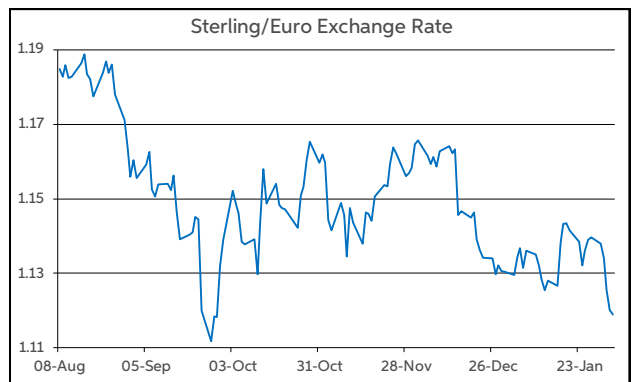
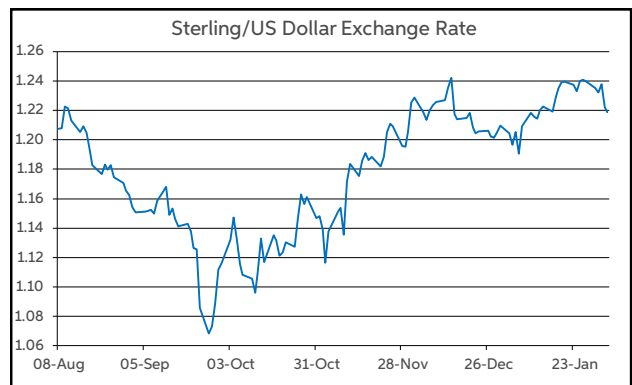
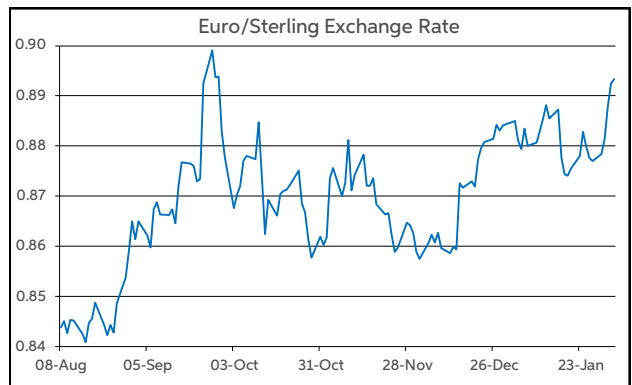
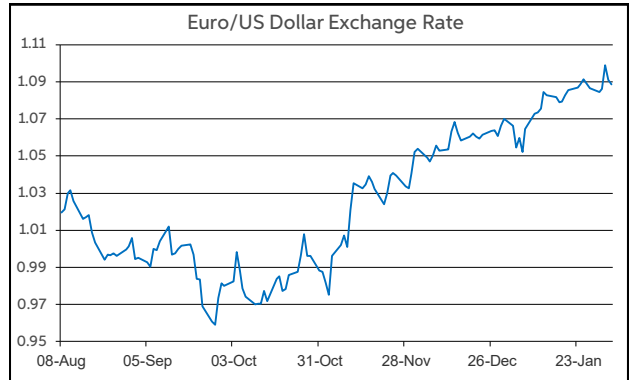
Markets interpreted yesterday's central bank meetings as signalling they are near the end of their current tightening cycles. Futures contracts softened by circa 10bps, with rate cuts now seen as being firmly on the agenda for the end of this year. Meanwhile, 10-year UK and Eurozone sovereign bond yields fell by 20-40bps.

On the currency front, amid the softening in market rate expectations, the euro and sterling were on the defensive. Both currencies fell by over 1% against the dollar and the yen. Elsewhere, equity markets were buoyed by the view that official rates may be nearing their peak. The S&P 500 gained 1.5%.

As trading gets underway this morning, the softer tone to the euro sees EUR/USD open back below the \$1.09 handle. GBP/USD is operating down in the \$1.21-1.22 range, having started yesterday in the top half of \$1.23-1.24. Meantime, EUR/GBP is up above the 89p threshold.

Ahead today, the US labour market report for January will be the highlight. The consensus is for payrolls to rise by 185k in the month, while the unemployment rate is projected to edge higher to 3.6% from 3.5%. Meanwhile, the pace of average earnings growth is forecast to moderate to +4.3% y/y from +4.6 y/y. The data have the potential to impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0888	-1.18	1.74
EUR/GBP	0.8933	0.46	1.01
GBP/USD	1.2186	-1.64	0.74
GBP/EUR	1.119	-0.46	-1.00
USD/JPY	128.64	0.04	-1.88
EUR/JPY	140.09	-1.14	-0.15

* 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	4.58	4.81	4.99	4.38	3.56
EUR	2.50	2.19	2.48	3.27	3.15	2.75
GBP	3.50	3.90	4.13	4.42	4.04	3.56

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

Friday 03 February 2023
07:38 am



Euro

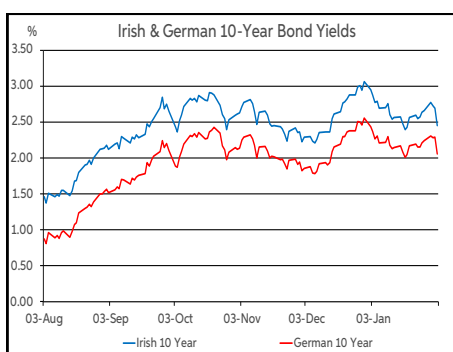
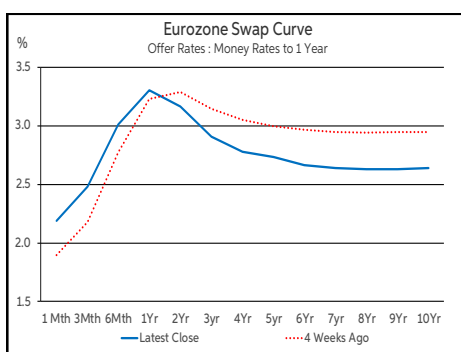
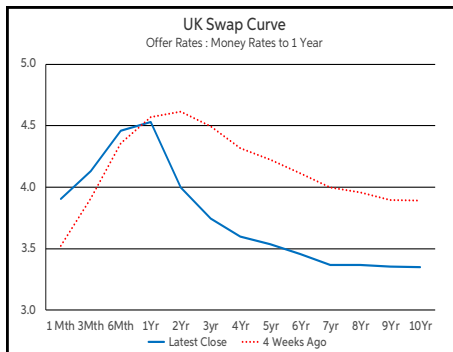
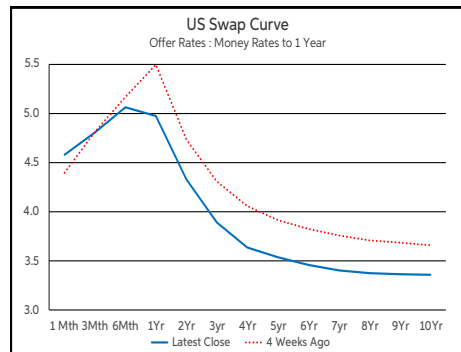
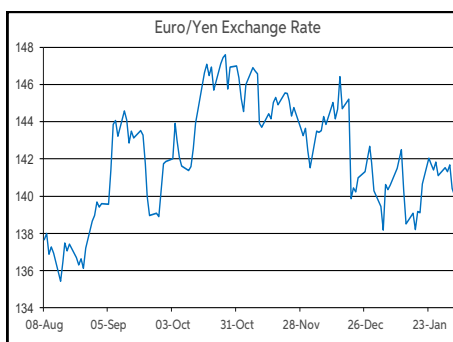
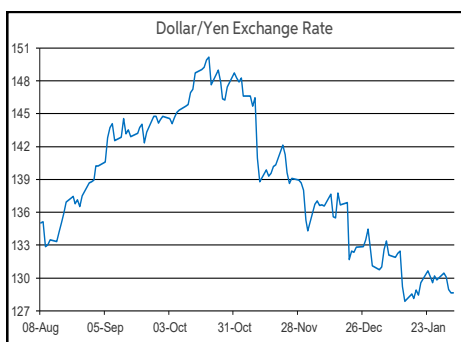
EUR/GBP	0.8933
EUR/USD	1.0888
EUR/JPY	140.09
EUR/SEK	11.3112
EUR/DKK	7.4415
EUR/NOK	10.9614
EUR/CHF	0.9966
EUR/AUD	1.5428
EUR/HKD	8.5435
EUR/CAD	1.4526

Sterling

GBP/EUR	1.119
GBP/USD	1.2186
GBP/CAD	1.6255
GBP/NZD	1.885
GBP/JPY	156.77
GBP/SEK	12.6582
GBP/DKK	8.3272
GBP/NOK	12.2688
GBP/CHF	1.1152
GBP/AUD	1.7266

Dollar

USD/JPY	128.64
USD/CAD	1.3341
USD/CHF	0.9153
USD/CNY	6.7467
USD/BRL	5.0504
USD/RUB	70.35
USD/INR	82.239
AUD/USD	0.7057
NZD/USD	0.6462



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.40	-1	-32	-48
Germany	2.06	-24	-25	-50
UK	3.00	-31	-55	-67
5 Year Swap %				
US	3.54	-0	-34	-46
Eurozone	2.74	-16	-25	-50
UK	3.54	-31	-68	-77
2 Year Swap %				
US	4.33	+1	-36	-35
Eurozone	3.16	-13	-11	-22
UK	4.00	-23	-61	-68
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-2	-10	-17
Belgium	64	-1	+3	+0
France	45	-1	-7	-10
Italy	183	-17	-21	-31
Spain	98	-6	-9	-11
Portugal	85	-8	-17	-19
Greece	204	+3	-10	+1

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	82.17	-0.81	+4.42	-4.35
West Texas Oil	75.87	-0.62	+3.07	-5.35
Gold \$	1912.4	-1.95	+4.32	+4.82

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