

Euro the big winner last week

Last week was another eventful week on markets, with monetary policy front and centre of proceedings. As expected, the BoE raised interest rates by 25bps to 0.5%. However, the BoE struck a more hawkish tone than anticipated. Similarly, the ECB meeting statement was in line with the consensus, with policy remaining on hold. At the press conference though, the ECB opened the door to potential interest rate hikes before the end of 2022.

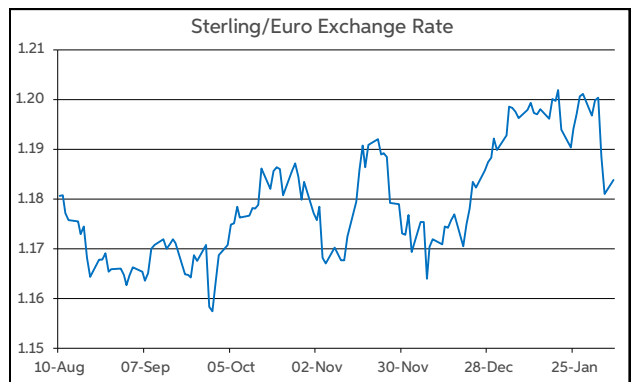
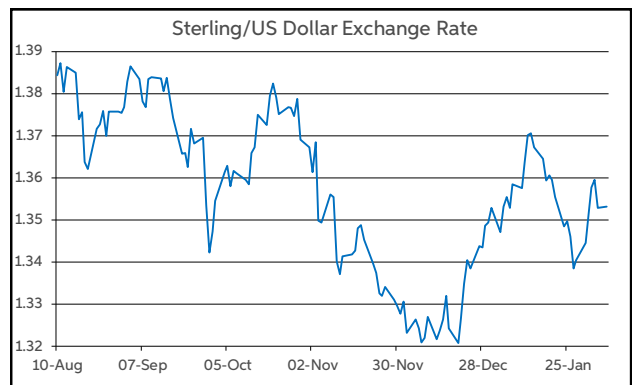
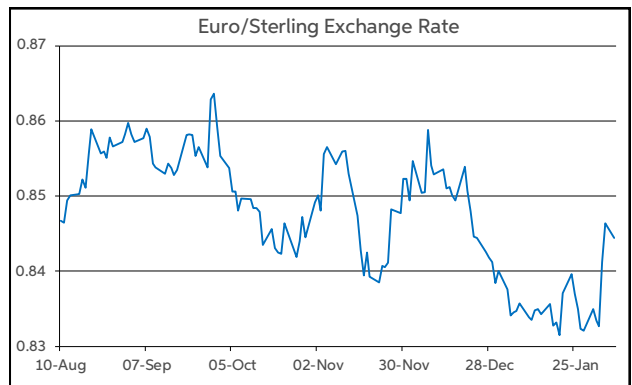
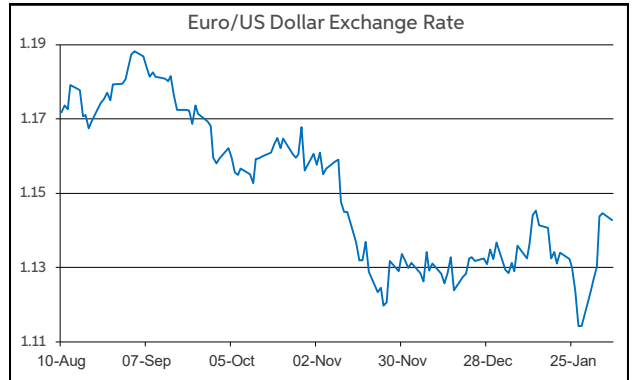
There was a hawkish shift in the rates outlook for the Eurozone and the UK after the central bank updates. As a result, European bond yields ended the week circa 25-40bps higher. Currency-wise, the euro and sterling were both boosted by the meetings also. The euro was the big mover though, with the single currency up by over 2% on the week versus the dollar, and 1.5% against sterling. Meanwhile, sterling rose by circa 1% against the greenback.

Data-wise, the highlight was Friday's US labour market data for January, which were much stronger than expected. Payrolls jumped by 467k (vs. +150k f'cast) and upward revisions totalling 709k were made to the November and December data also. The dollar regained some support following the release.

As trading gets underway this morning, EUR/USD opens up above \$1.14, having opened last week below \$1.12. EUR/GBP is operating up at the heart of 84-85p handle. Elsewhere, GBP/USD is changing hands up in \$1.35 territory.

Ahead today there is a relatively quiet data schedule on both sides of the Atlantic. For the remainder of the week, the main release of note will be the latest reading of US CPI inflation for January. Meanwhile in the UK, Q4 GDP data are due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1428	-0.26	0.53
EUR/GBP	0.8445	0.21	0.54
GBP/USD	1.3531	-0.47	0.01
GBP/EUR	1.1836	-0.21	-0.53
USD/JPY	115.25	0.30	0.15
EUR/JPY	131.73	0.02	0.66

* 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	0.12	0.34	0.96	1.47	1.83
EUR	0.00	-0.55	-0.55	-0.30	0.14	0.50
GBP	0.25	0.48	0.74	1.46	1.69	1.75

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

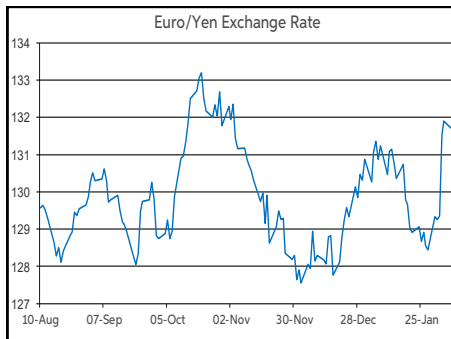
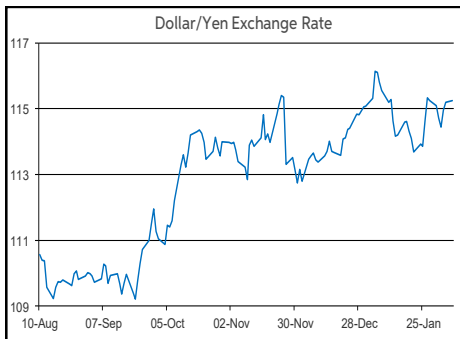
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

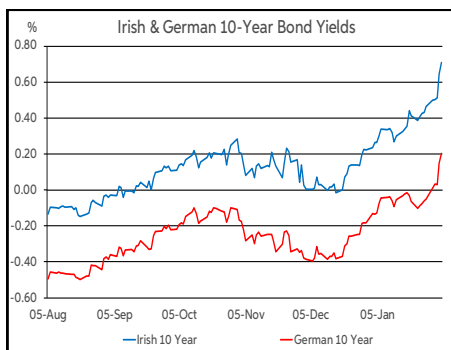
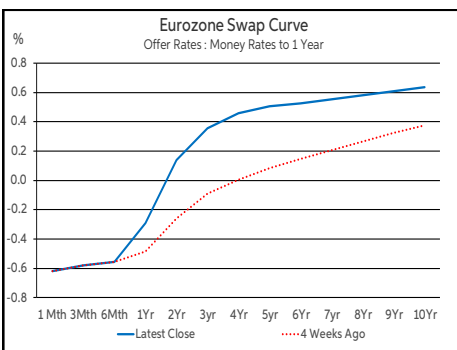
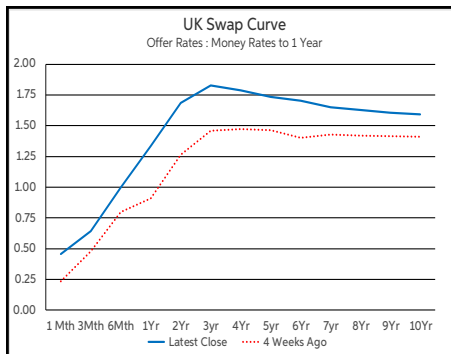
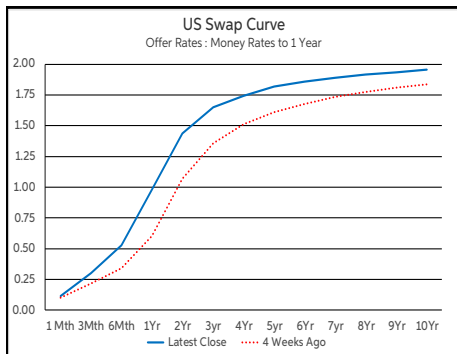
Monday 07 February 2022
07:35 am



Euro		Sterling		Dollar	
EUR/GBP	0.8445	GBP/EUR	1.1836	USD/JPY	115.25
EUR/USD	1.1428	GBP/USD	1.3531	USD/CAD	1.2718
EUR/JPY	131.73	GBP/CAD	1.7212	USD/CHF	0.9246
EUR/SEK	10.4547	GBP/NZD	2.0405	USD/CNY	6.3569
EUR/DKK	7.4437	GBP/JPY	155.94	USD/BRL	5.3253
EUR/NOK	10.0502	GBP/SEK	12.3763	USD/RUB	75.681
EUR/CHF	1.0571	GBP/DKK	8.8114	USD/INR	74.655
EUR/AUD	1.6111	GBP/NOK	11.8956	AUD/USD	0.7094
EUR/HKD	8.9053	GBP/CHF	1.2515	NZD/USD	0.6629
EUR/CAD	1.4539	GBP/AUD	1.9072		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.92	+8	+15	+40
Germany	0.21	+5	+24	+39
UK	1.42	+4	+24	+44
5 Year Swap %				
US	1.82	+11	+25	+49
Eurozone	0.51	+11	+43	+50
UK	1.74	+6	+28	+46
2 Year Swap %				
US	1.44	+11	+39	+49
Eurozone	0.14	+10	+41	+44
UK	1.69	-2	+43	+49
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	+2	+13	+10
Belgium	44	+9	+13	+8
France	44	+1	+12	+7
Italy	155	+3	+20	+18
Spain	84	+4	+16	+7
Portugal	77	+4	+14	+11
Greece	188	+17	+33	+39



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	93.27	+2.37	+14.09	+19.92
West Texas Oil	92.27	+2.33	+16.80	+22.49
Gold \$	1807.5	+0.17	+0.66	-1.14

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