

Euro holds on to most of its gains

There was a mixed tone to investor sentiment yesterday. The Euro Stoxx 50 gained 0.8%. Meanwhile, at the close on Wall Street, the S&P 500 was down by circa 0.5%. Elsewhere, oil prices moved lower, falling back below \$94bbl, as diplomatic efforts continued to be made to ease tensions in relation to Ukraine.

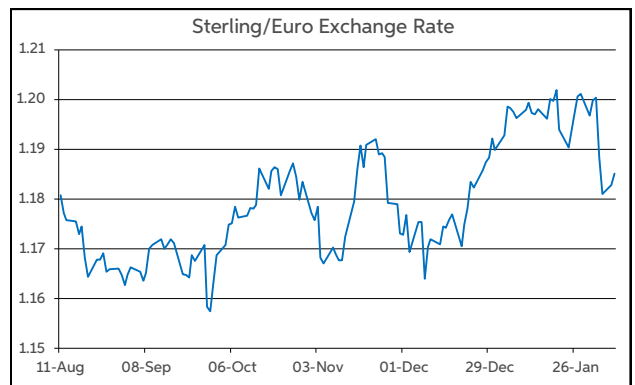
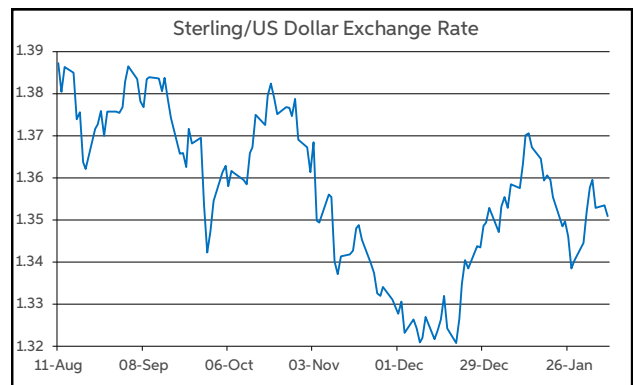
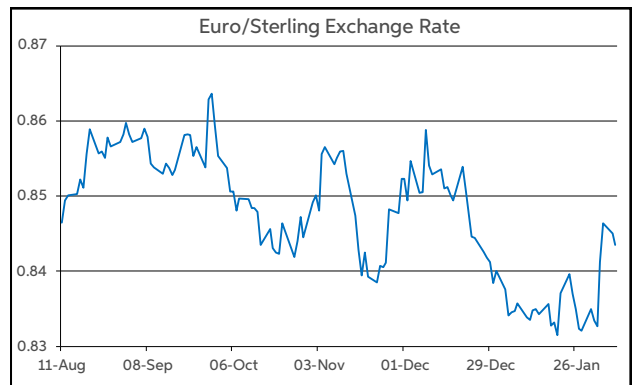
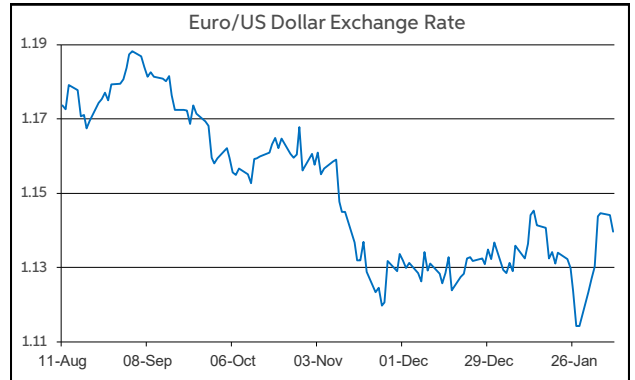
On bond markets, yields rose slightly across the board, as markets continued to digest the hawkish shift from the ECB last week. In the Eurozone, the yield spread between some core and periphery bonds widened further. The key 10 year Italian BTP–German Bund yield spread rose to over 160bps for a period yesterday, its highest level since July 2020. Meantime, at a hearing in the European Parliament, ECB President Lagarde noted that any adjustment towards normalising monetary policy would be “very gradual”.

Currency-wise, the euro held on to most of its gains from last week. The single currency gave back around 0.2% against the dollar and sterling, having gained between 1.5-2.5% last week. Overall though, the main FX pairs were confined to fairly narrow ranges yesterday. A sparse data schedule likely contributed to the lacklustre action.

In level terms, EUR/USD opens this morning at the \$1.14 threshold. Meanwhile, EUR/GBP is changing hands just below the midpoint of the 84-85p range. Cable (GBP/USD) remains in the bottom half of the \$1.35-1.36 corridor.

Turning to the day ahead, there is a sparse macro calendar on both sides of the Atlantic. This suggests that the key exchange rates may continue to operate in tight trading ranges again today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.14	-0.25	0.28
EUR/GBP	0.8438	-0.19	0.45
GBP/USD	1.351	-0.06	-0.14
GBP/EUR	1.1848	0.19	-0.45
USD/JPY	115.51	0.16	0.37
EUR/JPY	131.72	-0.10	0.65

* 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	0.99	1.52	1.89
EUR	0.00	-0.55	-0.55	-0.28	0.17	0.57
GBP	0.25	0.48	0.74	1.57	1.83	1.77

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

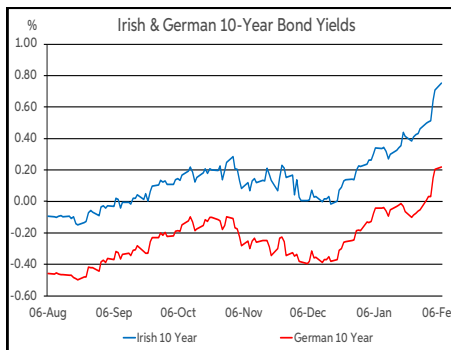
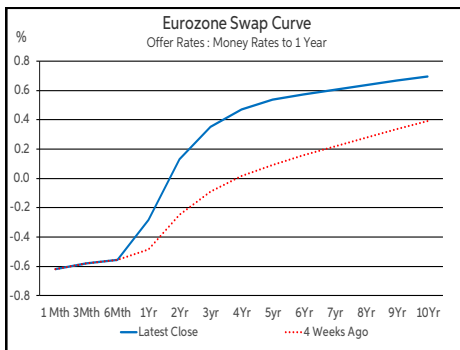
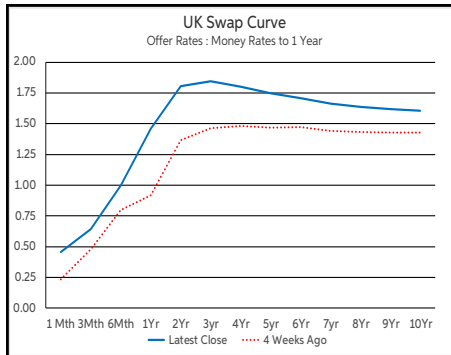
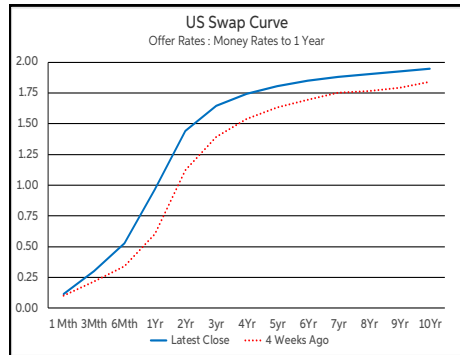
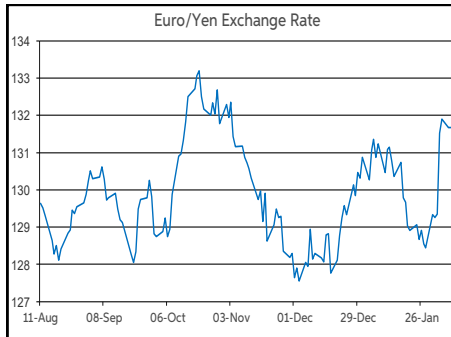
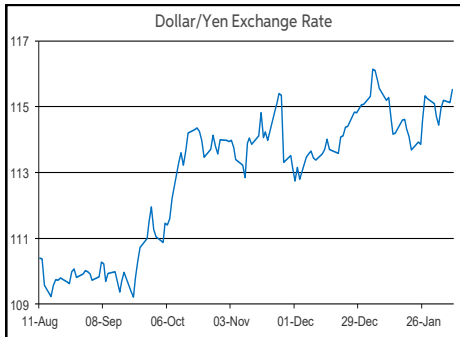
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Tuesday 08 February 2022
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.8438	GBP/EUR	1.1848	USD/JPY	115.51
EUR/USD	1.14	GBP/USD	1.351	USD/CAD	1.2694
EUR/JPY	131.72	GBP/CAD	1.7152	USD/CHF	0.9261
EUR/SEK	10.4429	GBP/NZD	2.0375	USD/CNY	6.3669
EUR/DKK	7.4431	GBP/JPY	156.05	USD/BRL	5.2636
EUR/NOK	10.0583	GBP/SEK	12.374	USD/RUB	75.3275
EUR/CHF	1.0557	GBP/DKK	8.8183	USD/INR	74.741
EUR/AUD	1.6028	GBP/NOK	11.919	AUD/USD	0.7112
EUR/HKD	8.8868	GBP/CHF	1.2511	NZD/USD	0.6628
EUR/CAD	1.4474	GBP/AUD	1.8992		



	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.92	+0	+16	+41
Germany	0.22	+2	+26	+40
UK	1.41	-0	+22	+44
5 Year Swap %				
US	1.81	-1	+22	+47
Eurozone	0.54	+3	+45	+53
UK	1.75	+1	+29	+47
2 Year Swap %				
US	1.44	-1	+36	+50
Eurozone	0.13	-1	+39	+43
UK	1.81	+12	+45	+61
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	+1	+13	+11
Belgium	45	+2	+14	+10
France	45	+1	+13	+8
Italy	159	+4	+27	+23
Spain	86	+2	+17	+9
Portugal	80	+3	+17	+13
Greece	215	+27	+54	+65

	Commodities			
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	92.69	-0.62	+14.62	+19.17
West Texas Oil	91.25	-1.11	+16.82	+21.13
Gold \$	1820.3	+0.71	+1.05	-0.44

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