

## Markets remain volatile

It was another eventful and somewhat volatile period on markets last week. The focus at the moment is very much centred on inflation and the outlook for interest rates. As a result, markets remained reactive to inflation data and central bank speakers.

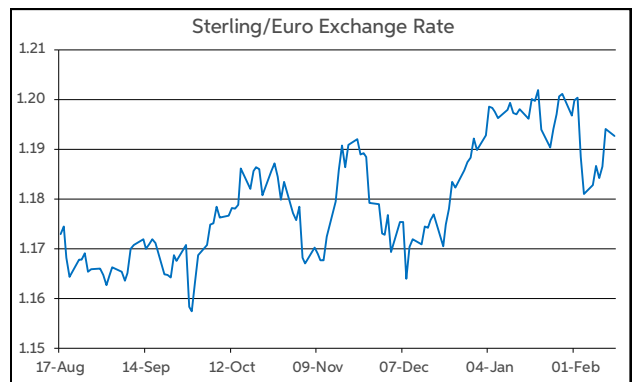
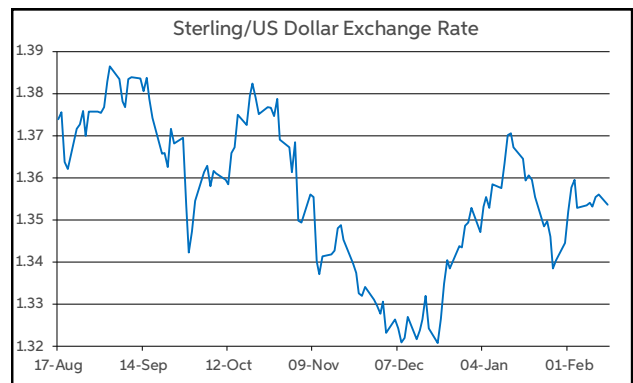
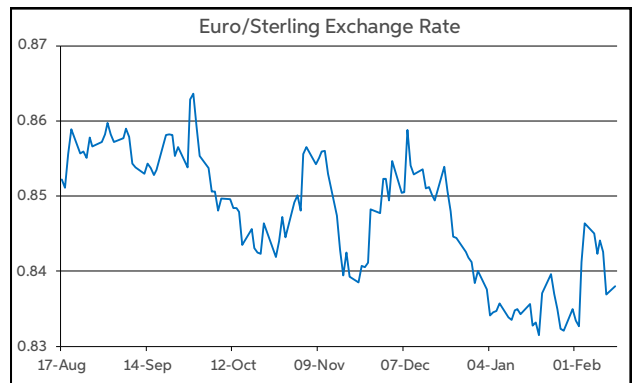
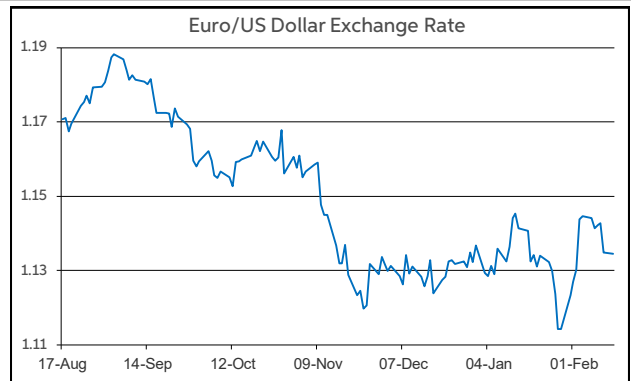
The main data highlight was US CPI inflation for January printing ahead of expectations. Headline inflation rose to 7.5% (f'cast 7.3%) from 7%, its highest level since early 1982. This provided a sharp, albeit short-lived boost, to the dollar. EUR/USD went from near \$1.145 to below \$1.14, before moving up again, to a high of \$1.149.

Meanwhile, on the central bank front, a raft of ECB speakers (incl. President Lagarde), attempted to row back somewhat on the very hawkish interpretation by futures markets on the change of tone on rates in their recent press conference. Although, futures contracts continue to price in 50bps of hikes by year end.

Elsewhere, there was also a number of Fed speakers. However, it was James Bullard (FOMC voter this year) who stole the limelight, stating his preference for a 50bps rate rise in March and another 50bps by end June. This saw EUR/USD move back below \$1.14. As trading gets underway this morning, EUR/USD is in the lower half of \$1.13-1.14. Meantime, EUR/GBP opens just below 84p, having spent most of last week near the midpoint of 84-85p.

This week, there is a busy diary in the US and UK. However, given the aforementioned focus for markets, UK CPI data and the Fed meeting minutes will be the most watched. Both releases have the potential for some impact on their respective currencies. Meanwhile, the Eurozone schedule is much quieter. Aside from the macro diary, markets will be watching developments in Ukraine.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1346	-0.35	-0.19
EUR/GBP	0.838	-0.39	-0.24
GBP/USD	1.3536	0.04	0.05
GBP/EUR	1.1924	0.39	0.24
USD/JPY	115.38	-0.59	0.26
EUR/JPY	130.93	-0.93	0.05

\* 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	0.19	0.51	1.25	1.78	1.97
EUR	0.00	-0.56	-0.52	-0.26	0.22	0.62
GBP	0.25	0.49	0.86	1.63	1.97	2.00

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

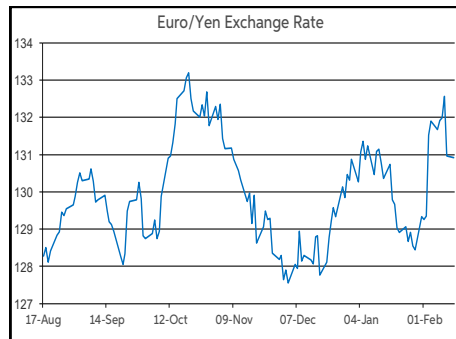
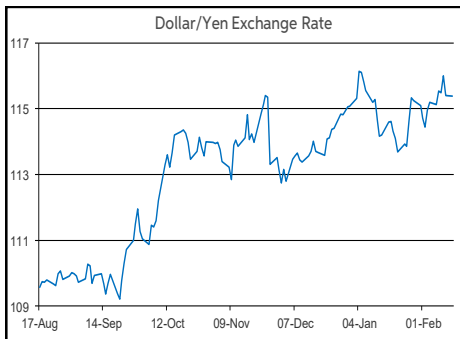
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

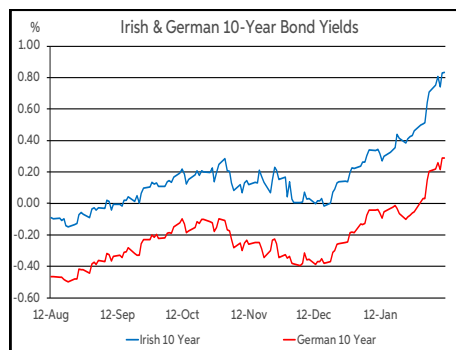
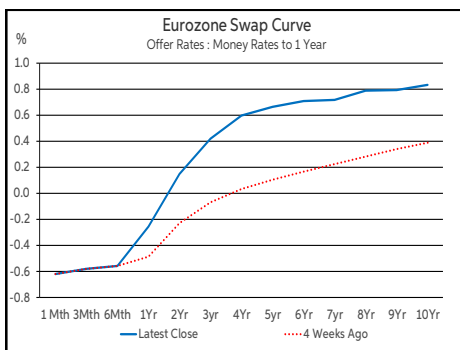
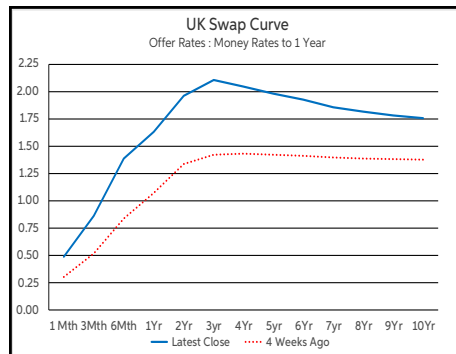
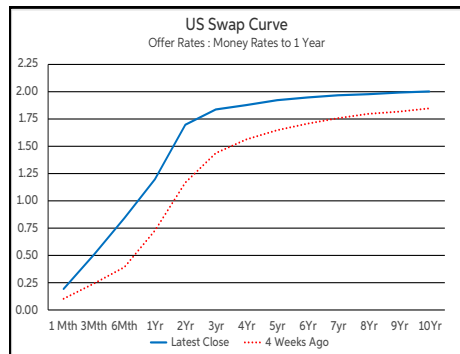
Monday 14 February 2022  
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.838	GBP/EUR	1.1924	USD/JPY	115.38
EUR/USD	1.1346	GBP/USD	1.3536	USD/CAD	1.2735
EUR/JPY	130.93	GBP/CAD	1.7239	USD/CHF	0.9248
EUR/SEK	10.5856	GBP/NZD	2.0439	USD/CNY	6.3601
EUR/DKK	7.4402	GBP/JPY	156.16	USD/BRL	5.2527
EUR/NOK	10.0544	GBP/SEK	12.6246	USD/RUB	76.4859
EUR/CHF	1.0497	GBP/DKK	8.8744	USD/INR	75.475
EUR/AUD	1.5926	GBP/NOK	11.9886	AUD/USD	0.7125
EUR/HKD	8.8508	GBP/CHF	1.252	NZD/USD	0.6621
EUR/CAD	1.445	GBP/AUD	1.8999		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.92	-13	+13	+41
Germany	0.29	+0	+34	+47
UK	1.55	+2	+40	+58
<b>Ireland</b>				
Ireland	0.86	+0	+52	+61
Belgium	0.78	+2	+51	+60
France	0.77	+2	+44	+58
Italy	1.96	+6	+62	+78
Spain	1.23	+5	+59	+64
Portugal	1.17	+4	+61	+69
Greece	2.62	+7	+110	+131
<b>5 Year Swap %</b>				
US	1.92	-10	+31	+59
Eurozone	0.67	-1	+57	+65
UK	1.98	+5	+56	+71
<b>2 Year Swap %</b>				
US	1.69	-8	+56	+75
Eurozone	0.15	-10	+39	+45
UK	1.96	+0	+63	+77
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	56	+0	+18	+14
Belgium	49	+2	+17	+13
France	48	+2	+10	+11
Italy	167	+6	+28	+31
Spain	94	+5	+25	+17
Portugal	88	+4	+27	+22
Greece	233	+7	+75	+84



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.44	+3.31	+9.74	+21.42
West Texas Oil	93.1	+3.64	+11.07	+23.59
Gold \$	1860.0	+1.83	+2.35	+1.73

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