

Dollar supported by firmer US rates

Investor sentiment was subdued yesterday, as the market moved to price in higher interest rates for longer, most notably in the US. Both the Euro Stoxx 50 and the S&P 500 finished flat. Meantime, 10-year bond yields rose by 5-12bps in US, UK and Eurozone. However, the policy sensitive 2-year yields climbed by circa 15bps in the US and UK, and a more modest 8bps in the Eurozone.

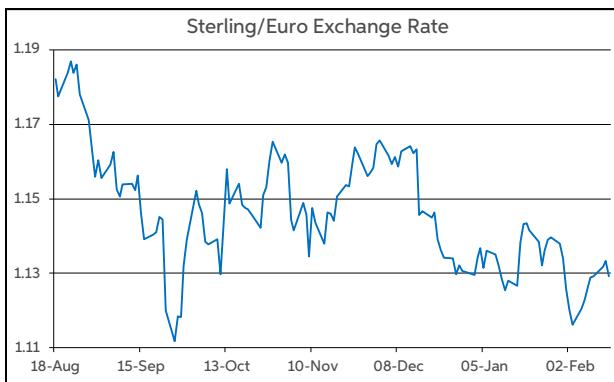
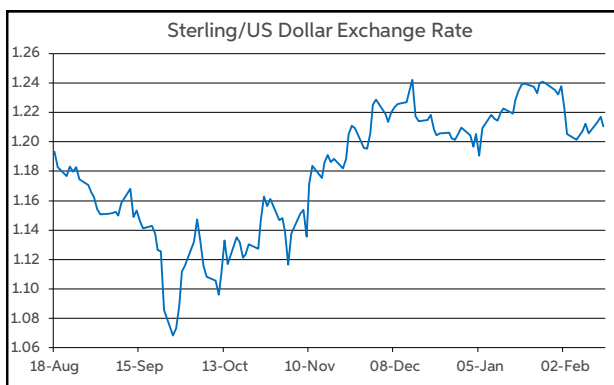
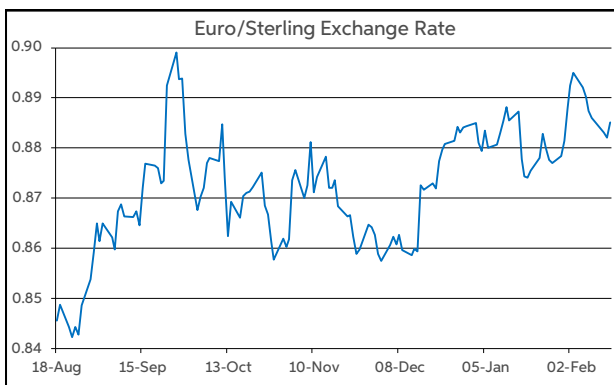
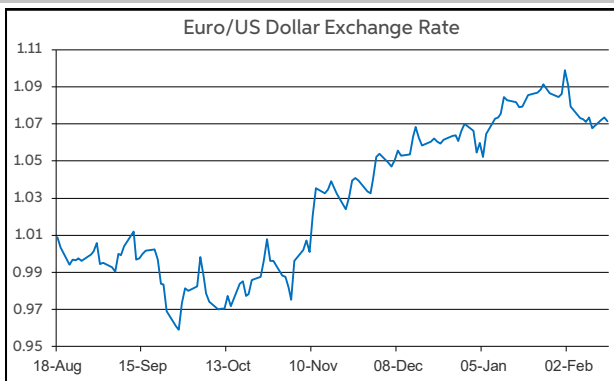
Futures contracts hardened in the US yesterday, as CPI inflation printed above the consensus (+6.2%) in January, edging lower to 6.4% from 6.5%. The core rate inched down to 5.6% from 5.7% also. US futures contracts firmed by circa 5-10bps, with the Fed Funds target range now expected to peak around 5.3%. Higher market rate expectations spilled over into the Eurozone and UK.

Amid the volatile interest rate environment, there were choppy trading conditions on currency markets. Sterling was on the front-foot early-on, supported by some strong labour market data. However, after some gyrations in the immediate aftermath of the US CPI release, the dollar gained the ascendancy. Elsewhere, the yen was on the defensive.

In level terms, EUR/USD opens this morning in the lower half of \$1.07-1.08 once again. GBP/USD is changing hands at the \$1.21 handle. EUR/GBP is operating back at the midpoint of 88-89p. USD/JPY is trading north of the ¥133 threshold.

Already this morning, UK CPI inflation fell to 10.1% in January, 10.5% (and vs. 10.3% f'cast). Core CPI fell to 5.8% from 6.3% also. Sterling has experienced some downward pressure in the initial reaction to the data. Later today, US retail sales and industrial production data for January are due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0714	-0.21	0.11
EUR/GBP	0.8854	0.17	0.11
GBP/USD	1.2099	-0.37	0.02
GBP/EUR	1.1291	-0.17	-0.11
USD/JPY	133.25	1.04	1.63
EUR/JPY	142.8	0.84	1.78

* 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	4.625	4.59	4.87	5.35	4.92	4.06
EUR	3.00	2.40	2.65	3.49	3.48	3.08
GBP	4.00	3.96	4.21	4.61	4.39	4.05

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

Wednesday 15 February 2023
07:48 am



Euro

EUR/GBP	0.8854
EUR/USD	1.0713
EUR/JPY	142.8
EUR/SEK	11.1728
EUR/DKK	7.4519
EUR/NOK	10.9577
EUR/CHF	0.9893
EUR/AUD	1.5513
EUR/HKD	8.4094
EUR/CAD	1.4332

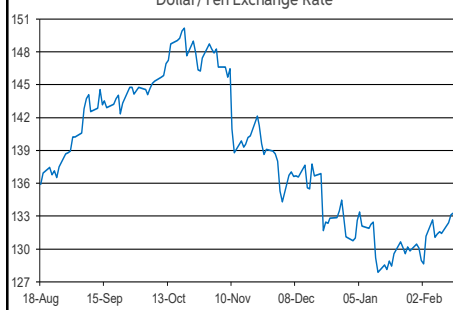
Sterling

GBP/EUR	1.1289
GBP/USD	1.2098
GBP/CAD	1.6187
GBP/NZD	1.9241
GBP/JPY	161.23
GBP/SEK	12.6145
GBP/DKK	8.4146
GBP/NOK	12.3734
GBP/CHF	1.1171
GBP/AUD	1.752

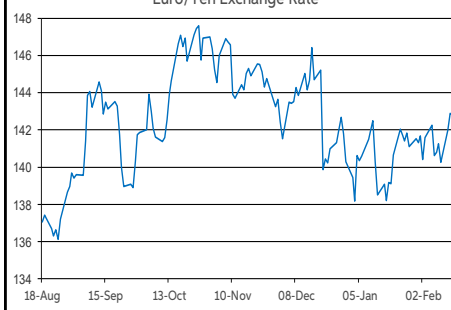
Dollar

USD/JPY	133.27
USD/CAD	1.3375
USD/CHF	0.9231
USD/CNY	6.8448
USD/BRL	5.1923
USD/RUB	73.8
USD/INR	82.86
AUD/USD	0.6906
NZD/USD	0.6286

Dollar/Yen Exchange Rate

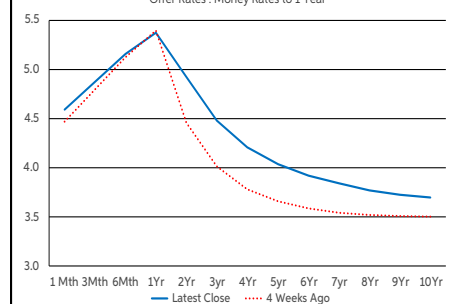


Euro/Yen Exchange Rate



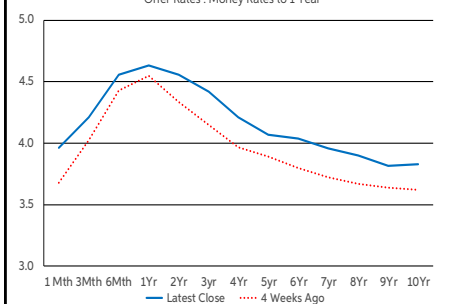
US Swap Curve

Offer Rates : Money Rates to 1 Year



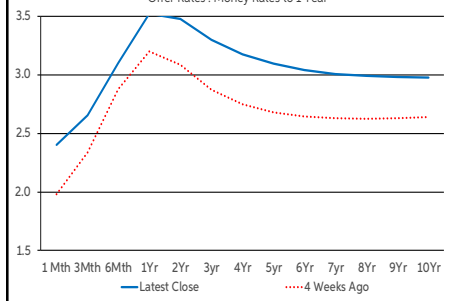
UK Swap Curve

Offer Rates : Money Rates to 1 Year

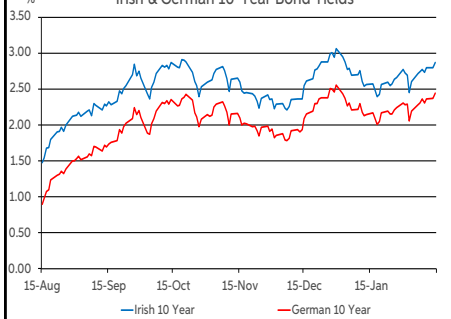


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.75	+5	+20	-13
Germany	2.45	+7	+36	-12
UK	3.52	+12	+20	-15
Ireland	2.89	+8	+39	-25
Belgium	3.07	+8	+45	-13
France	2.91	+8	+37	-21
Italy	4.24	+6	+35	-47
Spain	3.46	+7	+40	-20
Portugal	3.31	+7	+32	-29
Greece	4.23	+1	+4	-36
5 Year Swap %				
US	4.04	+9	+41	+4
Eurozone	3.09	+9	+42	-14
UK	4.07	+11	+18	-23
2 Year Swap %				
US	4.92	+15	+51	+25
Eurozone	3.48	+8	+40	+9
UK	4.56	+16	+22	-13
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	+1	+3	-14
Belgium	63	+1	+9	-1
France	46	+1	+1	-9
Italy	179	-1	-1	-35
Spain	101	-0	+4	-8
Portugal	87	-0	-4	-17
Greece	178	-6	-32	-25

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	85.58	-1.19	-0.40	-0.38
West Texas Oil	79.08	-1.32	-1.46	-1.35
Gold \$	1854.3	+0.05	-2.83	+1.64

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