

EUR/USD back below \$1.06

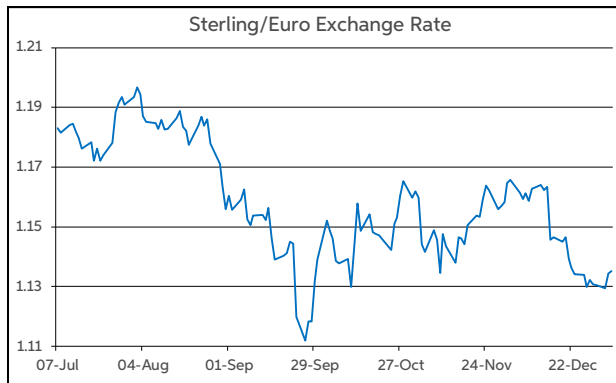
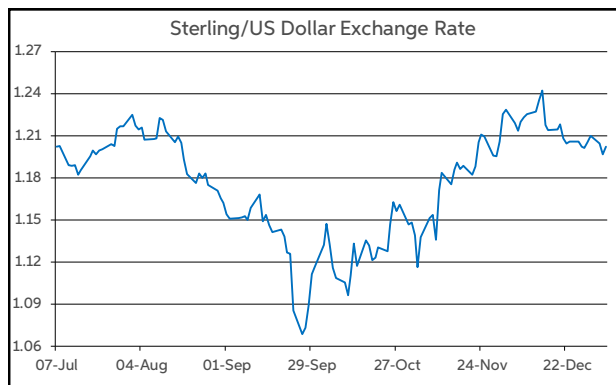
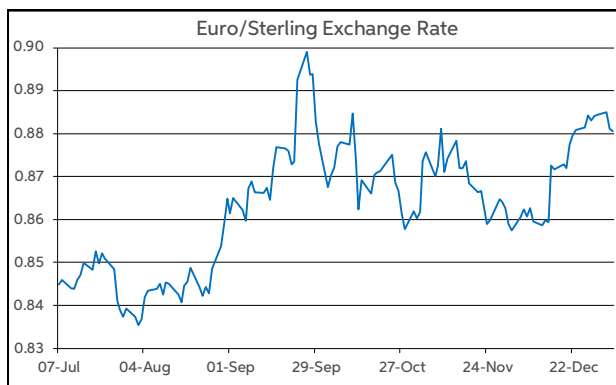
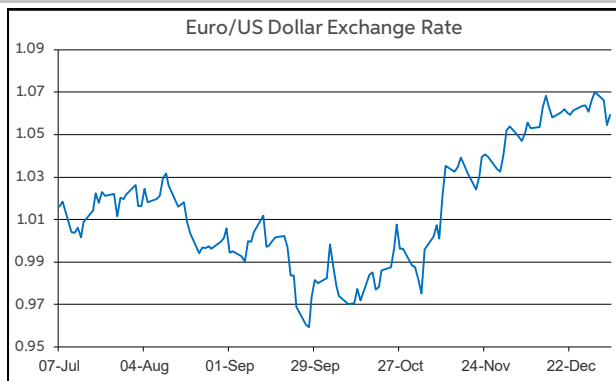
There was a mixed mood on markets yesterday, amid choppy trading conditions. The Euro Stoxx 50 rose by 0.7%, buoyed in part by some better than anticipated German inflation data. Meantime, having initially moved higher, the S&P 500 finished the first trading day of the year down by 0.4%. On bond markets, yields declined across the board, with 10 year US, German and UK yields falling by 2-13bps, respectively.

Currency-wise, the euro was under some downward pressure, following the release of the aforementioned German inflation data. Headline HICP eased to 9.6% in December from 11.3% (and vs. 10.7% f'cast), in part due to fiscal supports to reduce energy prices. The data raise the prospect that inflation may have peaked in the largest Eurozone economy, although, it is likely to remain elevated for some time. The euro did recover slightly late on, but still finished the day down by 0.7% against the dollar and 0.3% versus sterling. Elsewhere, the yen was on the back-foot.

In level terms, the softer tone to the euro is reflected by EUR/USD opening this morning back below the \$1.06 threshold. Meanwhile, EUR/GBP is changing hands back at the 88p mark. Cable (GBP/USD) is operating in the lower half of the \$1.20-1.21 corridor. USD/JPY is trading in the ¥130-131 range, having started yesterday with a ¥129 handle.

Turning to the day ahead, a busy data schedule in the US, includes the manufacturing ISM for December and the release of the latest Fed FOMC meeting minutes. The ISM is projected to edge further below the key 50 level, consistent with a contraction in activity in the sector. Meanwhile, the minutes will garner close attention as investors look for clues regarding the future path of rate hikes.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0591	-0.67	-1.04
EUR/GBP	0.8805	-0.34	-0.44
GBP/USD	1.2028	-0.33	-0.57
GBP/EUR	1.1353	0.34	0.44
USD/JPY	130.25	0.34	-0.66
EUR/JPY	137.99	-0.30	-1.65

* 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	4.375	4.39	4.77	5.04	4.61	3.83
EUR	2.50	1.88	2.16	3.20	3.23	2.95
GBP	3.50	3.47	3.87	4.61	4.57	4.20

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 04 January 2023
08:00 am



Euro

EUR/GBP	0.8805
EUR/USD	1.0591
EUR/JPY	137.97
EUR/SEK	11.1361
EUR/DKK	7.4364
EUR/NOK	10.6031
EUR/CHF	0.9842
EUR/AUD	1.5486
EUR/HKD	8.2816
EUR/CAD	1.443

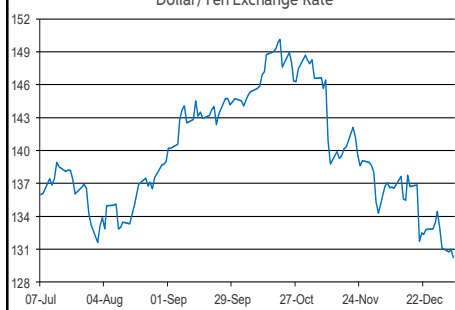
Sterling

GBP/EUR	1.1351
GBP/USD	1.2026
GBP/CAD	1.6386
GBP/NZD	1.9049
GBP/JPY	156.65
GBP/SEK	12.641
GBP/DKK	8.4426
GBP/NOK	12.0387
GBP/CHF	1.1176
GBP/AUD	1.7583

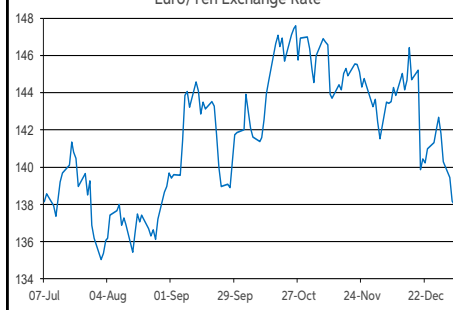
Dollar

USD/JPY	130.26
USD/CAD	1.3623
USD/CHF	0.9291
USD/CNY	6.8905
USD/BRL	5.4797
USD/RUB	71.4
USD/INR	82.83
AUD/USD	0.6839
NZD/USD	0.6311

Dollar/Yen Exchange Rate

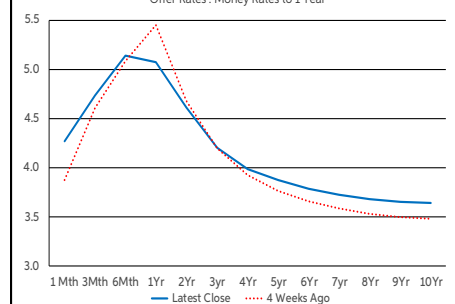


Euro/Yen Exchange Rate



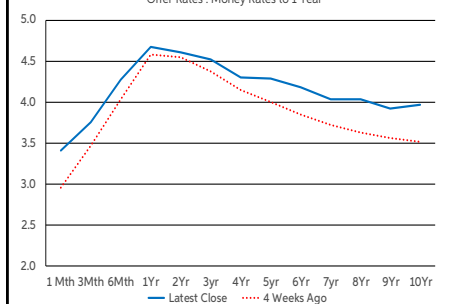
US Swap Curve

Offer Rates : Money Rates to 1 Year



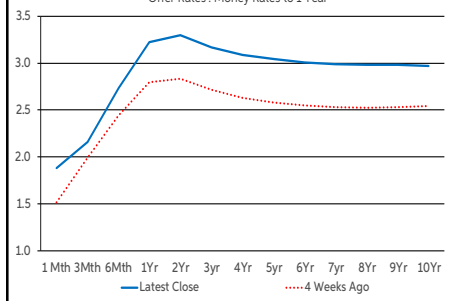
UK Swap Curve

Offer Rates : Money Rates to 1 Year

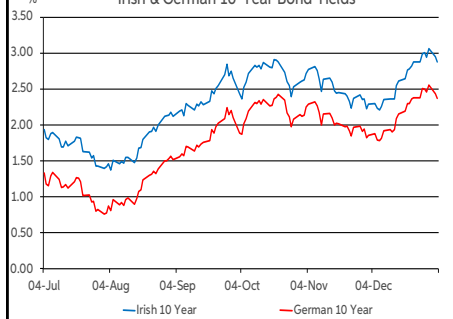


Eurozone Swap Curve

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	-13	+22	-13
Germany	2.38	-7	+58	-19
UK	3.65	-2	+57	-2
Ireland	2.91	-8	+64	-24
Belgium	3.00	-6	+63	-20
France	2.92	-6	+67	-19
Italy	4.50	-5	+85	-20
Spain	3.46	-6	+66	-20
Portugal	3.40	-7	+67	-20
Greece	4.62	-4	+82	+3
5 Year Swap %				
US	3.88	-12	+15	-12
Eurozone	3.04	-7	+47	-19
UK	4.29	-1	+29	-2
2 Year Swap %				
US	4.61	-7	-3	-6
Eurozone	3.30	-4	+47	-9
UK	4.61	-6	+7	-7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	53	-1	+6	-5
Belgium	63	+1	+5	-1
France	55	+1	+9	-0
Italy	212	+1	+27	-2
Spain	108	+0	+8	-1
Portugal	103	+0	+9	-1
Greece	224	+3	+24	+21

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	82.1	-4.43	+3.47	-4.43
West Texas Oil	76.87	-4.10	+3.58	-4.10
Gold \$	1839.5	+0.87	+3.87	+0.83

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