

## Firmer tone to sterling

Investor sentiment remains driven by Covid related newsflow. Yesterday, risk appetite was boosted by the WHO noting that more studies are showing that Omicron is resulting in milder symptoms than previous variants of Covid-19. The Euro Stoxx 50 gained 0.8%, while the S&P 500 finished near flat for the day, after good gains on Monday. Elsewhere, oil moved back above \$80bbl.

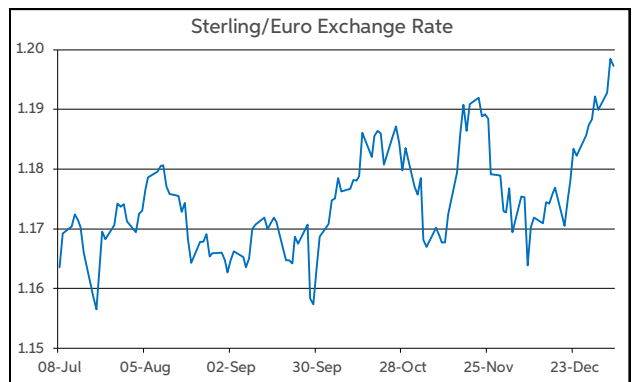
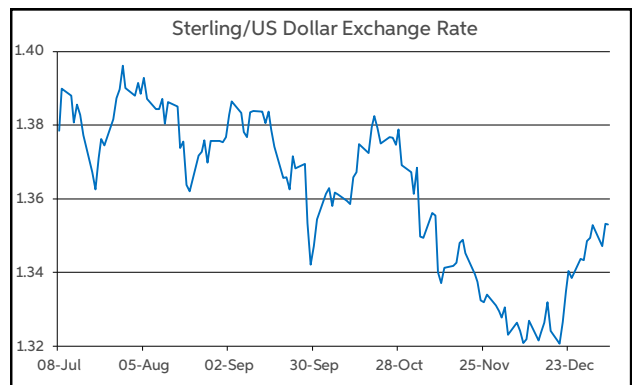
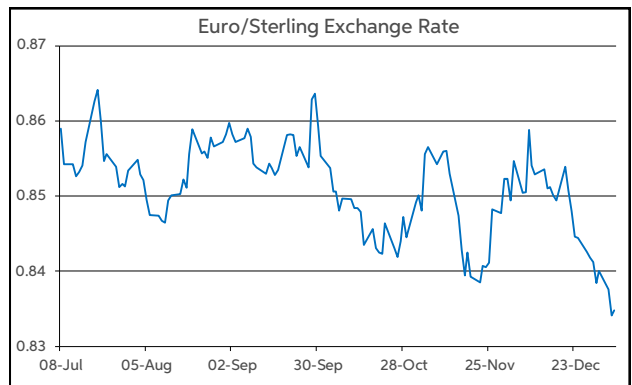
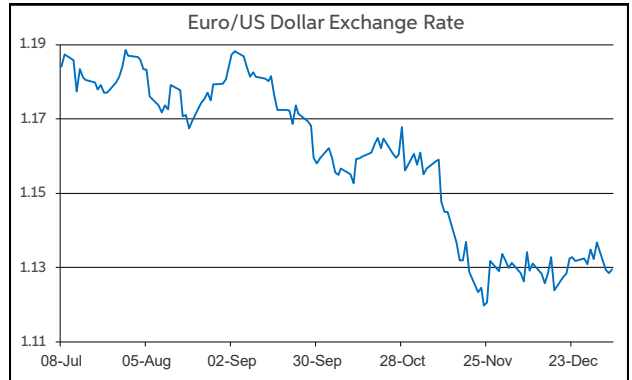
Meanwhile, on bond markets, UK gilt yields rose by 4-11bps along the curve yesterday, playing catch-up, having been closed Monday. The US Treasury yield curve steepened slightly also, with longer dated maturities rising by 2-3bps, having after rising sharply on Monday. Eurozone bond yields were little changed.

Currency-wise, the rise in UK gilt yields coincided with a firmer tone to sterling. The currency gained around 0.5% against both the euro and the dollar on the exchanges. Meantime, the dollar was holding a slight advantage against the euro throughout the day. However, the move was reversed late on, as the US non-manufacturing ISM slipped to 58.7 in December (vs. 60.0 f'cast).

In level terms, the firmer tone to sterling sees EUR/GBP open this morning at the midpoint of the 83-84p range. Cable (GBP/USD) is operating in the bottom half of \$1.35-1.36. EUR/USD continues to straddle \$1.13, and starts today just south of this mark.

In terms of data due today, there is a relatively sparse schedule on both sides of the Atlantic. In the US, the ADP employment report for December may garner some interest though, ahead of the payrolls report on Friday. The latest US Fed meeting minutes will be released after the close in Europe also. However, sentiment is likely to remain driven by Covid related newsflow.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1298	-0.04	-0.62
EUR/GBP	0.8349	-0.50	-0.61
GBP/USD	1.3533	0.48	0.03
GBP/EUR	1.1974	0.50	0.61
USD/JPY	115.96	0.20	0.76
EUR/JPY	131.02	0.15	0.11

\* v Previous Day's European Open  
See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.10	0.21	0.52	0.97	1.45
EUR	0.00	-0.58	-0.57	-0.48	-0.28	0.05
GBP	0.10	0.19	0.26	0.89	1.23	1.34

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

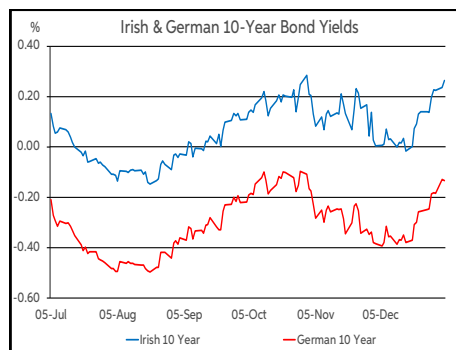
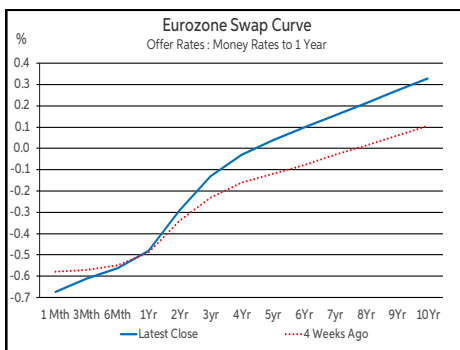
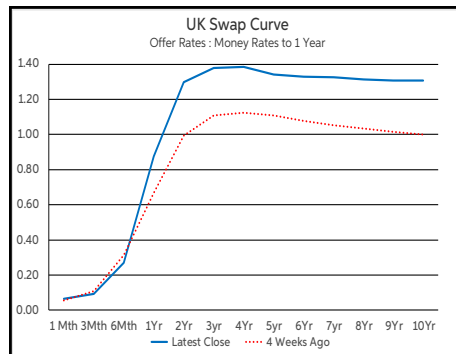
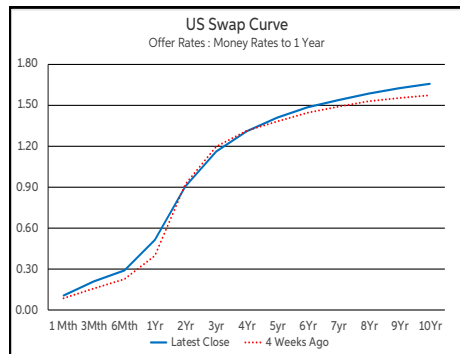
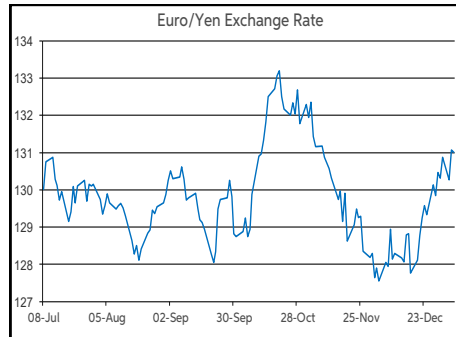
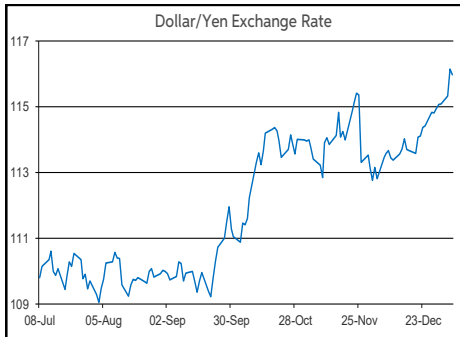
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Wednesday 05 January 2022  
07:40 am



Euro		Sterling		Dollar	
EUR/GBP	0.8349	GBP/EUR	1.1975	USD/JPY	115.96
EUR/USD	1.1299	GBP/USD	1.3533	USD/CAD	1.2711
EUR/JPY	131.02	GBP/CAD	1.7201	USD/CHF	0.9153
EUR/SEK	10.2673	GBP/NZD	1.9898	USD/CNY	6.3723
EUR/DKK	7.4379	GBP/JPY	156.93	USD/BRL	5.677
EUR/NOK	10.0046	GBP/SEK	12.2933	USD/RUB	75.7675
EUR/CHF	1.0341	GBP/DKK	8.9061	USD/INR	74.4725
EUR/AUD	1.5612	GBP/NOK	11.9762	AUD/USD	0.7237
EUR/HKD	8.8071	GBP/CHF	1.2386	NZD/USD	0.68
EUR/CAD	1.4361	GBP/AUD	1.8698		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.65	+1	+17	+14
Germany	-0.13	-0	+25	+5
UK	1.09	+12	+35	+12
<b>Ireland</b>				
Ireland	0.29	+2	+21	+4
Belgium	0.23	+2	+28	+5
France	0.23	+0	+26	+4
Italy	1.22	+2	+30	+4
Spain	0.60	-1	+27	+0
Portugal	0.50	-1	+23	+1
Greece	1.30	-2	+5	-1
<b>5 Year Swap %</b>				
US	1.41	-1	+7	+8
Eurozone	0.04	-1	+17	+3
UK	1.34	+4	+25	+7
<b>2 Year Swap %</b>				
US	0.91	-6	+3	-4
Eurozone	-0.29	-1	+6	+1
UK	1.30	+11	+32	+11
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	42	+2	-3	-1
Belgium	36	+2	+3	+0
France	36	+1	+2	-1
Italy	135	+3	+6	-1
Spain	73	-0	+2	-5
Portugal	63	-0	-1	-4
Greece	143	-1	-20	-6

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	80	+1.29	+6.04	+2.85
West Texas Oil	77	+1.33	+7.03	+2.22
Gold \$	1814.6	+0.76	+1.71	-0.76

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