

US payrolls and EZ inflation in focus

Risk appetite soured yesterday, as stronger than anticipated US labour market data and hawkish Fed rhetoric raised expectations that rates will remain elevated for longer. The ADP employment report overshoot the consensus by 85k in December, while the latest initial jobless claims fell to their lowest level since September.

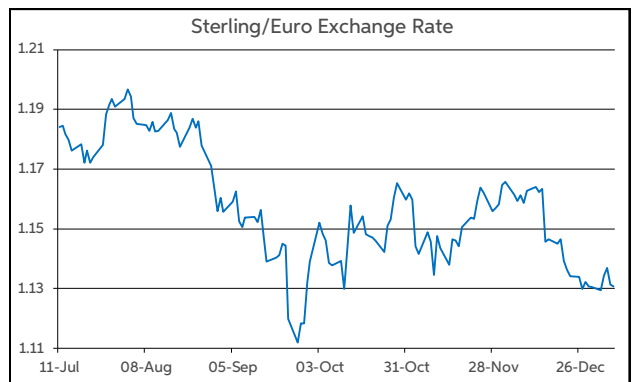
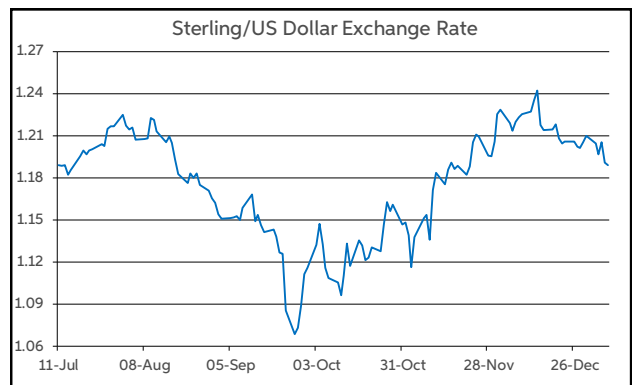
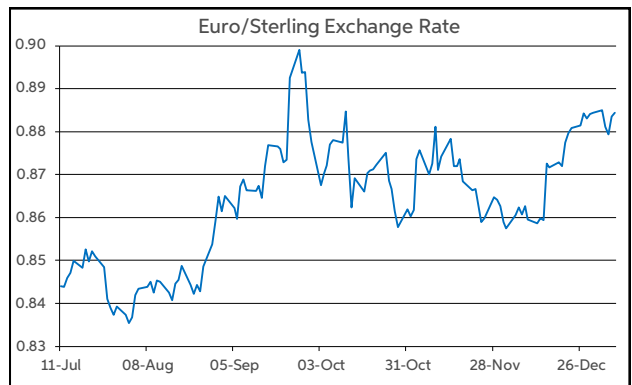
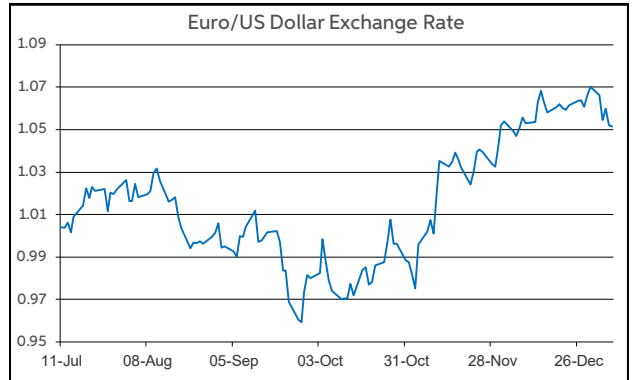
Futures contracts hardened, with US rates now seen as peaking at 5%. The market also moved to price in less in the way of rate cuts by year end from the Fed. The S&P 500 ended the day down 1.2%. Meanwhile, the Euro Stoxx 50 lost 0.5%, having registered significant gains earlier in the week.

Against the backdrop of hawkish Fed rhetoric, strong labour market data and firmer US rates, the dollar was in the ascendancy on the exchanges. The greenback recorded broad based gains, rising by circa 1% against the euro and sterling, respectively. Elsewhere, sterling was under some downward pressure, while the yen remained on the defensive also.

In level terms, EUR/USD opens this morning back in the bottom half of the \$1.05-1.06 range. Meanwhile, GBP/USD is operating below the \$1.19 threshold, having started yesterday with a \$1.20 handle. EUR/GBP is up near the midpoint of the 88-89p corridor.

Ahead today, a busy data schedule includes the official US labour market report and Eurozone inflation data for December. The consensus is for a solid 200k increase in payrolls in the month, although, the risks are tilted to the upside. Meanwhile, Eurozone HICP inflation is projected to ease to 9.7% from 10.1%. In contrast though, the risks to this release are firmly to the downside. Both data prints pose event risk, and could impact currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0517	-0.87	-1.73
EUR/GBP	0.8841	0.29	-0.03
GBP/USD	1.1893	-1.20	-1.69
GBP/EUR	1.1304	-0.29	0.03
USD/JPY	134.21	1.31	2.36
EUR/JPY	141.18	0.43	0.63

* 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	4.38	4.79	5.16	4.75	3.93
EUR	2.50	1.89	2.17	3.24	3.28	2.99
GBP	3.50	3.52	3.90	4.65	4.61	4.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

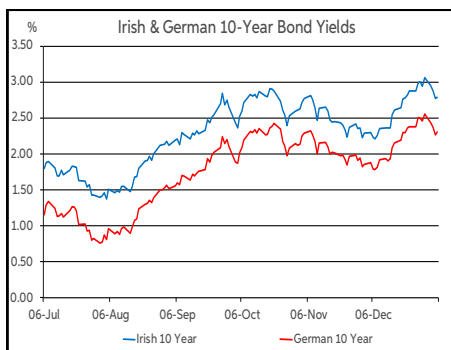
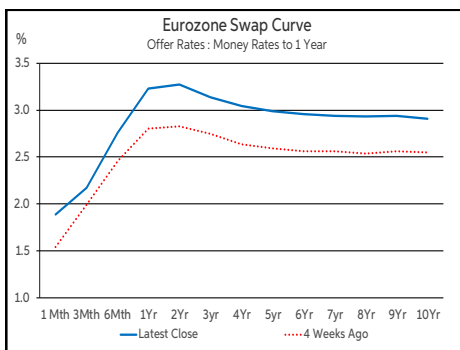
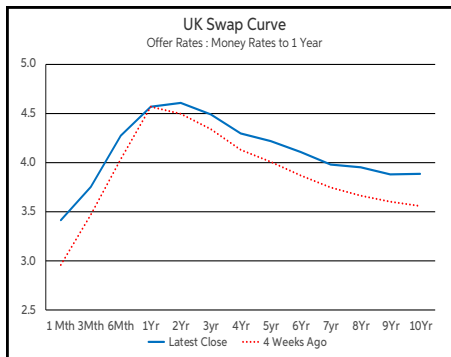
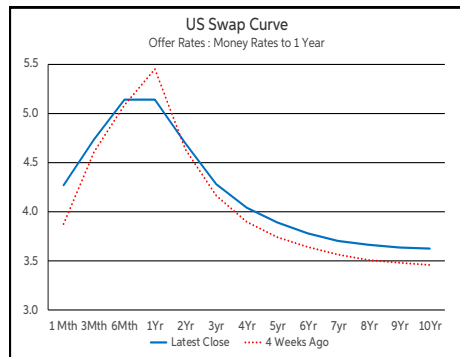
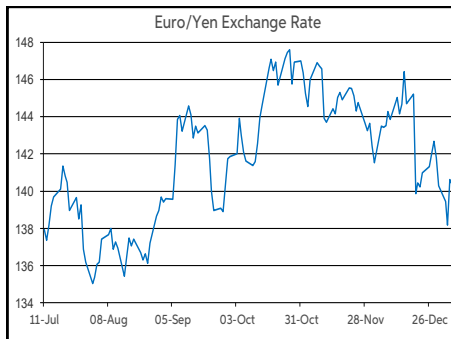
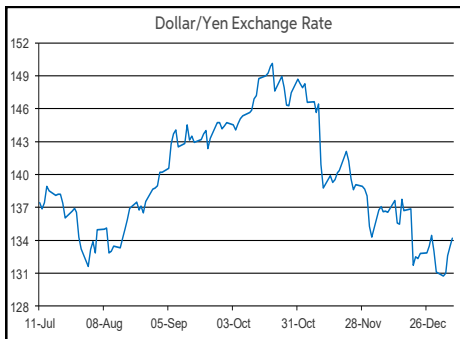
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Friday 06 January 2023
07:46 am



Euro		Sterling		Dollar	
EUR/GBP	0.8841	GBP/EUR	1.1304	USD/JPY	134.21
EUR/USD	1.0517	GBP/USD	1.1893	USD/CAD	1.358
EUR/JPY	141.18	GBP/CAD	1.6154	USD/CHF	0.9372
EUR/SEK	11.2301	GBP/NZD	1.9122	USD/CNY	6.861
EUR/DKK	7.437	GBP/JPY	159.62	USD/BRL	5.3509
EUR/NOK	10.7795	GBP/SEK	12.7056	USD/RUB	71.6
EUR/CHF	0.9858	GBP/DKK	8.4087	USD/INR	82.635
EUR/AUD	1.5583	GBP/NOK	12.1892		
EUR/HKD	8.2156	GBP/CHF	1.1148	AUD/USD	0.6749
EUR/CAD	1.4284	GBP/AUD	1.7621	NZD/USD	0.6217



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.72	+3	+23	-16
Germany	2.31	+4	+49	-26
UK	3.55	+6	+46	-12
5 Year Swap %				
US	3.89	+8	+19	-10
Eurozone	2.99	+7	+40	-24
UK	4.22	+9	+21	-9
2 Year Swap %				
US	4.70	+10	+10	+2
Eurozone	3.28	+6	+46	-11
UK	4.61	+11	+12	-7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	51	-2	+4	-7
Belgium	61	+3	+7	-3
France	53	+2	+6	-2
Italy	204	+4	+16	-11
Spain	107	+4	+7	-2
Portugal	101	-0	+7	-2
Greece	214	-10	+16	+11

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	78.69	+1.09	+3.34	-8.40
West Texas Oil	73.61	+1.08	+3.24	-8.17
Gold \$	1833.2	-1.13	+2.46	+0.48

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