

Inflation data and Fed speak key again this week

There was a mixed mood on financial markets to kick-off 2023. In the Eurozone, better than anticipated inflation data, with the headline HICP rate falling to 9.2% in December helped support risk appetite. The Euro Stoxx 50 gained circa 6% on the week. Meanwhile, the S&P 500 traded sideways for much of the week following some hawkish Fed comments. However, the index rallied late on Friday to finish up 1.4% for the week.

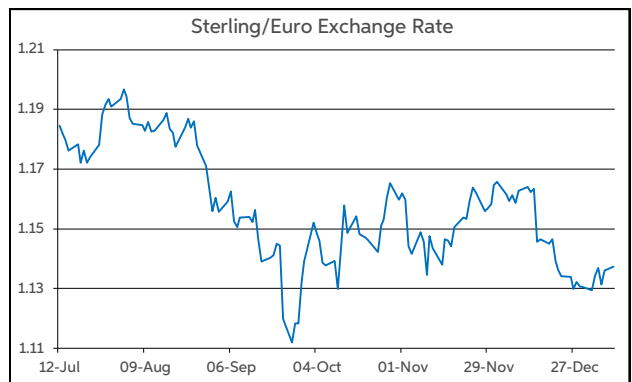
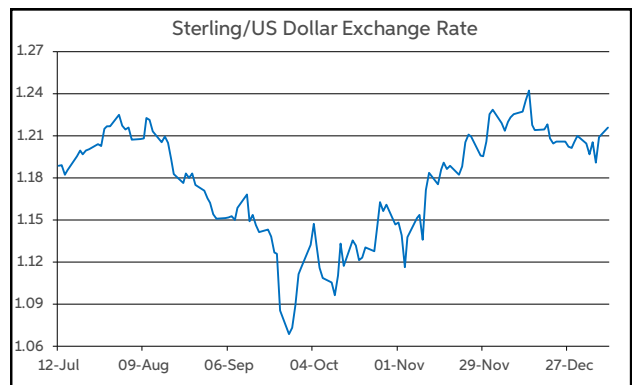
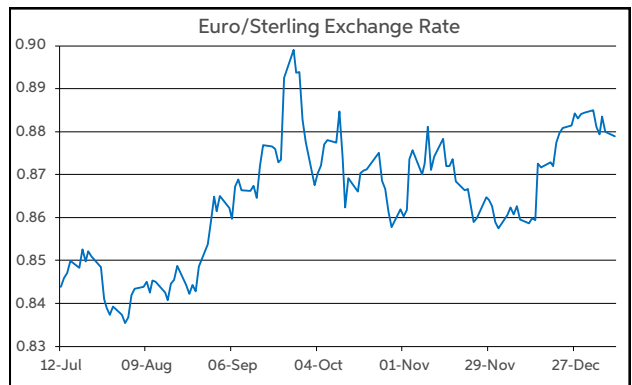
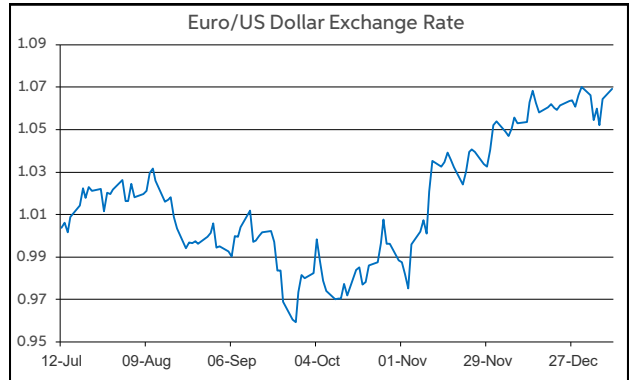
On bond markets, sovereign yields fell across the board. German Bund yields fell by 20-40bps along the curve. The 10-year Italian BTP-Bund yield spread tightened by 10bps also. In the US, Treasury yields moved 15-30bps lower.

Currency-wise, the dollar was holding a firmer tone throughout the week. The dollar index (a measure of the currency's strength against a basket of its peers) rose to its highest level in a month early on Friday. This saw EUR/USD trade to a low of \$1.049. However, a slight easing in US wage inflation, and a sharp fall in the services ISM, coincided with the dollar ending the week under severe downward pressure, erasing all of its gains in the process.

In level terms, EUR/USD opens this morning just below the \$1.07 mark. Meantime, EUR/GBP is operating in the top half of the 87-88p range. GBP/USD is changing hands near the midpoint of the \$1.21-1.22 trading band.

This week, the main release of note will be the US CPI inflation report for December. Both the headline and the core rates of inflation are projected to moderate, in a further sign that price pressures are easing. Meanwhile, comments from a number of Fed officials, including Chair Powell, will garner attention also.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0691	1.69	-0.10
EUR/GBP	0.8788	-0.49	-0.63
GBP/USD	1.2162	2.18	0.54
GBP/EUR	1.1373	0.49	0.64
USD/JPY	131.66	-1.86	0.42
EUR/JPY	140.78	-0.21	0.34

* 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	4.40	4.81	5.07	4.54	3.70
EUR	2.50	1.90	2.25	3.25	3.26	2.92
GBP	3.50	3.52	3.93	4.59	4.56	4.15

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

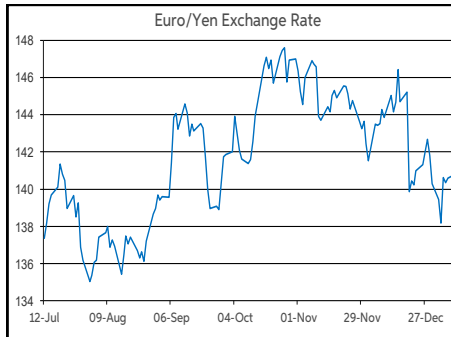
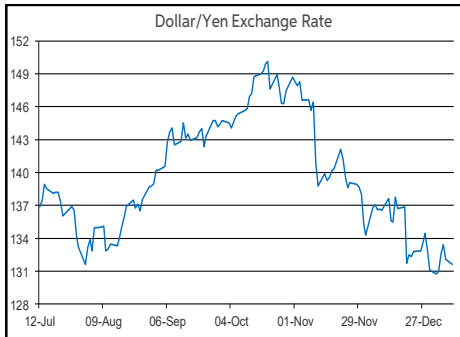
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

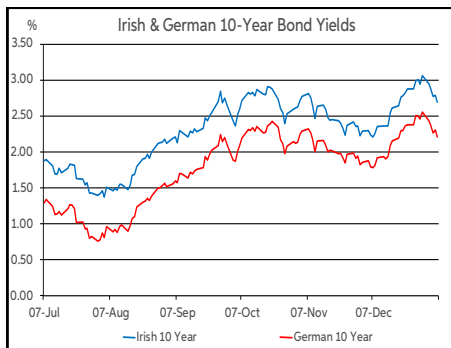
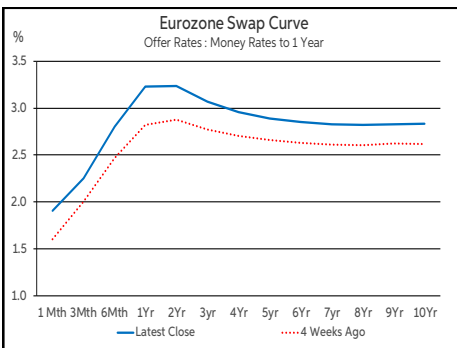
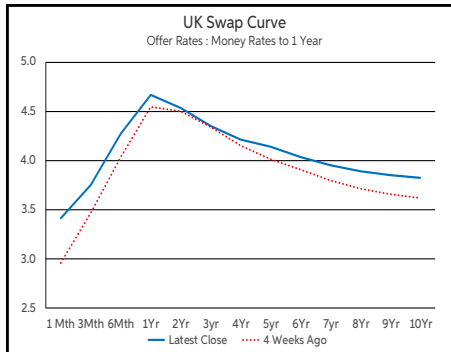
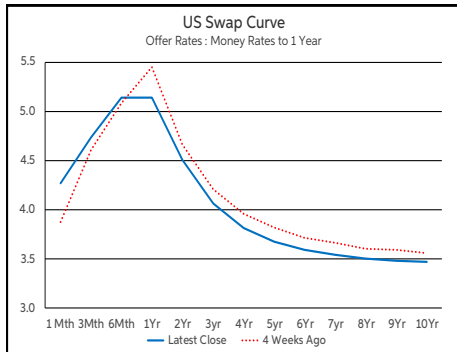
Monday 09 January 2023
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8787	GBP/EUR	1.1373	USD/JPY	131.66
EUR/USD	1.0691	GBP/USD	1.216	USD/CAD	1.3385
EUR/JPY	140.78	GBP/CAD	1.6281	USD/CHF	0.9238
EUR/SEK	11.1807	GBP/NZD	1.8983	USD/CNY	6.7617
EUR/DKK	7.4366	GBP/JPY	160.12	USD/BRL	5.2254
EUR/NOK	10.6222	GBP/SEK	12.7163	USD/RUB	70.75
EUR/CHF	0.9877	GBP/DKK	8.4592	USD/INR	82.32
EUR/AUD	1.5394	GBP/NOK	12.0799	AUD/USD	0.6944
EUR/HKD	8.3457	GBP/CHF	1.124	NZD/USD	0.6404
EUR/CAD	1.431	GBP/AUD	1.7513		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.56	-16	-3	-32
Germany	2.21	-10	+29	-35
UK	3.48	-8	+29	-19
5 Year Swap %				
US	3.68	-20	-10	-32
Eurozone	2.89	-10	+24	-34
UK	4.14	-8	+14	-16
2 Year Swap %				
US	4.51	-19	-12	-17
Eurozone	3.23	-4	+37	-15
UK	4.54	-7	+4	-14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	51	+0	+5	-7
Belgium	60	-1	+3	-4
France	51	-1	+4	-4
Italy	202	-2	+12	-13
Spain	106	-1	+4	-3
Portugal	102	+0	+8	-2
Greece	224	+4	+18	+21



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	78.57	-0.15	+3.25	-8.54
West Texas Oil	73.77	+0.22	+3.83	-7.97
Gold \$	1865.7	+1.77	+3.84	+2.26

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