

Main FX pairs range bound

The risk averse tone to investor sentiment on financial markets last week carried over into trading yesterday. Equity markets on both sides of the Atlantic moved lower in the European session, as participants continued to re-price assets following suggestions that the Fed may tighten monetary policy much faster than had been anticipated. The Euro Stoxx 50 fell by 1.5% yesterday. However, US stock markets recovered strongly just before the close, finishing the day close to flat.

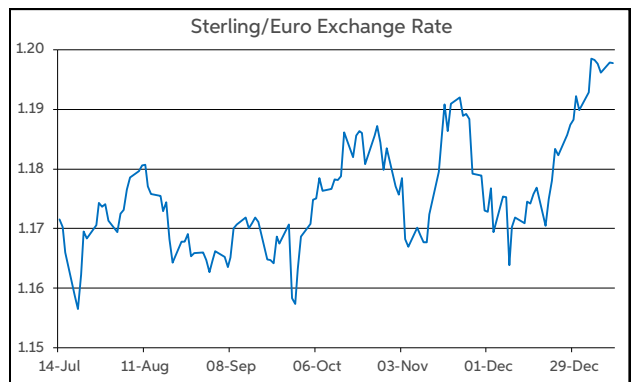
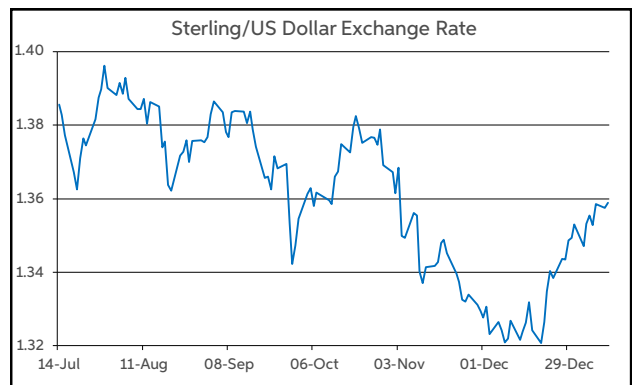
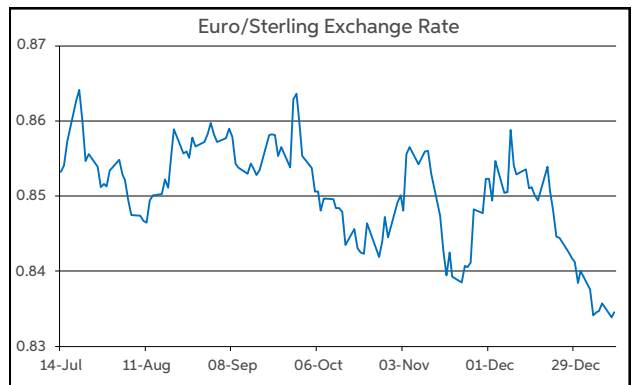
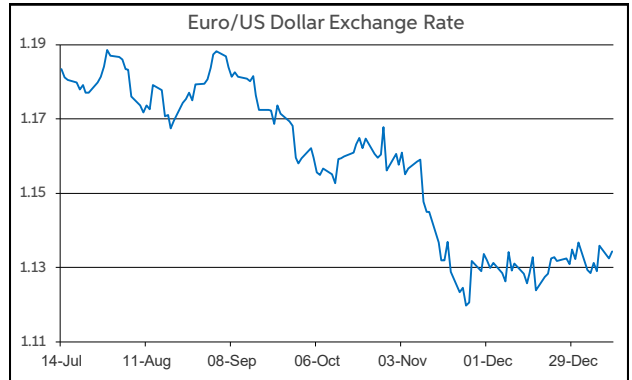
Elsewhere, bond markets paused for breath, having risen by 15-25bps last week. Yields moved by 1-3bps on the day. Meanwhile, oil prices declined by 1% over growing concerns for demand due to surging Omicron Covid-19 case numbers globally.

On the currency front, the action was also lacklustre. The key FX rates remained confined to narrow ranges on the exchanges. Of the limited moves to register, the yen regained some support, having suffered some heavy losses recently. The currency rose by around 0.5% versus the euro, dollar and sterling.

In level terms, the limited action is reflected in the main pairs opening at levels similar to 24 hours ago. EUR/USD is operating near the heart of the \$1.13-1.14 band. EUR/GBP remains close to the midpoint of 83-84p. GBP/USD continues to trade just below the \$1.36 handle.

Ahead today, there is a sparse data schedule in Europe and the US. However, both the head of the US Federal Reserve, Chair Powell, and ECB President Lagarde, are due to make prepared remarks which will garner close attention. A plethora of other Fed officials are also due out today.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2021 |
| EUR/USD | 1.134 | 0.06 | -0.25 |
| EUR/GBP | 0.8342 | 0.00 | -0.69 |
| GBP/USD | 1.3592 | 0.05 | 0.47 |
| GBP/EUR | 1.1985 | 0.00 | 0.70 |
| USD/JPY | 115.21 | -0.52 | 0.11 |
| EUR/JPY | 130.67 | -0.44 | -0.15 |

* 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 | 0.125 | 0.11 | 0.24 | 0.62 | 1.12 | 1.63 |
| EUR | 0.00 | -0.57 | -0.58 | -0.47 | -0.25 | 0.10 |
| GBP | 0.25 | 0.25 | 0.49 | 1.09 | 1.37 | 1.47 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

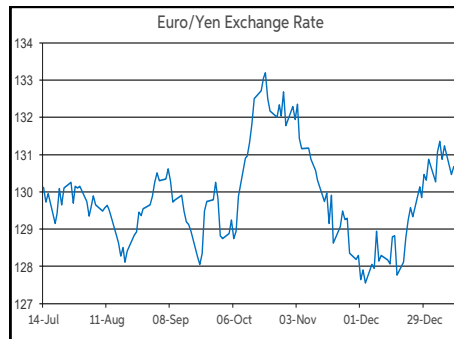
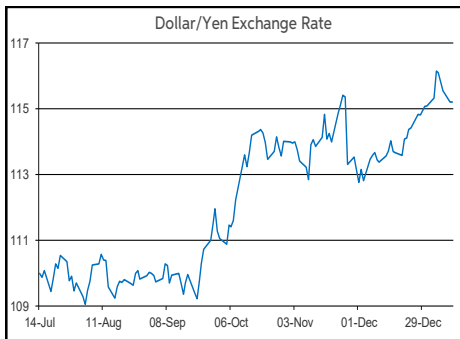
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

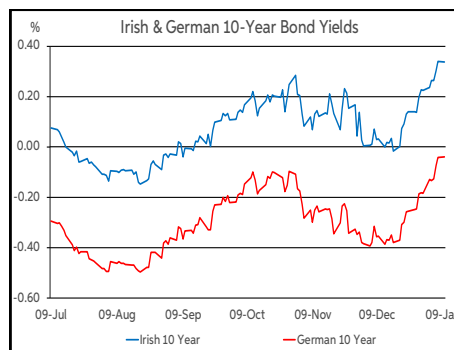
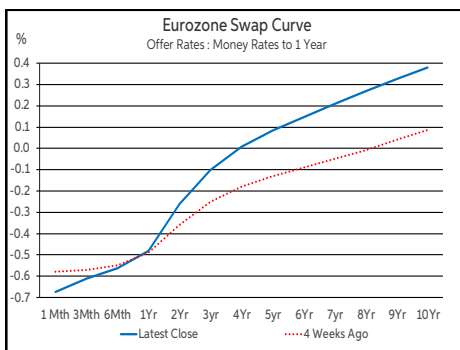
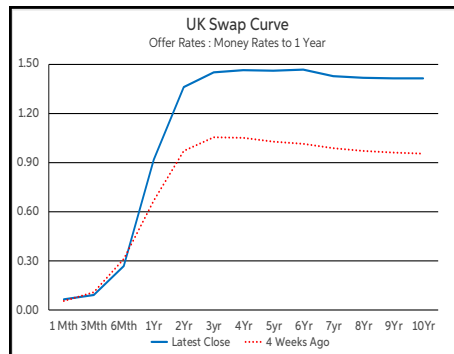
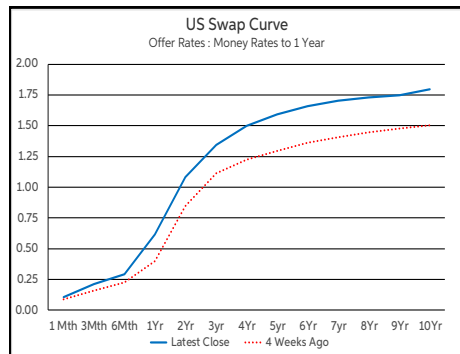
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| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|--------|
| EUR/GBP | 0.8343 | GBP/EUR | 1.1982 | USD/JPY | 115.22 |
| EUR/USD | 1.1339 | GBP/USD | 1.3591 | USD/CAD | 1.2642 |
| EUR/JPY | 130.66 | GBP/CAD | 1.718 | USD/CHF | 0.9258 |
| EUR/SEK | 10.3003 | GBP/NZD | 2.0074 | USD/CNY | 6.372 |
| EUR/DKK | 7.4383 | GBP/JPY | 156.6 | USD/BRL | 5.6633 |
| EUR/NOK | 10.028 | GBP/SEK | 12.343 | USD/RUB | 74.831 |
| EUR/CHF | 1.0498 | GBP/DKK | 8.9131 | USD/INR | 73.881 |
| EUR/AUD | 1.578 | GBP/NOK | 12.0116 | AUD/USD | 0.7185 |
| EUR/HKD | 8.8416 | GBP/CHF | 1.2582 | NZD/USD | 0.6768 |
| EUR/CAD | 1.4341 | GBP/AUD | 1.8912 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 21 |
| 10 Year Yield % | | | | |
| US | 1.76 | -1 | +34 | +24 |
| Germany | -0.04 | -1 | +34 | +14 |
| UK | 1.19 | +1 | +50 | +22 |
| Ireland | | | | |
| Ireland | 0.37 | +0 | +34 | +12 |
| Belgium | 0.28 | -1 | +32 | +10 |
| France | 0.29 | -0 | +32 | +9 |
| Italy | 1.29 | -3 | +37 | +10 |
| Spain | 0.66 | +0 | +34 | +6 |
| Portugal | 0.59 | -2 | +32 | +10 |
| Greece | 1.57 | +4 | +21 | +25 |
| 5 Year Swap % | | | | |
| US | 1.59 | +2 | +32 | +26 |
| Eurozone | 0.08 | +1 | +22 | +7 |
| UK | 1.46 | +1 | +44 | +19 |
| 2 Year Swap % | | | | |
| US | 1.08 | +3 | +26 | +14 |
| Eurozone | -0.26 | +1 | +11 | +4 |
| UK | 1.36 | +10 | +40 | +17 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 40 | +1 | -1 | -3 |
| Belgium | 31 | +0 | -2 | -5 |
| France | 32 | +0 | -3 | -5 |
| Italy | 132 | -3 | +3 | -4 |
| Spain | 69 | +1 | -1 | -8 |
| Portugal | 62 | -1 | -2 | -4 |
| Greece | 160 | +5 | -13 | +11 |



| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 21 |
| Brent Oil | 80.87 | -1.08 | +8.71 | +3.97 |
| West Texas Oil | 78.11 | -1.13 | +9.72 | +3.69 |
| Gold \$ | 1801.4 | +0.32 | +0.81 | -1.48 |

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