

Busy US data docket ahead today

The mood on equity markets remained mixed yesterday. The Euro Stoxx 50 finished flat for the day. However, at the close on Wall Street, the S&P 500 closed down by 1.4%, led lower by declines in the healthcare and tech sectors. On bond markets, benchmark sovereign bond yields fell across the board by 3-5bps.

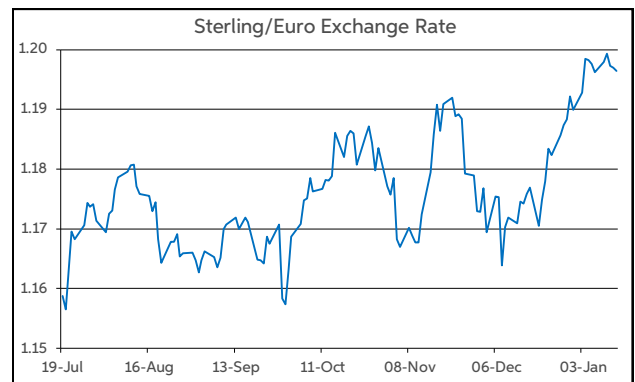
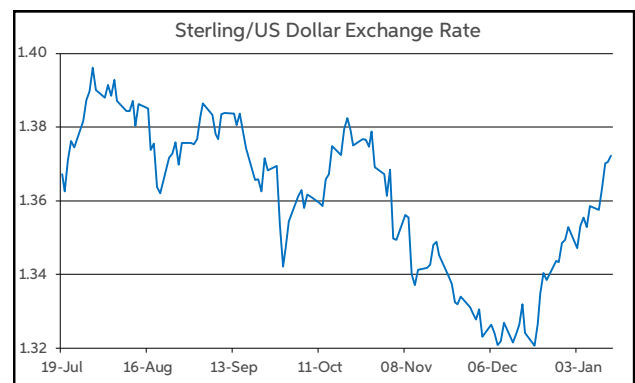
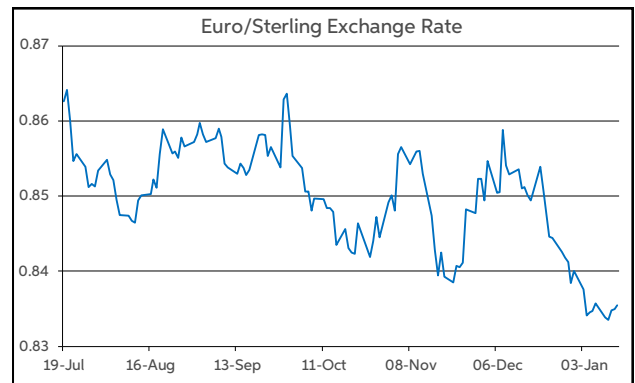
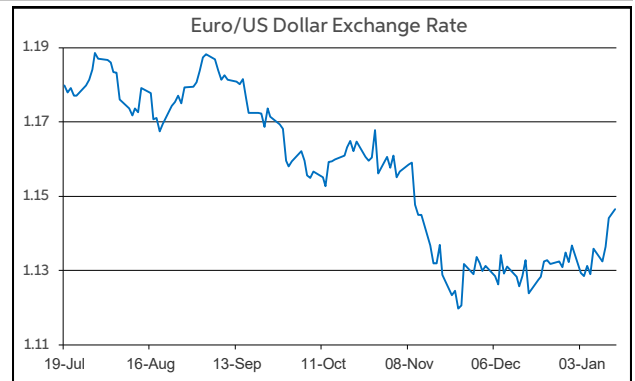
Currency-wise, the main pairs were confined to narrow trading ranges. A sparse data schedule likely contributed to the lacklustre action. Of the limited moves to register, the recent softer tone to the dollar continued. The currency lost ground against the yen, and to a lesser extent versus the euro and sterling.

As trading gets underway this morning, the slightly softer tone to the dollar is reflected in EUR/USD opening above the midpoint of the \$1.14-1.15 corridor. Meanwhile, GBP/USD is changing hands in the bottom half of the \$1.37-1.38 trading band. EUR/GBP is operating just below the half way mark of 83-84p, as it has done for most of the week so far.

Already this morning, UK GDP has kick-started a busy day in terms of data releases. GDP printed above the consensus, rising by 0.9% in November (vs. +0.4% f'cast). Industrial production increased by more than anticipated also, rising by 1% (vs. +0.2% f'cast). However, the data has not impacted sterling so far in early trading.

Later today, in the US, retail sales are forecast to be unchanged in December, remaining at very elevate levels. Industrial production is projected to maintain its recent momentum though, with a +0.3% month-on-month rise in output pencilled in. Elsewhere, the January reading of the Michigan measure of consumer sentiment is also due in the US.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2021 |
| EUR/USD | 1.1466 | 0.23 | 0.86 |
| EUR/GBP | 0.8354 | 0.11 | -0.55 |
| GBP/USD | 1.3724 | 0.10 | 1.44 |
| GBP/EUR | 1.1965 | -0.11 | 0.55 |
| USD/JPY | 113.73 | -0.71 | -1.17 |
| EUR/JPY | 130.41 | -0.50 | -0.35 |

* 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 | 0.11 | 0.24 | 0.64 | 1.13 | 1.58 |
| EUR | 0.00 | -0.56 | -0.56 | -0.47 | -0.25 | 0.06 |
| GBP | 0.25 | 0.30 | 0.51 | 1.08 | 1.32 | 1.40 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

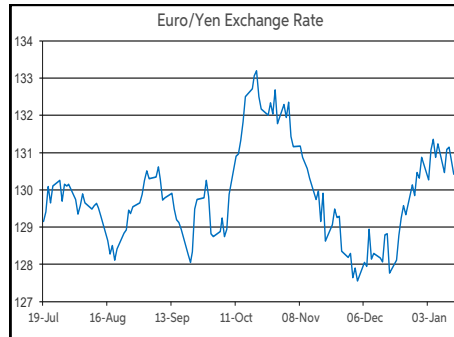
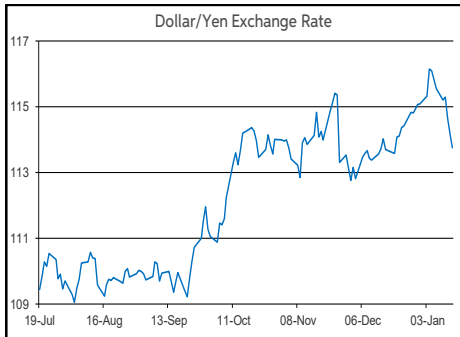
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

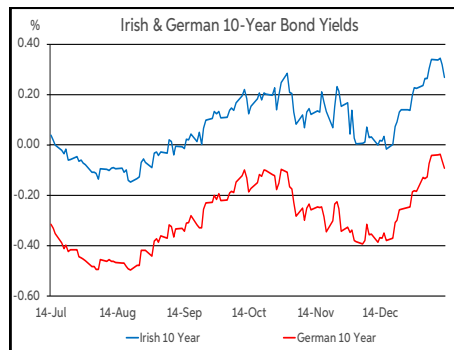
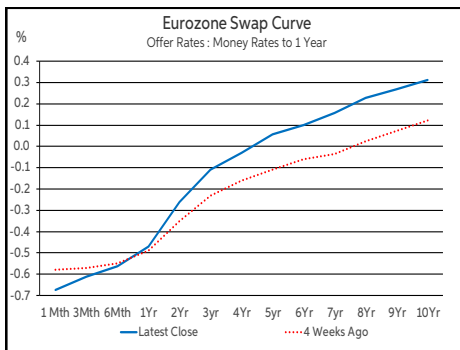
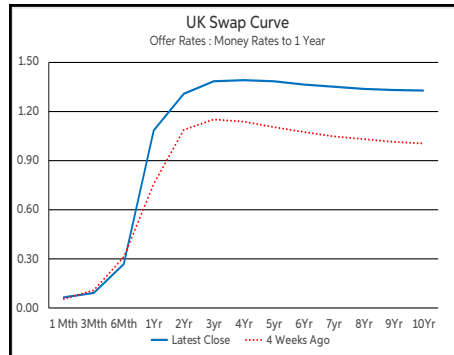
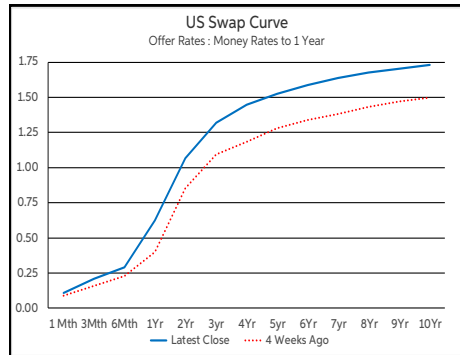
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| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.8354 | GBP/EUR | 1.1965 | USD/JPY | 113.73 |
| EUR/USD | 1.1466 | GBP/USD | 1.3724 | USD/CAD | 1.25 |
| EUR/JPY | 130.41 | GBP/CAD | 1.7154 | USD/CHF | 0.9097 |
| EUR/SEK | 10.2407 | GBP/NZD | 1.9998 | USD/CNY | 6.3507 |
| EUR/DKK | 7.4406 | GBP/JPY | 156.08 | USD/BRL | 5.5286 |
| EUR/NOK | 9.9554 | GBP/SEK | 12.2544 | USD/RUB | 75.7471 |
| EUR/CHF | 1.0434 | GBP/DKK | 8.9036 | USD/INR | 74.125 |
| EUR/AUD | 1.575 | GBP/NOK | 11.9109 | | |
| EUR/HKD | 8.9294 | GBP/CHF | 1.2488 | AUD/USD | 0.7281 |
| EUR/CAD | 1.4333 | GBP/AUD | 1.8848 | NZD/USD | 0.686 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 21 |
| 10 Year Yield % | | | | |
| US | 1.70 | -5 | +28 | +19 |
| Germany | -0.09 | -3 | +26 | +9 |
| UK | 1.11 | -3 | +35 | +13 |
| Ireland | | | | |
| Ireland | 0.30 | -4 | +20 | +5 |
| Belgium | 0.22 | -4 | +23 | +4 |
| France | 0.24 | -3 | +24 | +5 |
| Italy | 1.29 | -4 | +31 | +11 |
| Spain | 0.60 | -3 | +22 | +1 |
| Portugal | 0.54 | -3 | +22 | +5 |
| Greece | 1.53 | +0 | +33 | +22 |
| 5 Year Swap % | | | | |
| US | 1.53 | -2 | +28 | +19 |
| Eurozone | 0.06 | -2 | +18 | +5 |
| UK | 1.38 | -3 | +29 | +11 |
| 2 Year Swap % | | | | |
| US | 1.07 | -1 | +25 | +12 |
| Eurozone | -0.26 | +0 | +10 | +4 |
| UK | 1.31 | -3 | +23 | +11 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 38 | -1 | -6 | -5 |
| Belgium | 31 | -1 | -3 | -5 |
| France | 33 | -0 | -2 | -5 |
| Italy | 138 | -1 | +5 | +1 |
| Spain | 69 | -0 | -4 | -8 |
| Portugal | 62 | -0 | -4 | -4 |
| Greece | 162 | +3 | +7 | +12 |



| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 21 |
| Brent Oil | 84.47 | -0.24 | +12.60 | +8.60 |
| West Texas Oil | 81.97 | -0.65 | +13.31 | +8.81 |
| Gold \$ | 1822.1 | -0.18 | +1.28 | -0.34 |

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