

## Dollar maintains momentum

Equity markets continued to struggle yesterday amid the higher interest rate outlook. At the close on Wall Street, the S&P 500 finished down by 1.8%, as some disappointing early Q4 earnings data weighed on the index. Meanwhile, the Euro Stoxx 50 declined by 1%, wiping out its gains from the day before. Elsewhere, oil prices rose to their highest levels in almost 7 years.

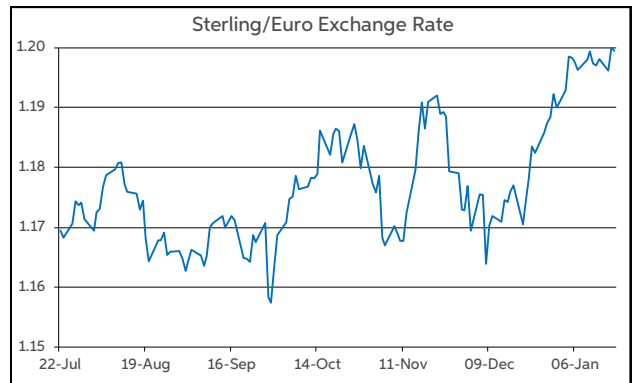
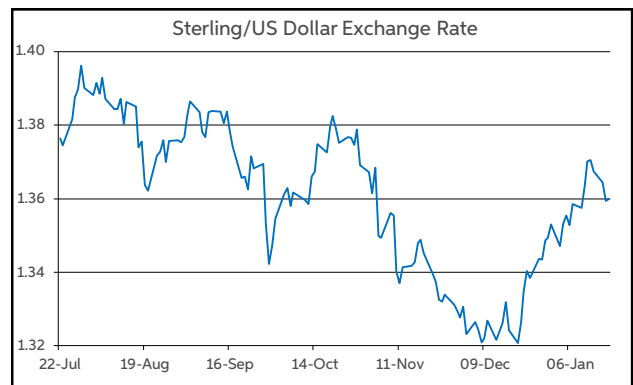
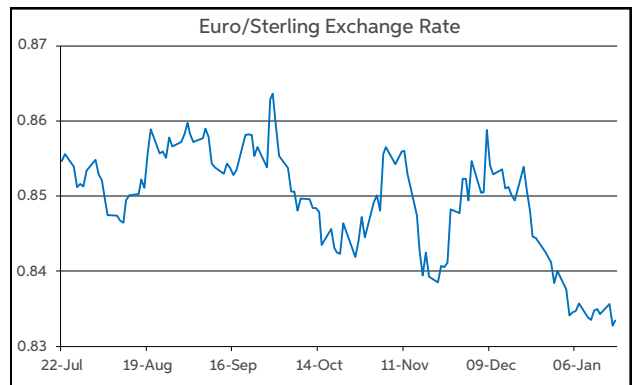
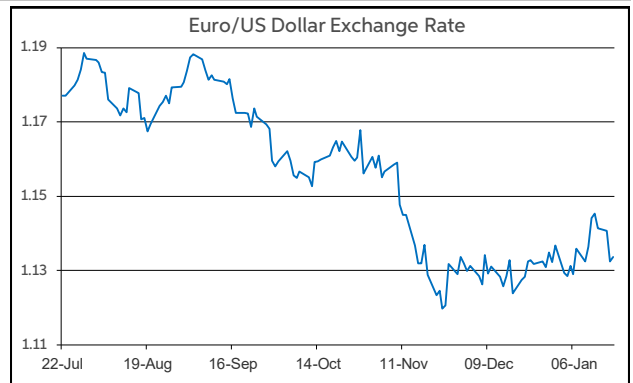
On bond markets, US Treasury yields continued to rise, moving above some key levels in the process. The policy sensitive 2-year yield rose above 1% for the first time since February 2020, while the 10Yr yield ended the day at 1.88%, its highest level since late 2019. Currency-wise, the dollar continued to edge higher, supported by the rise in US Treasury yields.

The firmer dollar tone is reflected in EUR/USD opening back down in the bottom half of the \$1.13-1.14 range. Meanwhile, GBP/USD is operating at the \$1.36 threshold, having started the week near the \$1.37 mark. EUR/GBP remains close to the midpoint of the 83-84p trading band.

Already this morning, the latest UK CPI data shows that inflation rose by more than expected once again, jumping to 5.4% (vs 5.2% f'cast) in December. The core rate rose above the consensus also, to 4.2% (vs 3.9% f'cast). Elsewhere, German HICP inflation was confirmed at 5.7% in December, down from 6% in November.

There is a relatively quiet data schedule for the remainder of the day. However, comments from Governor Bailey at the Treasury Select Committee will garner close attention following the recent UK labour market and inflation data. Investors will be looking to his remarks for guidance ahead of the BoE meeting in early February.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1341	-0.47	-0.24
EUR/GBP	0.8337	-0.25	-0.75
GBP/USD	1.36	-0.24	0.52
GBP/EUR	1.1989	0.25	0.76
USD/JPY	114.33	-0.42	-0.65
EUR/JPY	129.68	-0.89	-0.91

\* 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	0.10	0.25	0.74	1.26	1.76
EUR	0.00	-0.56	-0.56	-0.44	-0.20	0.14
GBP	0.25	0.33	0.53	1.13	1.42	1.49

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

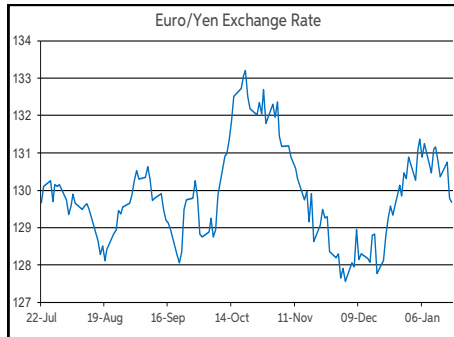
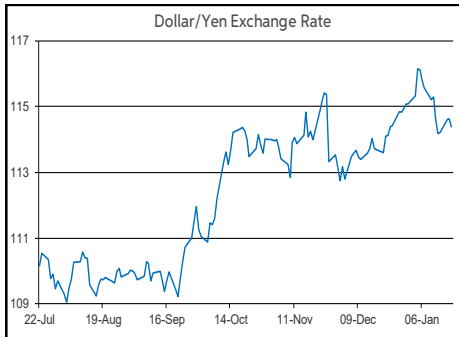
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

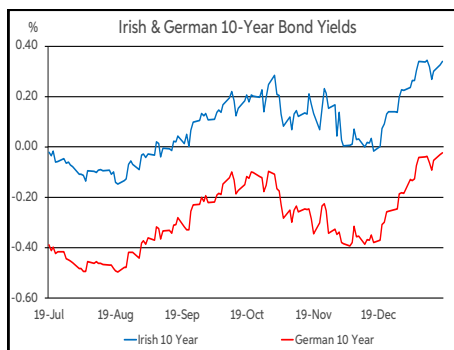
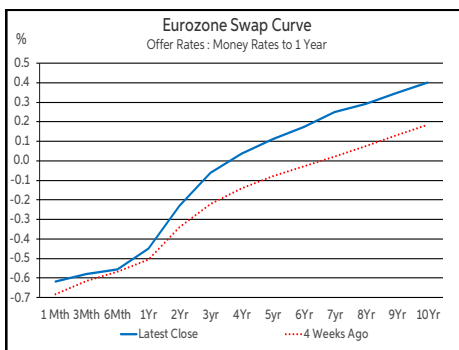
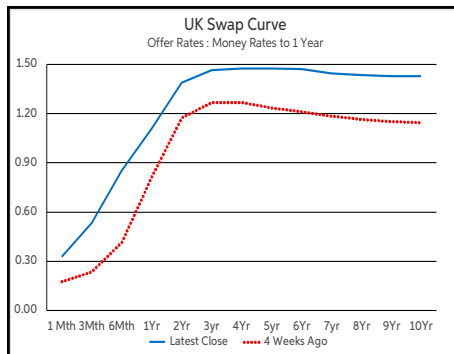
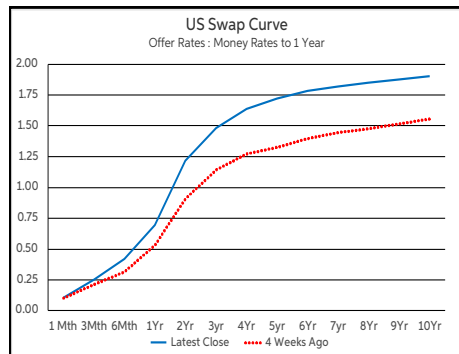
Wednesday 19 January 2022  
07:38 am



Euro		Sterling		Dollar	
EUR/GBP	0.8337	GBP/EUR	1.1989	USD/JPY	114.33
EUR/USD	1.1341	GBP/USD	1.36	USD/CAD	1.2517
EUR/JPY	129.68	GBP/CAD	1.7022	USD/CHF	0.9156
EUR/SEK	10.3572	GBP/NZD	2.0033	USD/CNY	6.3513
EUR/DKK	7.4423	GBP/JPY	155.48	USD/BRL	5.5666
EUR/NOK	9.9802	GBP/SEK	12.418	USD/RUB	76.849
EUR/CHF	1.0385	GBP/DKK	8.9229	USD/INR	74.623
EUR/AUD	1.5779	GBP/NOK	11.9699	AUD/USD	0.7184
EUR/HKD	8.835	GBP/CHF	1.2446	NZD/USD	0.6786
EUR/CAD	1.4194	GBP/AUD	1.8925		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.88	+8	+41	+36
Germany	-0.02	+1	+29	+16
UK	1.22	+3	+35	+25
<b>5 Year Swap %</b>				
US	1.72	+11	+43	+39
Eurozone	0.11	-1	+20	+10
UK	1.47	+3	+24	+20
<b>2 Year Swap %</b>				
US	1.21	+4	+33	+27
Eurozone	-0.23	+0	+12	+7
UK	1.39	+3	+22	+19
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-0	-6	-5
Belgium	31	-1	-4	-4
France	39	+0	+2	+1
Italy	141	+2	+9	+4
Spain	69	+0	-7	-8
Portugal	62	+1	-3	-4
Greece	164	+1	+5	+15



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	87.51	+1.19	+18.29	+12.51
West Texas Oil	85.42	+1.91	+20.14	+13.39
Gold \$	1813.5	-0.30	+1.41	-0.81

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