

## US Fed in focus this week

There was a generally risk averse tone to market sentiment for much of last week. This was especially evident on Wall Street, where the S&P 500 index was nearly 6% lower on the week, while the Nasdaq is down 12% since early January. Some disappointing corporate earnings newsflow, geopolitical tensions, rising oil prices and a higher inflation/interest rate outlook formed the backdrop for the falls on equity markets.

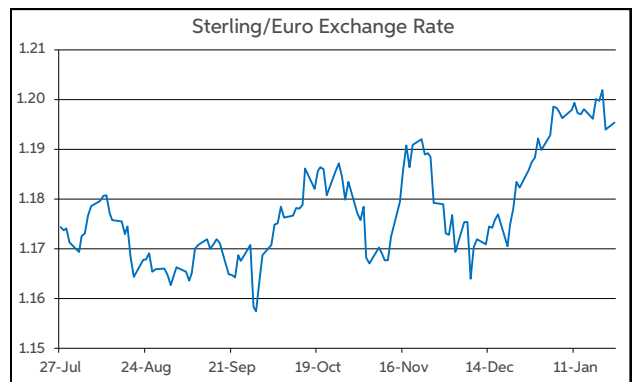
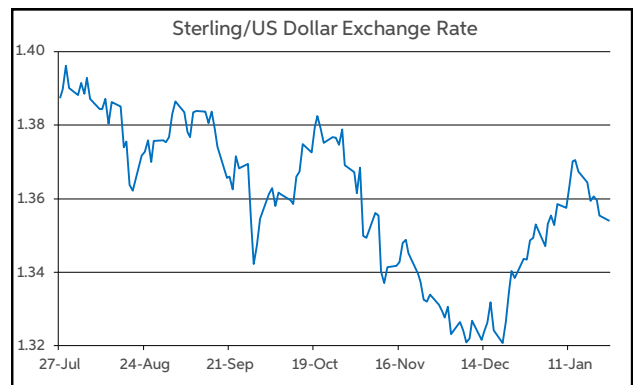
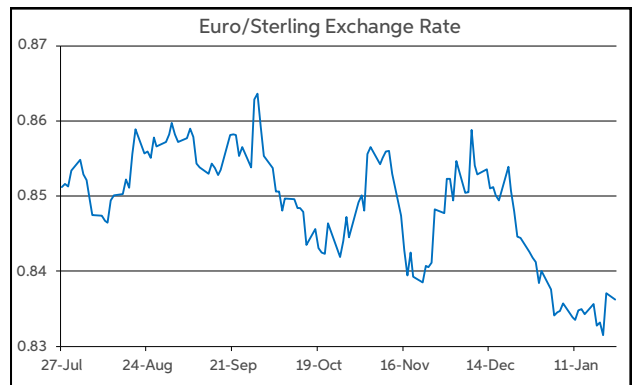
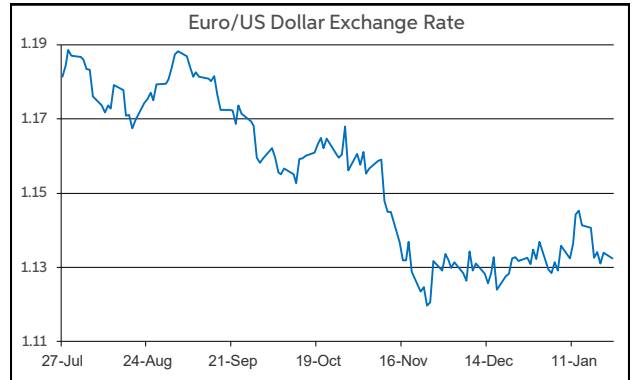
On the currency front, the action was confined to relatively narrow ranges for most of the main pairs. Of the limited moves to register, the dollar was holding a slightly firmer tone against some of the other majors, including the euro and sterling. This was basically a reverse performance of the previous week.

In level terms, the firmer dollar tone is reflected in EUR/USD opening this morning in the lower half of \$1.13-1.14, compared to its starting position last week just above \$1.14. Meanwhile, cable (GBP/USD) is back down in \$1.35-1.36 territory. Elsewhere, EUR/GBP remains within the 83-84p band, having briefly traded down at its key support level of 83p last Thursday.

Looking ahead to this week, with the market's focus for 2022 very much on inflation and monetary policy, the first Fed meeting of the year will be the centre of attention. Therefore, there is some event risk for the dollar. While, the Fed is not expected to hike rates this month, the market will be looking for guidance on a rate hike in March, which is currently priced into futures contracts.

Data-wise, the core-PCE measure of US inflation (Dec) and Q4 GDP are some of the main releases. Other key highlights this week are the flash PMIs for January from the US, Eurozone and UK.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1325	0.01	-0.38
EUR/GBP	0.8364	0.40	-0.43
GBP/USD	1.354	-0.38	0.08
GBP/EUR	1.1954	-0.39	0.43
USD/JPY	113.71	-0.12	-1.19
EUR/JPY	128.79	-0.12	-1.59

\* 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	0.26	0.72	1.21	1.66
EUR	0.00	-0.56	-0.55	-0.45	-0.22	0.11
GBP	0.25	0.36	0.55	1.15	1.40	1.45

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

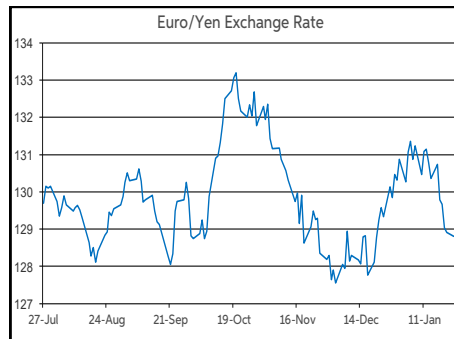
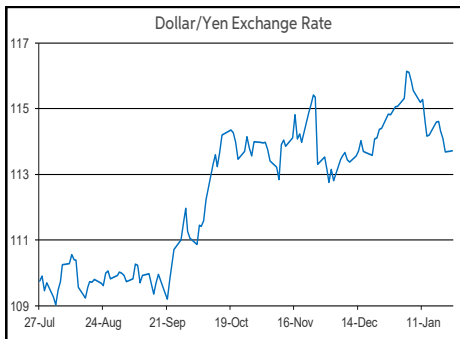
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

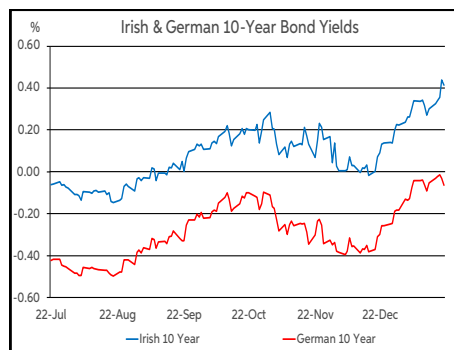
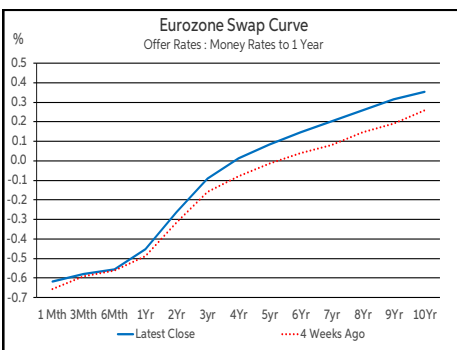
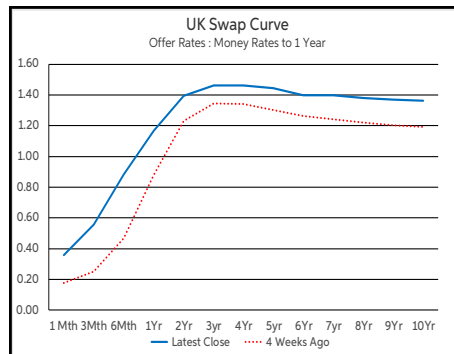
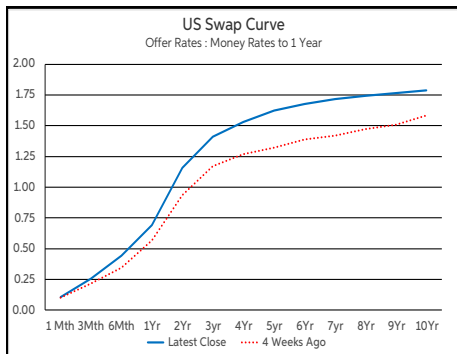
Monday 24 January 2022  
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8364	GBP/EUR	1.1954	USD/JPY	113.71
EUR/USD	1.1325	GBP/USD	1.354	USD/CAD	1.2583
EUR/JPY	128.79	GBP/CAD	1.7036	USD/CHF	0.9131
EUR/SEK	10.4161	GBP/NZD	2.0176	USD/CNY	6.3316
EUR/DKK	7.4431	GBP/JPY	153.98	USD/BRL	5.4516
EUR/NOK	10.0871	GBP/SEK	12.4508	USD/RUB	77.223
EUR/CHF	1.0343	GBP/DKK	8.8967	USD/INR	74.5603
EUR/AUD	1.5823	GBP/NOK	12.0598	AUD/USD	0.7157
EUR/HKD	8.8186	GBP/CHF	1.2363	NZD/USD	0.6708
EUR/CAD	1.4251	GBP/AUD	1.8914		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.77	-4	+28	+26
Germany	-0.06	-3	+19	+12
UK	1.17	-6	+25	+20
<b>Ireland</b>				
Ireland	0.44	-3	+23	+19
Belgium	0.26	-2	+14	+8
France	0.33	-3	+21	+14
Italy	1.36	-2	+23	+17
Spain	0.65	-3	+12	+5
Portugal	0.57	-3	+16	+8
Greece	1.69	-1	+35	+38
<b>5 Year Swap %</b>				
US	1.62	-3	+32	+29
Eurozone	0.08	-3	+13	+7
UK	1.45	-4	+18	+17
<b>2 Year Swap %</b>				
US	1.16	-3	+26	+21
Eurozone	-0.26	-3	+6	+4
UK	1.39	-3	+17	+20
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	50	+0	+4	+7
Belgium	32	+1	-5	-4
France	39	+0	+2	+2
Italy	142	+2	+4	+5
Spain	71	+1	-7	-7
Portugal	63	+0	-3	-4
Greece	175	+3	+16	+26



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	87.89	-0.55	+15.43	+13.00
West Texas Oil	85.16	-1.31	+15.25	+13.05
Gold \$	1833.2	-0.28	+1.39	+0.27

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