

## Dollar remains well supported

Risk appetite remained muted and markets volatile yesterday. At the close on Wall Street, the S&P 500 fell by 0.5%, having been over 1% higher earlier in the day. Meanwhile, the Euro Stoxx 50 finished 0.5% higher. Elsewhere, oil remained just below \$90bbl.

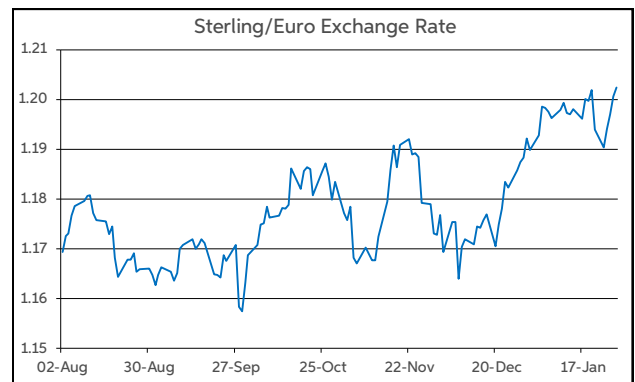
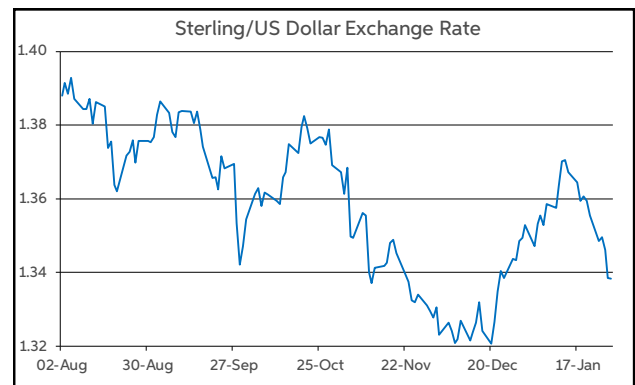
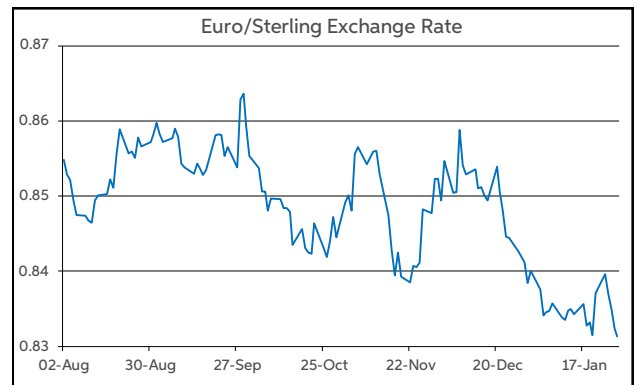
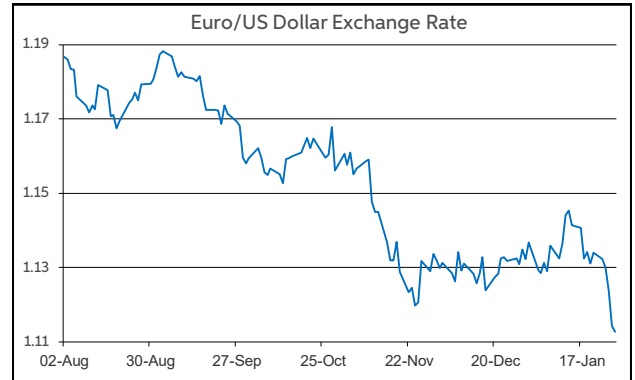
On the currency front, the dollar maintained momentum on the exchanges as investors continued to digest the hawkish tone from the Fed press conference late on Wednesday. The dollar gained further support as US Q4 GDP rose by more than expected.

GDP accelerated to 6.9% in annualised terms in the quarter, from 2.3% in Q3 (and was above the 5.5% f'cast). However, a look under the bonnet of the report suggests the economy's performance was less spectacular than the headline figure suggests. A sharp rise in inventories contributed 4.9 percentage points (pp) to the total, as businesses rebuilt stockpiles. A much more modest 2 pp are attributable to real final sales. Furthermore the Omicron wave is likely to see the US economy grow more slowly in Q1.

As trading gets under way this morning, the firmer dollar tone is evidenced by EUR/USD opening in the bottom half of \$1.11-1.12, its lowest level since the first half of 2020. GBP/USD is trading back below \$1.34. EUR/GBP is operating near the key 83p level.

Ahead today, the first reading of German GDP is set to show the economy contracted in Q4. Elsewhere in the Eurozone, the EC sentiment indices are forecast to decline in January. A busy data schedule in the US will feature core-PCE inflation, income, and consumption data for December. The Q4 reading of the employment cost index, a closely monitored measure of US wage inflation is also due.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1128	-0.81	-2.11
EUR/GBP	0.8312	-0.47	-1.05
GBP/USD	1.3384	-0.34	-1.07
GBP/EUR	1.2025	0.47	1.06
USD/JPY	115.64	0.86	0.49
EUR/JPY	128.73	0.07	-1.64

\* 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	0.28	0.85	1.35	1.76
EUR	0.00	-0.57	-0.55	-0.44	-0.18	0.17
GBP	0.25	0.40	0.59	1.26	1.42	1.55

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

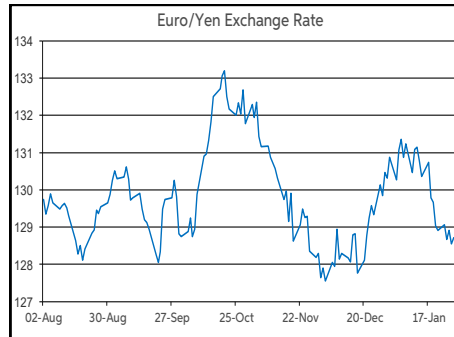
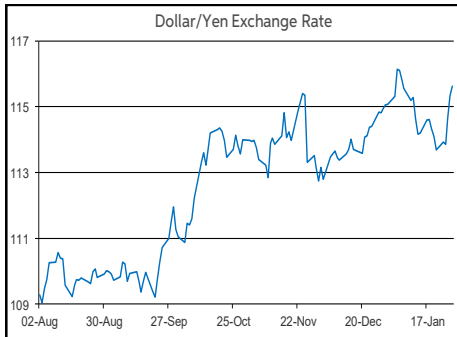
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

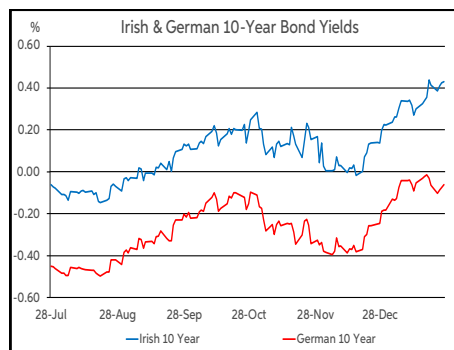
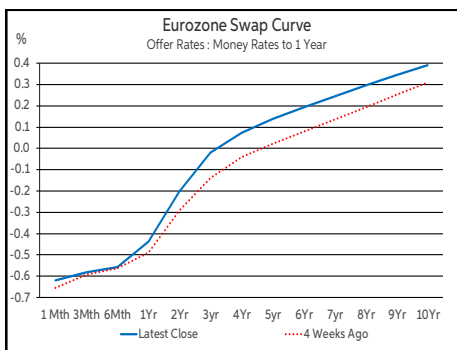
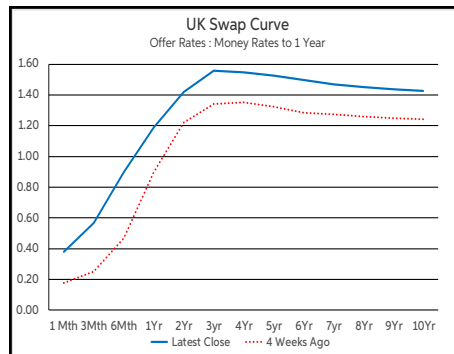
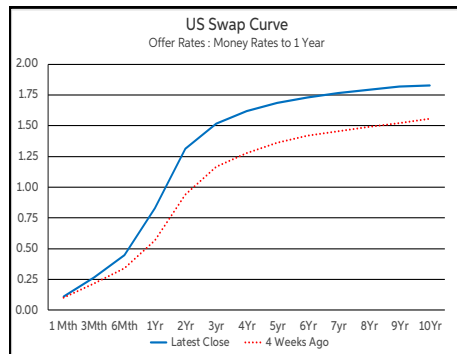
Friday 28 January 2022  
07:36 am



Euro		Sterling		Dollar	
EUR/GBP	0.8312	GBP/EUR	1.2025	USD/JPY	115.64
EUR/USD	1.1128	GBP/USD	1.3384	USD/CAD	1.2743
EUR/JPY	128.73	GBP/CAD	1.7059	USD/CHF	0.9319
EUR/SEK	10.4689	GBP/NZD	2.039	USD/CNY	6.3628
EUR/DKK	7.443	GBP/JPY	154.78	USD/BRL	5.4065
EUR/NOK	9.9773	GBP/SEK	12.59	USD/RUB	77.873
EUR/CHF	1.0372	GBP/DKK	8.952	USD/INR	75.07
EUR/AUD	1.5857	GBP/NOK	12	AUD/USD	0.7016
EUR/HKD	8.6716	GBP/CHF	1.2475	NZD/USD	0.6563
EUR/CAD	1.4184	GBP/AUD	1.9076		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.80	-7	+30	+29
Germany	-0.06	+1	+12	+12
UK	1.23	+3	+25	+26
<b>5 Year Swap %</b>				
US	1.68	-4	+35	+35
Eurozone	0.14	-1	+13	+13
UK	1.53	+2	+23	+25
<b>2 Year Swap %</b>				
US	1.31	+4	+41	+37
Eurozone	-0.20	+3	+10	+10
UK	1.42	+0	+21	+23
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	51	-1	+8	+8
Belgium	33	-1	-3	-3
France	40	-1	+3	+3
Italy	142	-6	+6	+5
Spain	74	-2	-2	-4
Portugal	66	-2	+1	-0
Greece	175	-1	+27	+25



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	89.34	-0.69	+12.63	+14.86
West Texas Oil	87.61	-0.82	+14.03	+16.30
Gold \$	1796.5	-1.19	-1.02	-1.74

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