

Big week ahead for central banks and data

Investor sentiment was generally holding a positive tone over the course of last week. This was reflected in the main equity indices making gains of between 1.5-2.5%. Risk appetite was supported by positive macro data headlines. This included better than expected flash January PMI data in the Eurozone and US. Q4 GDP in the US also surprised to the upside of expectations, although the underlying details were not as strong as the headline rate implied.

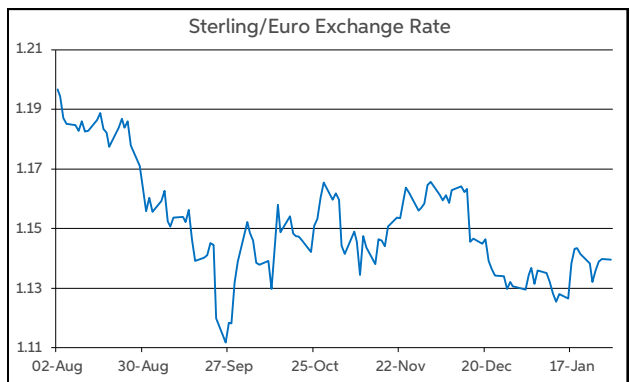
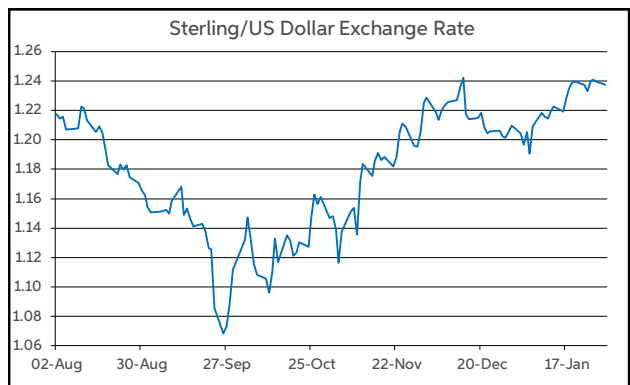
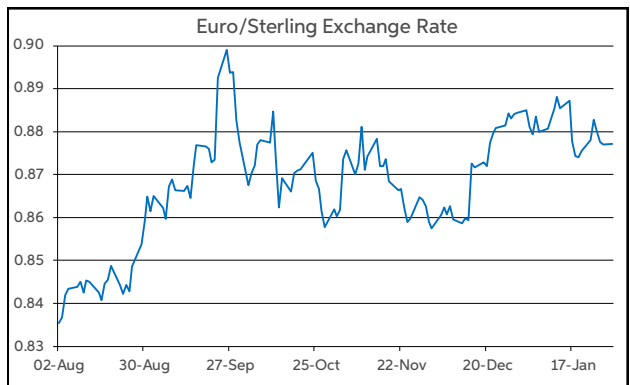
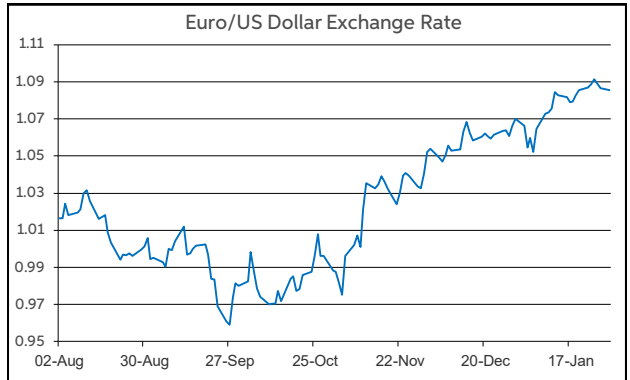
From a currency viewpoint, the main pairs were confined to narrow ranges for much of the week. EUR/USD traded in a \$1.083-1.093 band. Meanwhile, EUR/GBP operated within a 87.5-88.5p trading corridor. Elsewhere, GBP/USD moved back below the \$1.24 threshold, to nearer to the midpoint of 1.23-1.24.

The focus for markets this week will be very much on central banks, with the Fed, ECB and BoE all due to meet and hike rates. Against the backdrop of slower growth and an easing in inflation, markets have been pondering whether we may be near the peak in interest rates and possible rate cuts before year end.

Interestingly, in its policy setting meeting last week, the Bank of Canada hiked by 25bps to 4.5% but signalled a pause in its rate tightening. However, key members from the Fed and ECB have been trying to dampen speculation recently, that rates are close to their peak. Thus, there is the potential for some volatility on markets to this week's central bank events.

There are also some key data releases. In the Eurozone we get Q4 GDP and inflation (Jan). Meanwhile, the US diary features payrolls data (Jan) as well as the Q4 Employment Cost Index. The data could also impact markets over the coming days.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0856	-0.15	1.44
EUR/GBP	0.8771	-0.10	-0.83
GBP/USD	1.2372	-0.07	2.27
GBP/EUR	1.1394	0.10	0.83
USD/JPY	129.47	-0.39	-1.25
EUR/JPY	140.55	-0.55	0.18

* 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	4.375	4.57	4.83	5.01	4.47	3.67
EUR	2.50	2.13	2.49	3.30	3.23	2.87
GBP	3.50	3.83	4.10	4.52	4.30	3.87

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

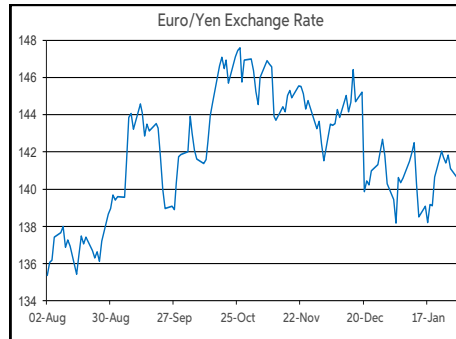
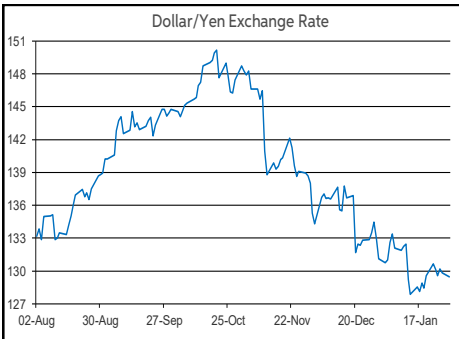
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

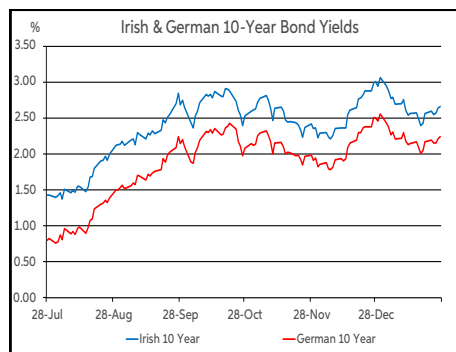
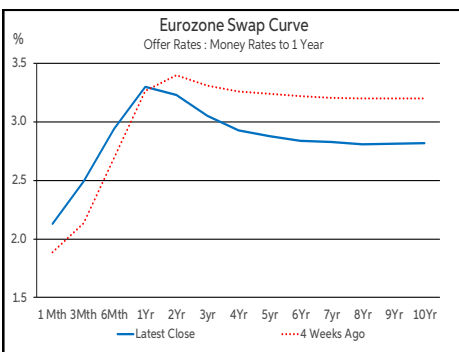
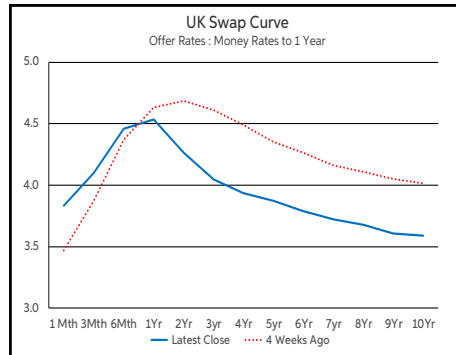
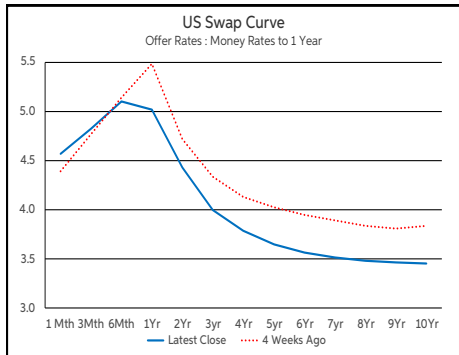
Monday 30 January 2023
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8771	GBP/EUR	1.1394	USD/JPY	129.47
EUR/USD	1.0856	GBP/USD	1.2372	USD/CAD	1.3341
EUR/JPY	140.55	GBP/CAD	1.6508	USD/CHF	0.9226
EUR/SEK	11.2341	GBP/NZD	1.9092	USD/CNY	6.7533
EUR/DKK	7.4383	GBP/JPY	160.18	USD/BRL	5.1089
EUR/NOK	10.7667	GBP/SEK	12.8061	USD/RUB	69.6455
EUR/CHF	1.0016	GBP/DKK	8.4772	USD/INR	81.665
EUR/AUD	1.5342	GBP/NOK	12.2726		
EUR/HKD	8.5023	GBP/CHF	1.1416	AUD/USD	0.7074
EUR/CAD	1.4481	GBP/AUD	1.7487	NZD/USD	0.6478



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.51	+0	-37	-37
Germany	2.24	+3	-32	-32
UK	3.33	+1	-34	-34
5 Year Swap %				
US	3.65	+3	-35	-35
Eurozone	2.88	+2	-36	-36
UK	3.87	+2	-43	-43
2 Year Swap %				
US	4.43	+1	-25	-25
Eurozone	3.23	+1	-16	-16
UK	4.26	+2	-42	-42
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	+0	-14	-14
Belgium	66	+1	+2	+2
France	46	+0	-9	-9
Italy	199	+3	-16	-16
Spain	104	+3	-5	-5
Portugal	92	+2	-12	-12
Greece	202	+2	-0	-0



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	86.66	-0.93	+0.87	+0.87
West Texas Oil	79.73	-1.13	-0.54	-0.54
Gold \$	1927.3	-0.09	+5.64	+5.64

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