

Eurozone Q4 GDP & US wage growth in focus today

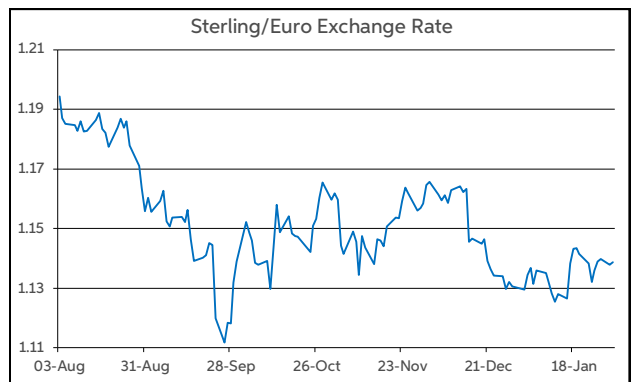
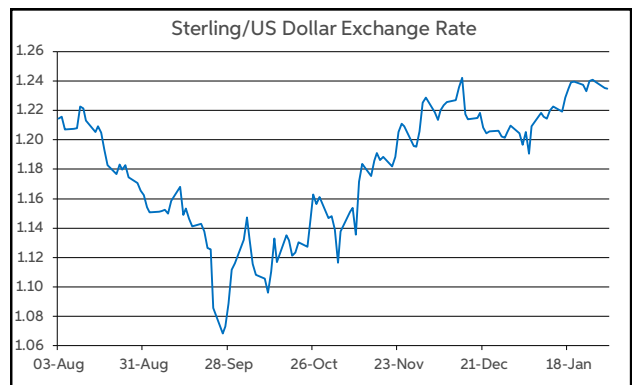
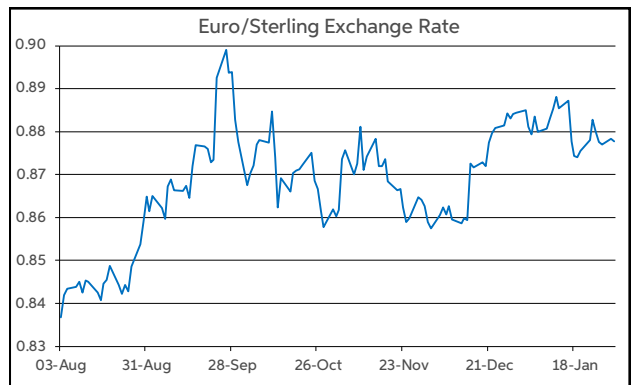
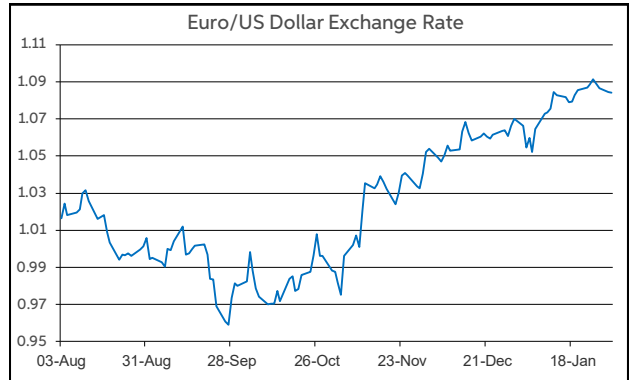
There was a cautious tone to market sentiment yesterday ahead of some key central bank meetings this week, including the US Fed policy announcement on Wednesday evening. The main equity indices registered losses on the day. This included the S&P 500 index, which was down by 1.3% at the closing bell on Wall Street last night.

Yesterday's macro diary was Eurozone centric. German GDP for Q4 printed below forecasts, contracting by 0.2% in the quarter. There was also Spanish inflation numbers for January, which unexpectedly showed the headline HICP rate rising to 5.8%, from 5.5% in December (vs. a 4.7% f'cast). Updated weightings used in the calculation make it more tricky to assess the underlying trend. Meanwhile, similar to last week's PMI, the Eurozone EC economic sentiment index for January printed ahead of expectations. Overall, recent Eurozone survey data suggest that the economy may be holding up better than expected at the start of the year.

From a currency perspective, the main pairs were confined to narrow ranges yesterday. There was no reaction from the euro to the raft of Eurozone macro updates. Of the limited action to register, the dollar was generally displaying a firmer tone. EUR/USD has edged back into the lower half of \$1.08-1.09. Meantime, GBP/USD is down at the midpoint of \$1.23-1.24. Elsewhere, EUR/GBP remains in the upper half of 87-88p.

Looking ahead to today, we get the first reading of Eurozone Q4 GDP (f'cast -0.1% q/q). Meanwhile, the US diary features the Employment Cost Index which includes the Fed's preferred measure of wage growth. House prices (Nov) and consumer confidence (Jan) are also due for release in the US.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0841	-0.25	1.30
EUR/GBP	0.8777	0.13	-0.76
GBP/USD	1.2347	-0.40	2.07
GBP/EUR	1.1385	-0.13	0.76
USD/JPY	130.19	0.43	-0.70
EUR/JPY	141.15	0.18	0.61

* 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	4.81	5.03	4.51	3.72
EUR	2.50	2.13	2.49	3.32	3.30	2.96
GBP	3.50	3.87	4.13	4.56	4.30	3.87

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

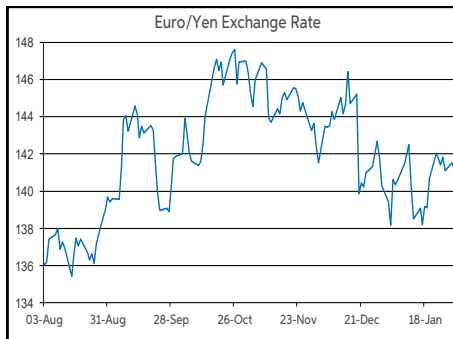
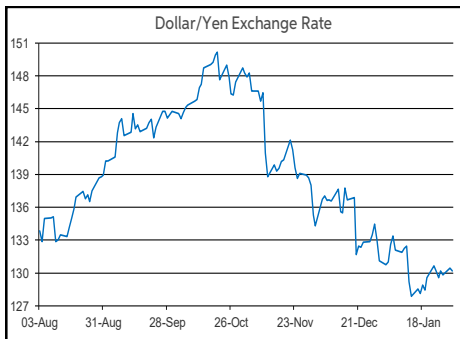
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

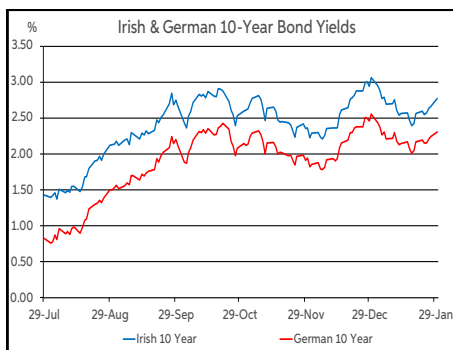
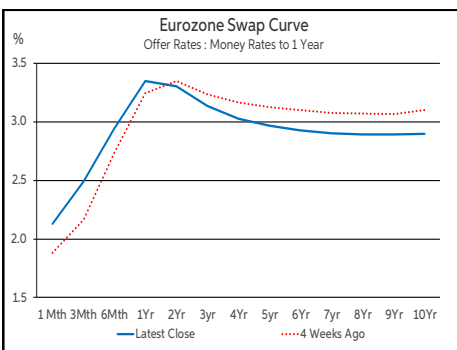
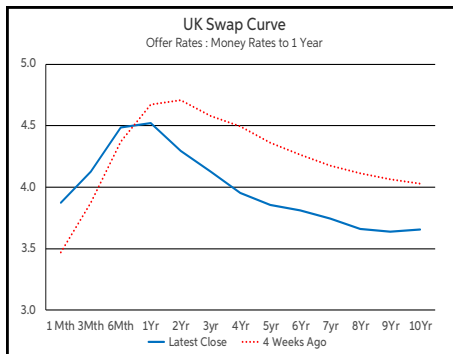
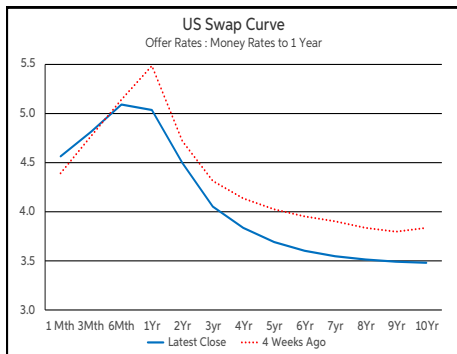
Tuesday 31 January 2023
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8777	GBP/EUR	1.1385	USD/JPY	130.19
EUR/USD	1.0841	GBP/USD	1.2347	USD/CAD	1.3418
EUR/JPY	141.15	GBP/CAD	1.657	USD/CHF	0.9248
EUR/SEK	11.2825	GBP/NZD	1.914	USD/CNY	6.7526
EUR/DKK	7.4378	GBP/JPY	160.75	USD/BRL	5.1162
EUR/NOK	10.8306	GBP/SEK	12.8473	USD/RUB	70.47
EUR/CHF	1.0025	GBP/DKK	8.4702	USD/INR	81.705
EUR/AUD	1.5427	GBP/NOK	12.3324		
EUR/HKD	8.4985	GBP/CHF	1.142	AUD/USD	0.7028
EUR/CAD	1.4549	GBP/AUD	1.7569	NZD/USD	0.645



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.54	+4	-34	-34
Germany	2.31	+7	-13	-25
UK	3.34	+1	-33	-33
5 Year Swap %				
US	3.69	+4	-30	-30
Eurozone	2.97	+8	-15	-26
UK	3.86	+1	-44	-45
2 Year Swap %				
US	4.50	+6	-19	-18
Eurozone	3.30	+7	-3	-8
UK	4.29	+3	-38	-39
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+4	-5	-9
Belgium	68	+2	+6	+4
France	48	+2	-6	-7
Italy	201	+2	-10	-13
Spain	105	+1	-3	-5
Portugal	93	+1	-9	-11
Greece	200	-3	-22	-3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	84.9	-2.03	-1.18	-1.18
West Texas Oil	77.97	-2.21	-2.73	-2.73
Gold \$	1922.5	-0.25	+5.42	+5.38

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