

Eurozone inflation data in focus today

There was a somewhat subdued mood on financial markets yesterday. The Euro Stoxx 50 finished flat for the day. Meanwhile, in the US, the S&P 500 declined by 0.2%. On bond markets, German Bund yields fell by 5-8bps along the curve. In contrast, US Treasury yields rose by 5-9bps. Elsewhere, Brent crude prices remained under pressure, falling back to \$83 per barrel.

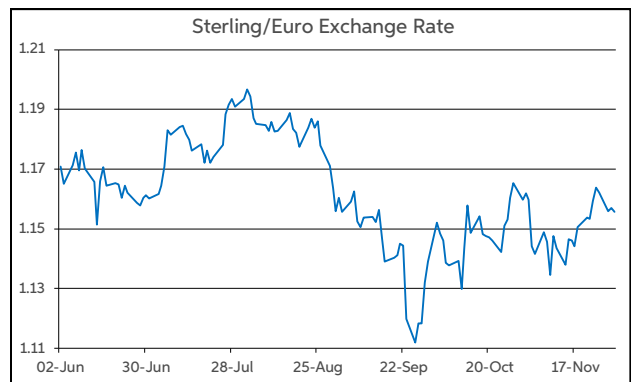
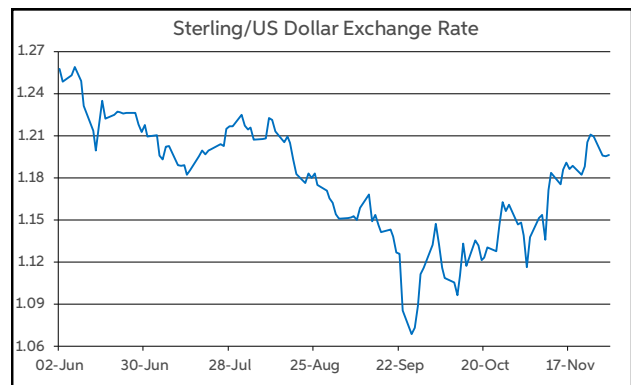
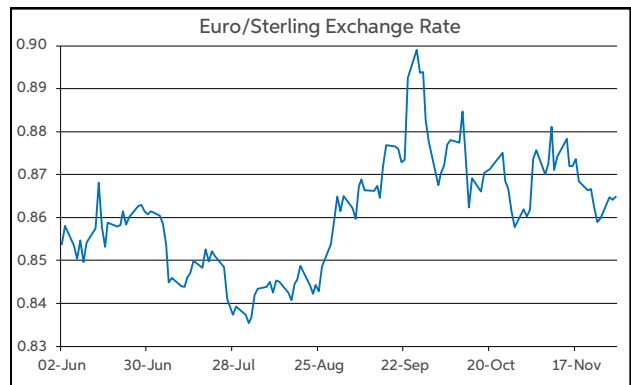
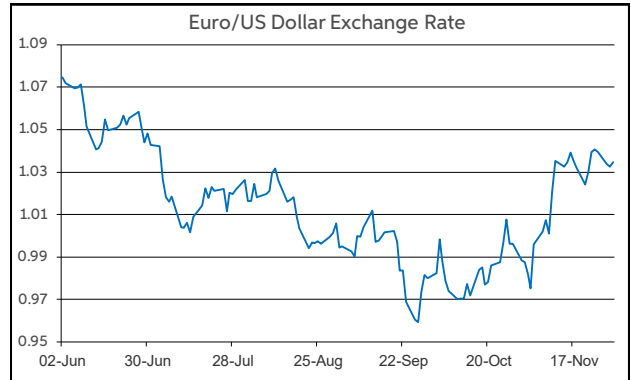
On the data front, German HICP inflation declined to 11.3% in November, as anticipated. The euro edged slightly higher following the release. Meantime, the EC sentiment indices printed broadly in-line with the consensus, and remained at very weak levels in November.

Currency-wise, the main pairs traded within tight ranges yesterday. EUR/USD struggled for any clear direction. From a euro perspective, some hawkish ECB rhetoric, as well as the German inflation data were supportive of the currency. Meanwhile, from a dollar viewpoint the greenback was buoyed by the softer tone to risk appetite. Overnight, the dollar gained further momentum as risk appetite remained muted.

As trading gets underway this morning, the firmer tone to the dollar overnight sees EUR/USD open at the midpoint of the \$1.03-1.04 range. Meanwhile, GBP/USD is changing hands below \$1.20. EUR/GBP is operating at the halfway mark of 86-87p.

Today, all eyes will be on the release of flash HICP inflation data in the Eurozone. The consensus is for the headline rate to ease slightly to 10.4% in November, from 10.6%. The ex-food & energy rate is also expected to edge lower, to 6.3% from 6.4%. Elsewhere, in the US, a speech by Fed Chair Powell will garner attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0348	-0.36	-8.97
EUR/GBP	0.8652	0.08	3.00
GBP/USD	1.196	-0.42	-11.60
GBP/EUR	1.1554	-0.08	-2.91
USD/JPY	138.46	-0.04	20.32
EUR/JPY	143.31	-0.40	9.51

* v Previous Day's European Open
See Next Page for More Rates

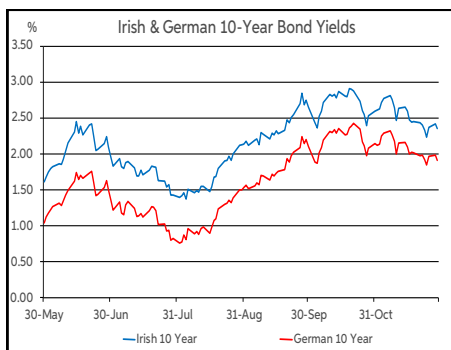
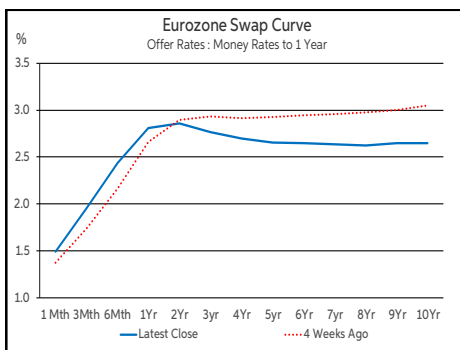
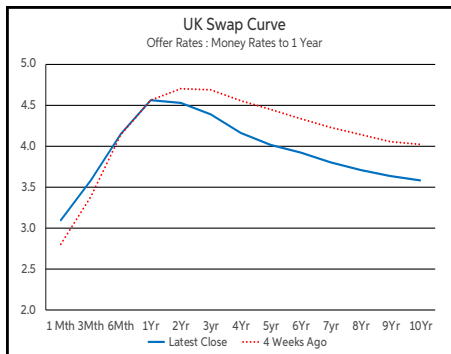
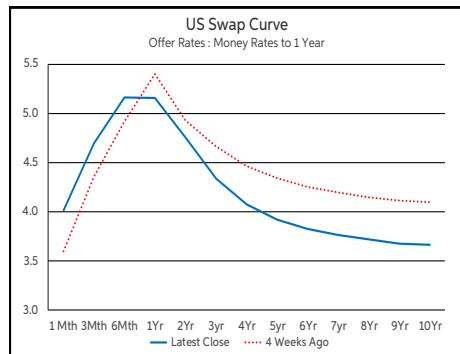
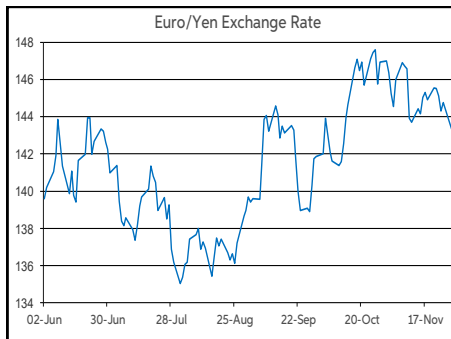
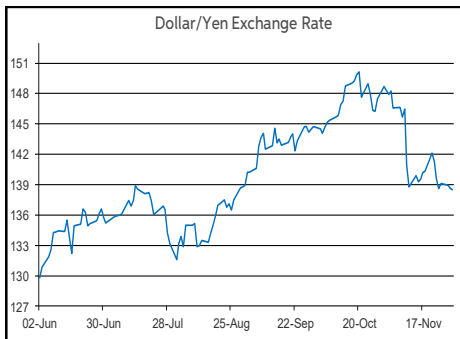
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	3.875	4.07	4.73	5.15	4.80	3.95
EUR	2.00	1.49	1.95	2.77	2.88	2.71
GBP	3.00	3.21	3.66	4.56	4.55	4.05

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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Euro		Sterling		Dollar	
EUR/GBP	0.8652	GBP/EUR	1.1554	USD/JPY	138.46
EUR/USD	1.0348	GBP/USD	1.196	USD/CAD	1.3554
EUR/JPY	143.31	GBP/CAD	1.6215	USD/CHF	0.9522
EUR/SEK	10.9248	GBP/NZD	1.9196	USD/CNY	7.1412
EUR/DKK	7.4366	GBP/JPY	165.61	USD/BRL	5.2695
EUR/NOK	10.3386	GBP/SEK	12.6268	USD/RUB	60.95
EUR/CHF	0.9855	GBP/DKK	8.5936	USD/INR	81.53
EUR/AUD	1.5413	GBP/NOK	11.9478	AUD/USD	0.6713
EUR/HKD	8.0722	GBP/CHF	1.1391	NZD/USD	0.6229
EUR/CAD	1.4028	GBP/AUD	1.7813		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.75	+7	-30	+224
Germany	1.91	-8	-21	+209
UK	3.10	-2	-36	+213
Ireland				
Ireland	2.39	-6	-25	+214
Belgium	2.45	-8	-29	+227
France	2.54	-8	-13	+235
Italy	3.82	-9	-45	+264
Spain	2.91	-8	-30	+232
Portugal	2.85	-11	-28	+237
Greece	4.16	-6	-42	+285
5 Year Swap %				
US	3.92	+4	-39	+259
Eurozone	2.65	-6	-26	+264
UK	4.02	-8	-43	+274
2 Year Swap %				
US	4.76	+3	-14	+381
Eurozone	2.86	-5	-2	+316
UK	4.53	-2	-17	+334
10 Year Government Bond Spreads to Benchmark bps				
Ireland	48	+2	-4	+5
Belgium	54	+0	-7	+18
France	63	-0	+8	+26
Italy	191	-2	-24	+54
Spain	100	-0	-9	+23
Portugal	94	-3	-7	+28
Greece	225	+2	-20	+75

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	83.03	-0.19	-12.28	+6.75
West Texas Oil	77.96	+1.12	-11.77	+3.49
Gold \$	1749.7	+0.52	+6.20	-4.30

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