

## Central Bank event risk today

There was somewhat of a mixed tone to proceedings on financial markets yesterday. The Euro Stoxx 50 finished broadly flat. However, on Wall Street last night, the S&P 500 index was up nearly 1% on the day.

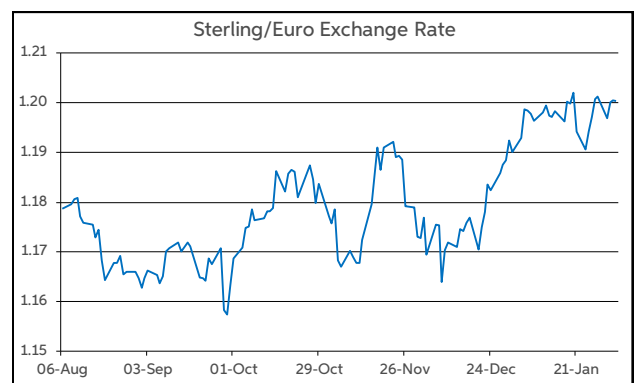
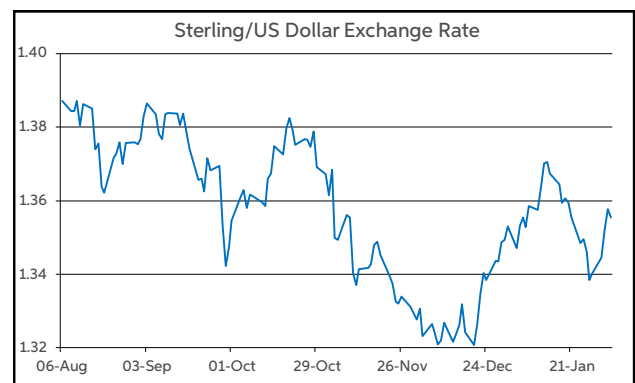
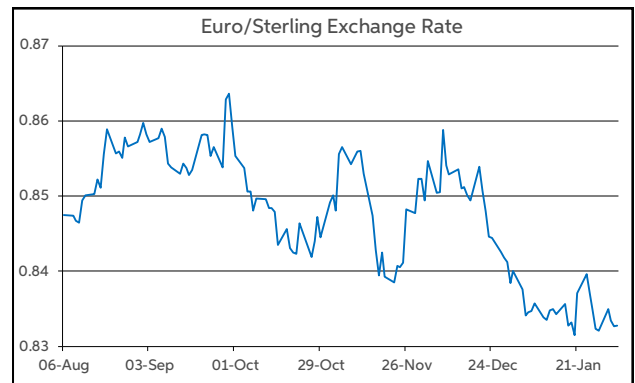
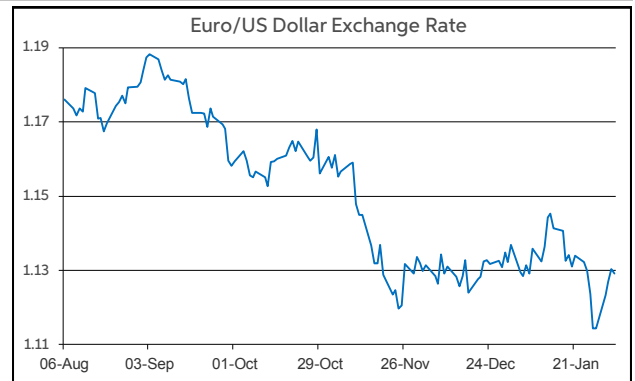
Data-wise, the main release of note from a sparse calendar yesterday was the flash reading of Eurozone inflation. The headline rate rose unexpectedly to a new record high of 5.1%, from 5% and versus expectations for a 4.4% rate. The release did coincide with some modest upward support for the euro.

Overall though, the main currency pairs have been confined to relatively tight ranges. The dollar has remained under some mild downward pressure. EUR/USD spent some time yesterday above \$1.13. It opens this morning just below this threshold. The GBP/USD pair is trading at the halfway point of \$1.35-1.36. Meanwhile, EUR/GBP has continued to change hands in a tight range in and around the midpoint of the 83-84p band.

Today, the central bank diary is very much front and centre of market attention and therefore provides some event risk for currency markets. The BoE is expected to hike rates by 25bps to 0.5%. Given that this is priced in by markets, any impact on sterling may stem from what guidance the BoE offers on further rate hikes this year as well as their updated macro forecasts.

Meantime, the ECB is not anticipated to make any policy changes and continue to guide that rate hikes are unlikely this year. However, with the market now pricing in around 20bps of tightening by year end, President Lagarde will face plenty of questions on the Eurozone rate outlook at the press conference.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1291	0.18	-0.68
EUR/GBP	0.8328	-0.10	-0.86
GBP/USD	1.3552	0.25	0.17
GBP/EUR	1.2001	0.10	0.86
USD/JPY	114.53	-0.17	-0.48
EUR/JPY	129.34	-0.01	-1.17

\* 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	0.31	0.82	1.31	1.67
EUR	0.00	-0.56	-0.55	-0.40	-0.09	0.29
GBP	0.25	0.47	0.65	1.27	1.56	1.58

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

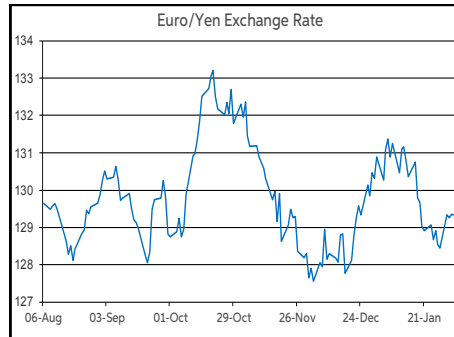
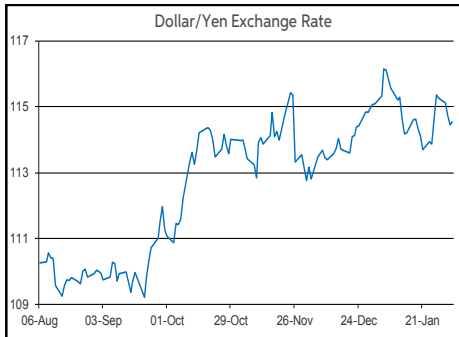
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# Opening Levels

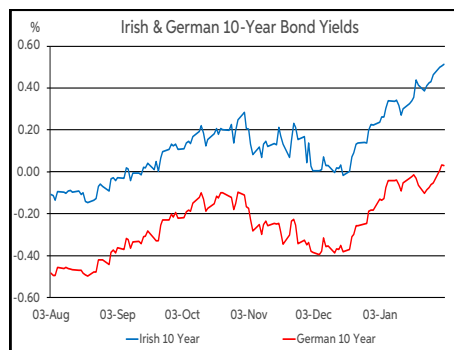
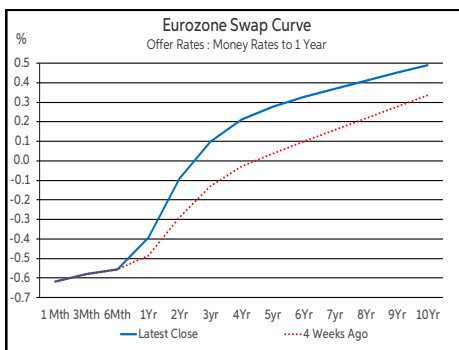
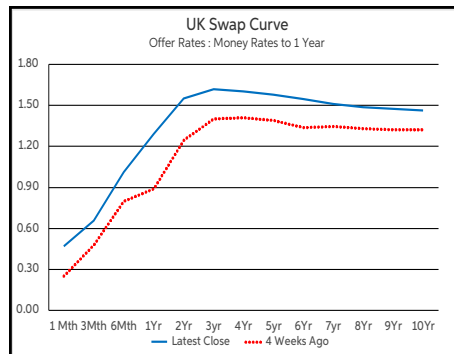
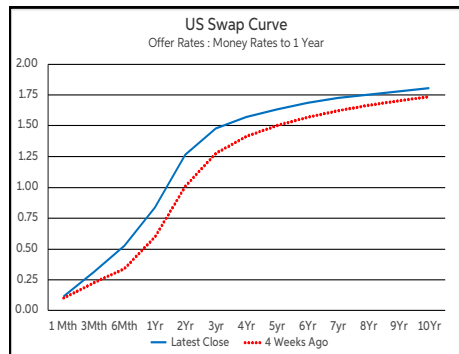
Thursday 03 February 2022  
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8328	GBP/EUR	1.2003	USD/JPY	114.54
EUR/USD	1.1291	GBP/USD	1.3554	USD/CAD	1.268
EUR/JPY	129.34	GBP/CAD	1.7188	USD/CHF	0.9203
EUR/SEK	10.4042	GBP/NZD	2.046	USD/CNY	6.3605
EUR/DKK	7.4387	GBP/JPY	155.25	USD/BRL	5.262
EUR/NOK	9.956	GBP/SEK	12.4873	USD/RUB	76.4695
EUR/CHF	1.0395	GBP/DKK	8.9276	USD/INR	74.823
EUR/AUD	1.5841	GBP/NOK	11.9488		
EUR/HKD	8.8003	GBP/CHF	1.2478	AUD/USD	0.7124
EUR/CAD	1.4318	GBP/AUD	1.9022	NZD/USD	0.6622



	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.77	-2	+7	+26
Germany	0.04	-0	+16	+21
UK	1.26	-5	+17	+28
Ireland	0.53	+1	+25	+29
Belgium	0.37	-1	+15	+19
France	0.45	-0	+21	+25
Italy	1.43	+1	+18	+24
Spain	0.79	+1	+19	+20
Portugal	0.72	+2	+21	+23
Greece	1.78	+3	+40	+46
<b>5 Year Swap %</b>				
US	1.63	-2	+15	+30
Eurozone	0.28	+3	+25	+27
UK	1.58	-2	+20	+30
<b>2 Year Swap %</b>				
US	1.26	-2	+27	+32
Eurozone	-0.09	+2	+21	+21
UK	1.55	-2	+31	+36
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	50	+1	+9	+7
Belgium	33	-1	-1	-3
France	41	-0	+5	+4
Italy	139	+1	+2	+3
Spain	76	+1	+3	-2
Portugal	68	+2	+5	+2
Greece	174	+3	+24	+25



	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	89.47	+0.35	+10.73	+15.03
West Texas Oil	88.16	-0.07	+13.27	+17.03
Gold \$	1806.5	+0.32	-0.17	-1.20

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