

Spotlight on the Fed today

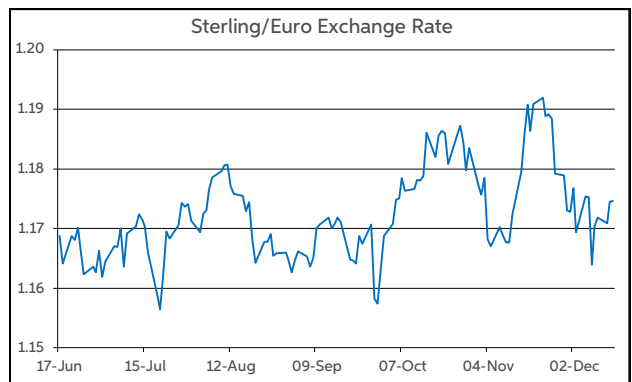
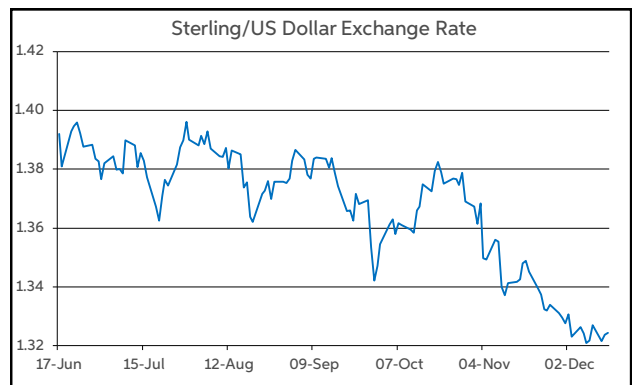
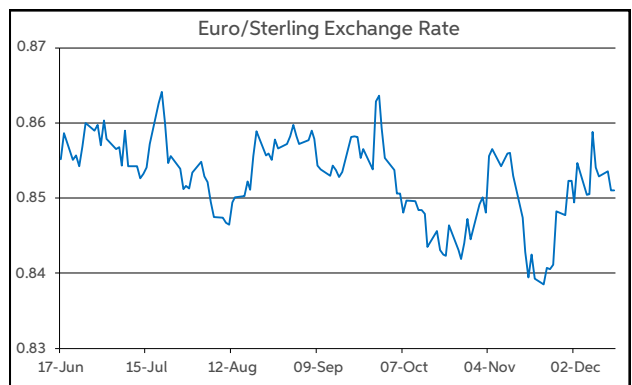
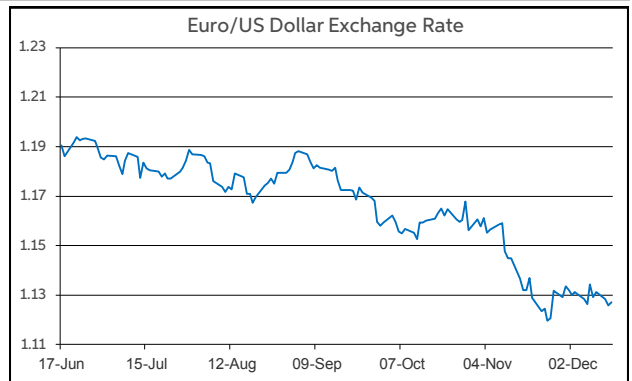
Market sentiment retained a cautious tone yesterday. A quiet data calendar as well as some key central bank events looming on the horizon, including today's Fed meeting, contributed to the subdued action. The main equity indices continued to move lower. In Europe, the Euro Stoxx 50 fell by 0.9%. At the closing bell on Wall Street last night, the S&P 500 was down 0.8% on the day. Meanwhile, the main benchmark 10-year sovereign yields were 2-3bps higher.

Currency-wise, the majors remained confined to narrow ranges. The EUR/USD rate traded in and around \$1.13, spending a portion of yesterday above this mark, but it opens this morning broadly unchanged from 24 hours earlier. Elsewhere, sterling is modestly higher. EUR/GBP has edged back closer to the 85p threshold. Meantime, GBP/USD is changing hands near to the midpoint of \$1.32-1.33.

Today's macro calendar has a fairly packed agenda. Already this morning, we have got UK inflation numbers for November. The headline CPI rate rose to 5.1% (from 4.2%), a 10-year high, and above the consensus forecast of 4.7%. Later in the day, we get a busy flow of US data. This includes retail sales data for November, as well as the December readings of the Empire survey and Homebuilder sentiment.

However, the focus today will be on the aforementioned Fed meeting (concludes after the European close), which provides some event risk for the dollar. Given recent hawkish guidance, the Fed is expected to announce an acceleration of QE tapering. Close attention will also be paid to the updated interest rate projections. The market is currently envisaging a first rate hike by mid-2022.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1271	-0.04	-7.71
EUR/GBP	0.851	-0.35	-4.78
GBP/USD	1.3241	0.30	-3.16
GBP/EUR	1.1744	0.35	5.02
USD/JPY	113.67	0.08	10.10
EUR/JPY	128.15	0.05	1.58

* 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	0.21	0.42	0.87	1.32
EUR	0.00	-0.59	-0.60	-0.49	-0.35	-0.12
GBP	0.10	0.06	0.09	0.68	1.00	1.07

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

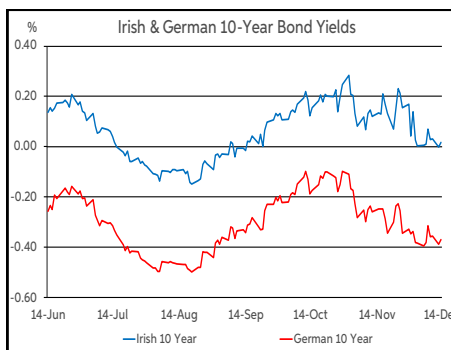
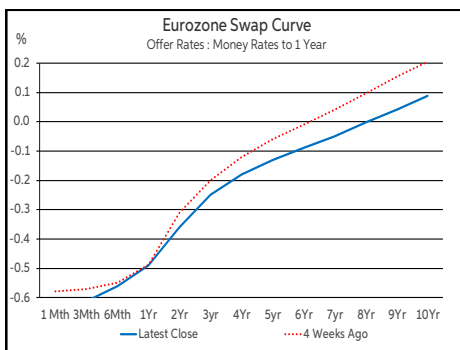
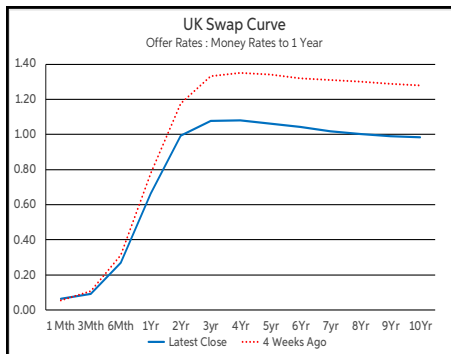
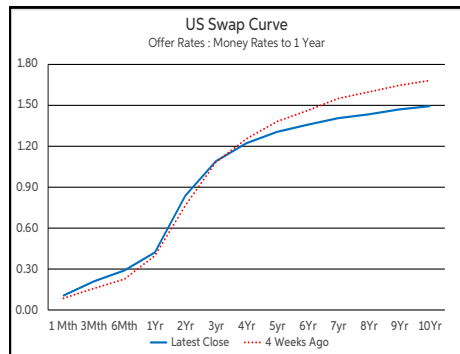
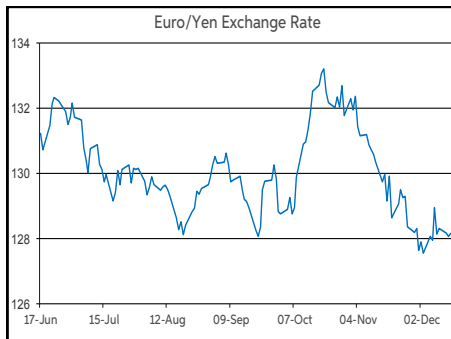
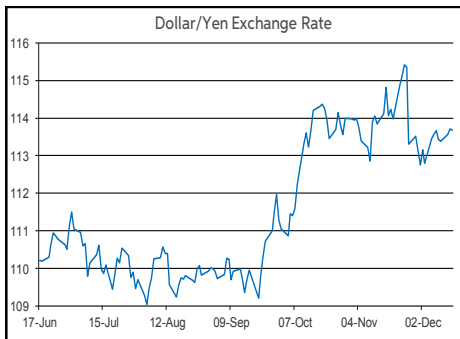
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Opening Levels

Wednesday 15 December 2021
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.851	GBP/EUR	1.1744	USD/JPY	113.67
EUR/USD	1.1271	GBP/USD	1.3241	USD/CAD	1.2859
EUR/JPY	128.15	GBP/CAD	1.703	USD/CHF	0.9239
EUR/SEK	10.2999	GBP/NZD	1.9644	USD/CNY	6.364
EUR/DKK	7.4359	GBP/JPY	150.51	USD/BRL	5.6815
EUR/NOK	10.274	GBP/SEK	12.1009	USD/RUB	73.8994
EUR/CHF	1.0413	GBP/DKK	8.7346	USD/INR	76.0675
EUR/AUD	1.5829	GBP/NOK	12.067	AUD/USD	0.712
EUR/HKD	8.7959	GBP/CHF	1.2236	NZD/USD	0.674
EUR/CAD	1.4497	GBP/AUD	1.8597		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.44	+3	-20	+52
Germany	-0.36	+2	-12	+21
UK	0.72	+3	-27	+53
Ireland	0.09	+6	-11	+39
Belgium	-0.03	+2	-11	+36
France	-0.02	+2	-13	+33
Italy	0.94	+3	-3	+42
Spain	0.34	+2	-15	+28
Portugal	0.27	+1	-10	+21
Greece	1.31	-5	+8	+68
5 Year Swap %				
US	1.31	+3	-3	+88
Eurozone	-0.13	+1	-6	+33
UK	1.06	+4	-27	+87
2 Year Swap %				
US	0.84	+2	+9	+64
Eurozone	-0.36	+1	-4	+17
UK	0.99	+3	-18	+97
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	+4	+1	+18
Belgium	33	+0	+1	+14
France	35	+0	-1	+11
Italy	130	+1	+9	+21
Spain	70	+0	-3	+7
Portugal	63	-1	+2	-0
Greece	167	-6	+20	+47

Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	73.7	-0.93	-10.59	+42.28
West Texas Oil	70.57	-0.87	-12.62	+45.96
Gold \$	1770.2	-0.94	-4.31	-6.66

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