



7th January 2022
This week's highlights

Euro A touch weaker	Bond Yields Spike higher	EA Inflation Ticks up in Dec	US Jobless Rate 3.9% in Dec
-------------------------------	------------------------------------	--	---------------------------------------

Euro Area

- The euro ended the first week of the new year slightly lower against the dollar trading at around \$1.13
- German government 10-year bond yields rose by more than 10bps to -0.06%, a near 3-year high
- Annual CPI inflation ticked up to 5% in December according to flash reading; core rate steady at 2.6%

UK

- Sterling little changed on the week against the dollar at \$1.3550; up half a penny vis-a-vis euro at 83.5p
- There was a notable jump in government 10-year bond yields, which rose by best part of 20bps to 1.15%
- The composite PMI fell to 53.6 in December, according to final reading, led by a decline in the services PMI

US

- Employment (payrolls) rose by 199k in December, unemployment dipped to 3.9% (from 4.2% in Nov)
- Fed minutes say an increase in interest rates may be warranted 'sooner' than previously anticipated
- Benchmark government 10-year bond yields up around 20bps to a circa 12-month high of 1.75%

Ireland

- The Economic Pulse fell to a nine month low of 79.9 in December, a decline of 3.4 from November
- Exchequer deficit of €7,372 million was recorded in 2021, down from deficit of €12,317 million in 2020
- Irish government bond yields also higher on the week, 10-year yields up around 10bps to 0.33%

Monday	IRL Industrial Production; EA Unemployment; UK BRC Retail Sales
Tuesday	IRL Services Index; UK Unit Labour Costs; US Small Business Optimism Index
Wednesday	IRL Unemployment, Vehicle Licenses; EA Industrial Production; UK RICS Housing Survey; US CPI
Thursday	US Jobless Claims, PPI
Friday	IRL Live Register; EA Trade Balance; UK GDP (Nov); US Retail Sales, Industrial Production

Contact Us at economics@boi.com

www.Corporate-Economy.BankofIreland.com

Disclaimer

This document has been prepared by the Economic Research Unit at The Governor and Company of the Bank of Ireland ("BOI") for information purposes only and BOI is not soliciting any action based upon it. BOI believes the information contained herein to be accurate but does not warrant its accuracy nor accepts or assumes any responsibility or liability for such information other than any responsibility it may owe to any party under the European Communities (Markets in Financial Instruments) Regulations 2007 as may be amended from time to time, and under the Financial Conduct Authority rules (where the client is resident in the UK), for any loss or damage caused by any act or omission taken as a result of the information contained in this document. Any decision made by a party after reading this document shall be on the basis of its own research and not be influenced or based on any view or opinion expressed by BOI either in this document or otherwise. This document does not address all risks and cannot be relied on for any investment contract or decision. A party should obtain independent professional advice before making any investment decision. Expressions of opinion contained in this document reflect current opinion as at 7th January 2022 and is based on information available to BOI before that date. This document is the property of BOI and its contents may not be reproduced, either in whole or in part, without the express written consent of a suitably authorised member of BOI.

The Governor and Company of the Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, The Governor and Company of the Bank of Ireland is authorised by the Central Bank of Ireland and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and the Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority and regulation by the Financial Conduct Authority are available from us on request. The Governor and Company of the Bank of Ireland is incorporated in Ireland with limited liability. Registered Office - 40 Mespil Road, Dublin 4, Ireland.

Registered Number - C-1.

[Update My Preferences](#)

If you'd rather not receive future e-mails from us, please [opt-out here](#).