

## Firmer tone to the dollar

Investor sentiment improved for a second day running yesterday. Reports of progress on the US debt ceiling impasse and better than expected US macro data was supportive of risk appetite. This was reflected in gains on the main equity indices on both sides of the Atlantic. In Europe, the Euro Stoxx 50 rose by 1.0%. At the closing bell on Wall Street last night, the S&P 500 was up by 0.9%.

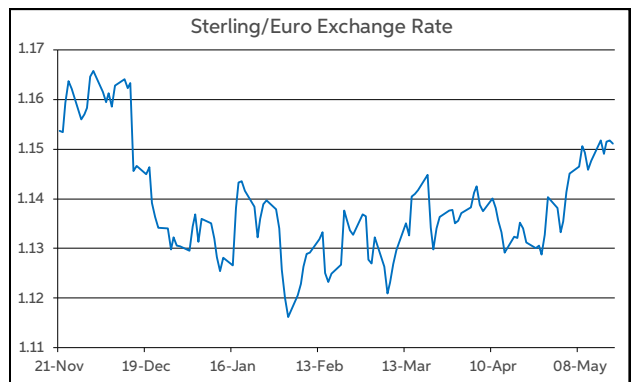
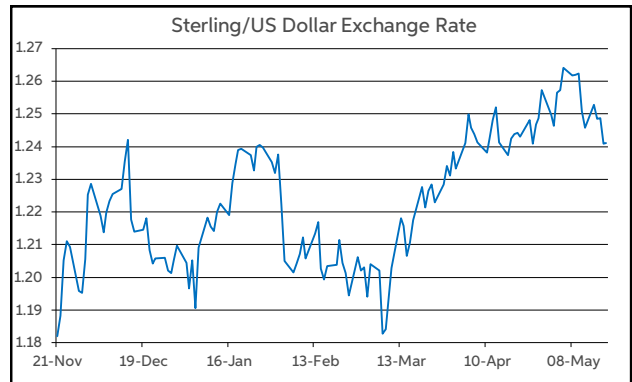
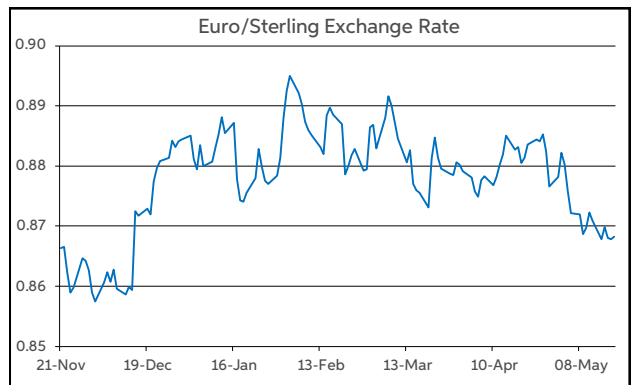
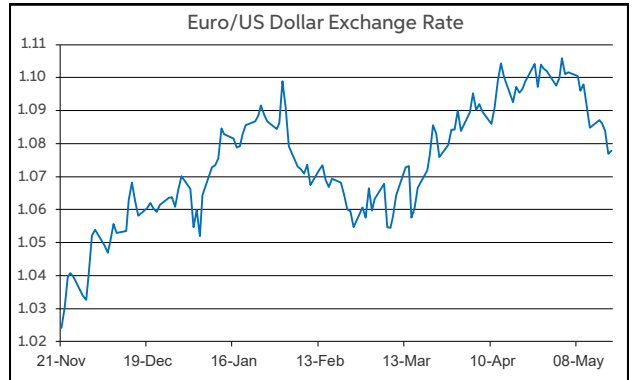
Meanwhile, on bond markets, the action was characterised by rising yields across geographies and along their respective curves. This was against the backdrop of the continued improvement in risk appetite, which has also coincided with some firming in market rate expectations. Policy sensitive 2-year yields were up between 8 -12bps in the Eurozone, UK and US.

On the currency front, the dollar was holding a firmer tone. The positive newsflow in relation to US debt ceiling negotiations and macro data provided the currency with some upward momentum. The dollar gained around 0.5% on the exchanges.

In level terms, this was reflected in EUR/USD falling below its 100-day moving average at \$1.08, trading to a low of \$1.076. Sterling also lost ground to the dollar, with GBP/USD moving down to nearer the \$1.24 mark. Meantime, EUR/GBP spent yesterday in a narrow range in the upper half of the 86-87p band.

Looking ahead to today, the week comes to a quiet close from the perspective of top tier data. There are no significant macro releases from either the European or US schedules. However, on the monetary front, a speech from Fed Chair Powell will warrant attention, as will developments in relation to the US debt ceiling talks.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.078	-0.47	0.73
EUR/GBP	0.8685	0.01	-1.80
GBP/USD	1.2413	-0.49	2.61
GBP/EUR	1.1509	-0.01	1.83
USD/JPY	138.16	0.41	5.38
EUR/JPY	148.98	-0.05	6.19

\* 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	5.13	5.15	5.38	5.10	4.42	3.74
EUR	3.75	3.15	3.39	3.83	3.57	3.18
GBP	4.50	4.41	4.58	4.84	4.82	4.37

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

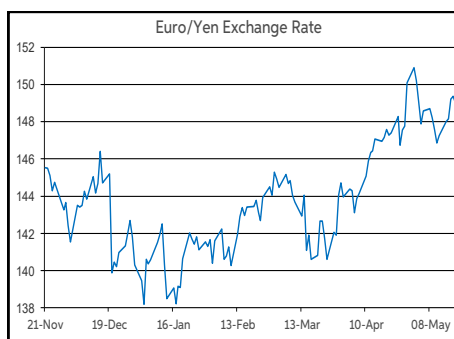
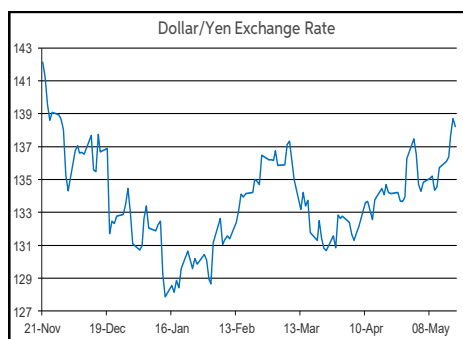
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

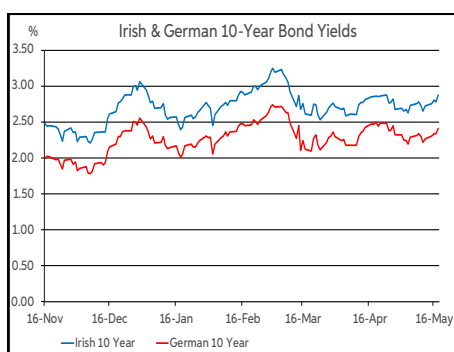
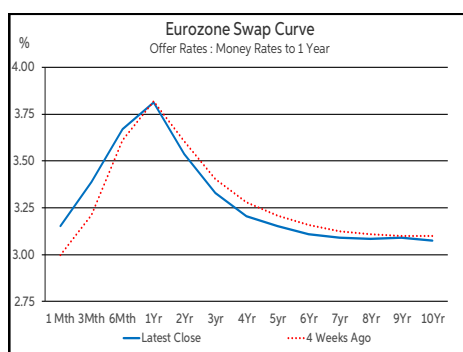
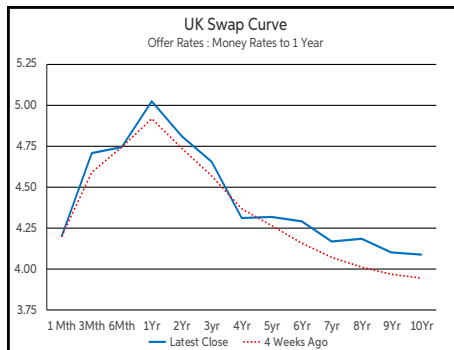
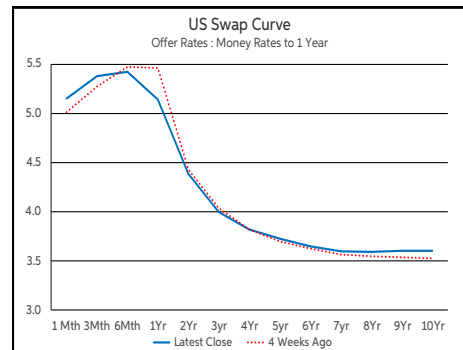
Friday 19 May 2023  
07:14 am



Euro		Sterling		Dollar	
EUR/GBP	0.8685	GBP/EUR	1.1509	USD/JPY	138.16
EUR/USD	1.078	GBP/USD	1.2413	USD/CAD	1.3486
EUR/JPY	148.98	GBP/CAD	1.674	USD/CHF	0.9032
EUR/SEK	11.3779	GBP/NZD	1.9865	USD/CNY	7.0353
EUR/DKK	7.4473	GBP/JPY	171.47	USD/BRL	4.9657
EUR/NOK	11.7524	GBP/SEK	13.1015	USD/RUB	80.1275
EUR/CHF	0.9738	GBP/DKK	8.5717	USD/INR	82.705
EUR/AUD	1.6233	GBP/NOK	13.525		
EUR/HKD	8.419	GBP/CHF	1.1213	AUD/USD	0.6639
EUR/CAD	1.454	GBP/AUD	1.8687	NZD/USD	0.6247



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	3.65	+8	+12	-23
Germany	2.41	+7	-3	-15
UK	3.96	+12	+20	+29
<b>5 Year Swap %</b>				
US	3.72	+12	+6	-27
Eurozone	3.15	+10	-5	-8
UK	4.32	+8	+6	+2
<b>2 Year Swap %</b>				
US	4.39	+11	-1	-29
Eurozone	3.54	+5	-6	+15
UK	4.81	+8	+8	+13
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	49	+1	+6	-10
Belgium	74	+4	+6	+11
France	62	+4	+11	+7
Italy	190	+5	+3	-25
Spain	110	+4	+7	+1
Portugal	84	+3	-2	-19
Greece	163	-1	-25	-40



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	75.86	-1.43	-6.46	-11.70
West Texas Oil	71.82	-1.32	-7.05	-10.40
Gold \$	1958.1	-1.19	-2.31	+7.33

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