

## Dollar gains amid cautious backdrop

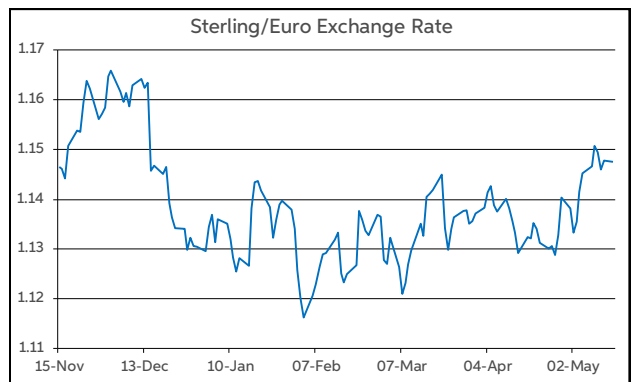
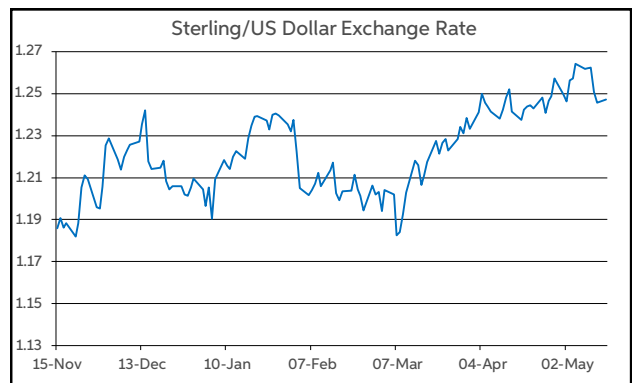
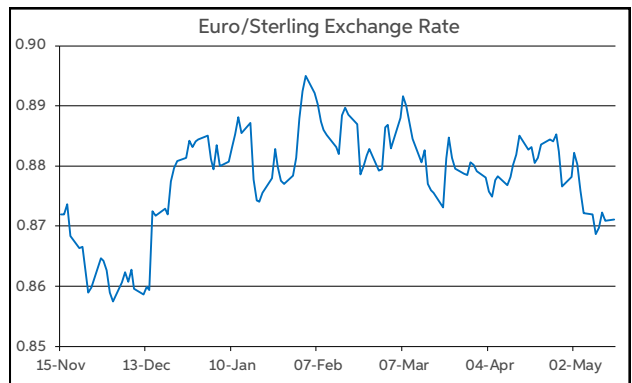
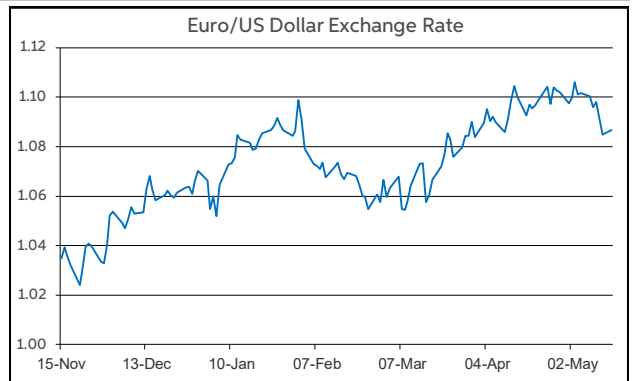
Investor sentiment retained a cautious tone for much of last week. This was against the backdrop of on-going concerns regarding US regional banks and uncertainty over the US debt ceiling impasse. Data-wise, there was no major surprises from the main macro releases. US CPI inflation numbers for April were broadly as anticipated. Meanwhile, UK Q1 GDP printed in line with expectations, rising by a meagre 0.1% in the quarter.

On the monetary policy front, the BoE hiked by 25bps to 4.5% as expected. The BoE's updated macro projections shows it is no longer expecting a recession this year. While not providing any clear guidance on the rate outlook, the BoE did not try to alter market expectations for further tightening, with futures contracts pricing rates to peak in a 4.75%-5.00% range.

From a currency viewpoint, amid the cautious tone to risk appetite the dollar was in the ascendancy last week. Elsewhere, the euro held onto its post-ECB softening trend from the previous week, while sterling was on the backfoot in the aftermath of the BoE meeting. All of the above is reflected in EUR/USD starting this week below \$1.09. GBP/USD is changing hands under the \$1.25 handle. Meantime, with both the euro and sterling suffering some bouts of weakness last week, EUR/GBP opens this morning at 87p, broadly similar to last Monday's starting point.

With the three main central bank meetings for May now concluded attention to some extent shifts back to the data this week. The main highlights are US retail sales, industrial production (both April) and UK Q1 labour market data. However, scheduled remarks from Fed's Powell, BoE's Bailey and ECB's Lagarde will still warrant attention, amid a plethora of other central bank speakers.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0865	-0.54	1.52
EUR/GBP	0.8711	-0.14	-1.50
GBP/USD	1.247	-0.42	3.08
GBP/EUR	1.1474	0.14	1.53
USD/JPY	136.07	1.11	3.78
EUR/JPY	147.87	0.58	5.40

\* 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	5.11	5.32	4.94	4.20	3.55
EUR	3.75	3.16	3.35	3.77	3.41	3.01
GBP	4.50	4.41	4.56	4.80	4.74	4.23

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

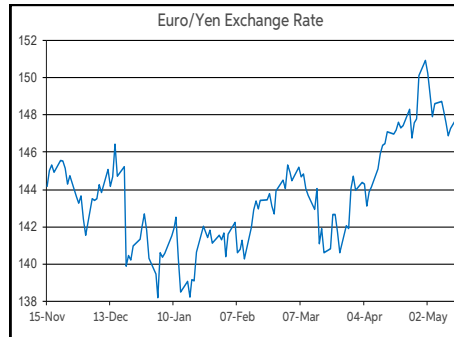
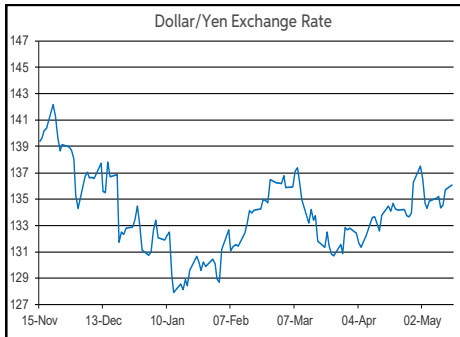
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

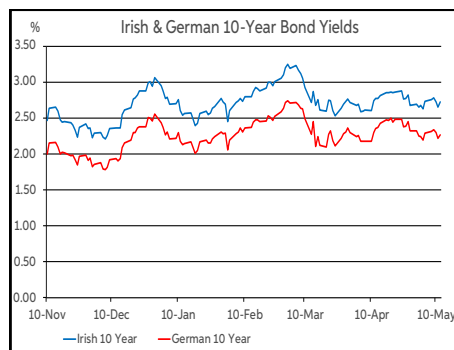
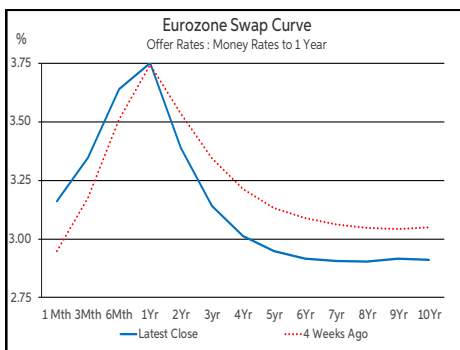
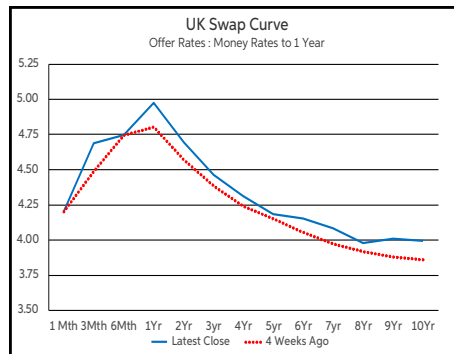
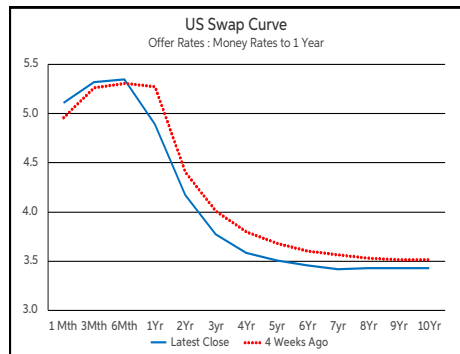
Monday 15 May 2023  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8711	GBP/EUR	1.1474	USD/JPY	136.07
EUR/USD	1.0865	GBP/USD	1.247	USD/CAD	1.352
EUR/JPY	147.87	GBP/CAD	1.6863	USD/CHF	0.897
EUR/SEK	11.2761	GBP/NZD	2.0048	USD/CNY	6.9554
EUR/DKK	7.4463	GBP/JPY	169.68	USD/BRL	4.9212
EUR/NOK	11.5752	GBP/SEK	12.946	USD/RUB	78.1
EUR/CHF	0.9747	GBP/DKK	8.5448	USD/INR	82.271
EUR/AUD	1.6265	GBP/NOK	13.284	AUD/USD	0.668
EUR/HKD	8.5202	GBP/CHF	1.1189	NZD/USD	0.622
EUR/CAD	1.4694	GBP/AUD	1.8666		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	3.46	+8	-5	-42
Germany	2.27	+5	-17	-30
UK	3.78	+8	+12	+11
<b>Ireland</b>				
Ireland	2.76	+7	-10	-38
Belgium	2.97	+5	-14	-23
France	2.85	+5	-9	-26
Italy	4.17	+6	-12	-53
Spain	3.35	+5	-12	-30
Portugal	3.11	+5	-20	-49
Greece	4.01	-1	-28	-58
<b>5 Year Swap %</b>				
US	3.51	+10	-14	-49
Eurozone	2.95	+4	-15	-28
UK	4.18	+1	+4	-12
<b>2 Year Swap %</b>				
US	4.17	+10	-19	-51
Eurozone	3.39	+6	-14	+0
UK	4.70	+7	+13	+1
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	50	+2	+6	-9
Belgium	71	+1	+2	+7
France	59	+1	+7	+4
Italy	191	+2	+5	-23
Spain	109	+0	+5	-1
Portugal	84	+0	-4	-20
Greece	175	-6	-12	-28



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	74.17	-1.08	-14.07	-13.67
West Texas Oil	70.02	-1.12	-15.21	-12.65
Gold \$	2011.2	-0.22	+0.40	+10.24

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