

## EUR/GBP opens above 86p

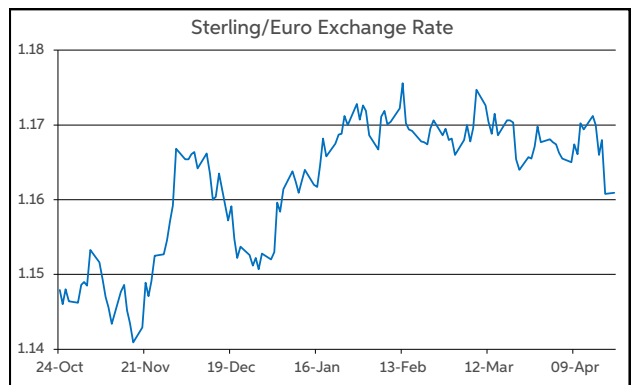
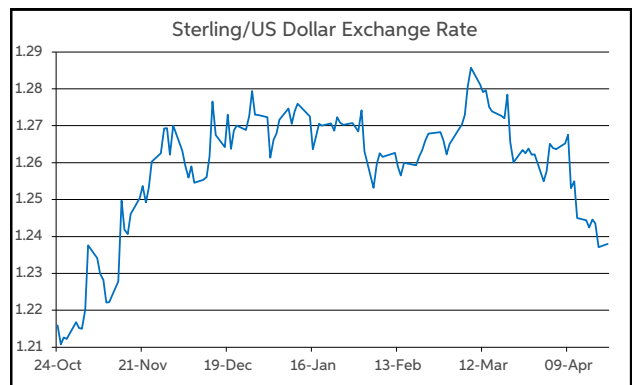
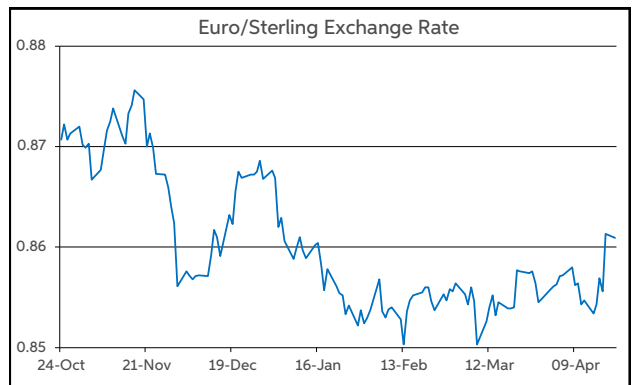
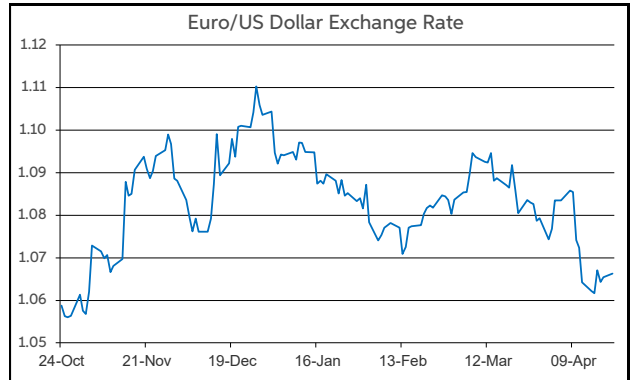
Throughout last week, heightened geopolitical tensions in relation to the Middle East, remarks from a number of central bank officials and a plethora of data releases impacted investor sentiment. Overall, the S&P 500 declined by 3% while the Euro Stoxx 50 registered a 0.7% loss. Meantime, having briefly topped \$90 per barrel Brent crude oil ended the week near \$87 per barrel.

Amid recent strong US data, including last week's above consensus retail sales release, a slew of Fed officials, including Chair Powell have sounded more hawkish on the rates outlook recently. The overarching message from Fed officials is that they are in no rush to cut rates. In contrast, comments from ECB officials, including President Lagarde, suggest that a rate cut at the June meeting is likely. In the UK, the data have been mixed. CPI and wage data remain elevated but retail sales are weak. Against this backdrop, remarks from some MPC members indicate that rates may be cut soon, while others appear to be in favour of leaving policy on hold.

Currency-wise, amid the risk-off mood on markets stemming from the conflict in the Middle East and the hawkish tone from Fed officials, the dollar was holding a firmer tone initially last week. Indeed, EUR/USD registered a fresh YTD low of \$1.06 last Tuesday. However, the greenback handed back most of its gains before the close on Friday. Elsewhere, sterling was on the defensive. In level terms, EUR/USD opens today near the midpoint of \$1.06-1.07. EUR/GBP is operating up above the 86p threshold.

This week, the main releases will be US GDP for Q1, and the March reading of core-PCE inflation. Meantime, the flash PMIs for April in the main advanced economies are due. Investors will also be keeping a close eye on geopolitical tensions.

**Daniel Noonan, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2023 |
| EUR/USD                  | 1.0663 | 0.28     | -3.38    |
| EUR/GBP                  | 0.8609 | 0.56     | -0.68    |
| GBP/USD                  | 1.238  | -0.30    | -2.74    |
| GBP/EUR                  | 1.1606 | -0.56    | 0.69     |
| USD/JPY                  | 154.7  | 0.25     | 9.67     |
| EUR/JPY                  | 164.99 | 0.53     | 6.01     |

\* 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                    | 5.38      | 5.43         | 5.59  | 5.48       | 5.19 | 4.73 |
| EUR                    | 4.50      | 3.84         | 3.89  | 3.68       | 3.34 | 2.92 |
| GBP                    | 5.25      | 5.19         | 5.19  | 5.02       | 4.93 | 4.42 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

|         |                            |            |            |                  |                           |                 |                                   |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke<br>Shane Gargan | FX Options | Mark Tuite | Reuters<br>Phone | AIBG.I<br>00353-1-7724018 | Morning Comment | John Fahey<br>john.j.fahey@aib.ie |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

# Opening Levels

Monday 22 April 2024  
07:00 am



## Euro

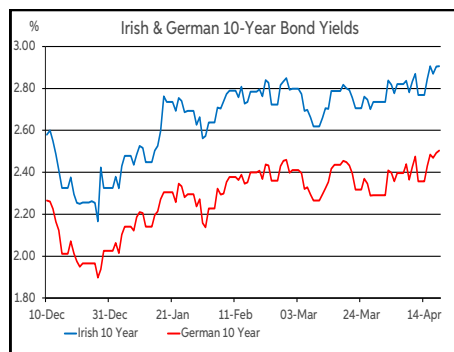
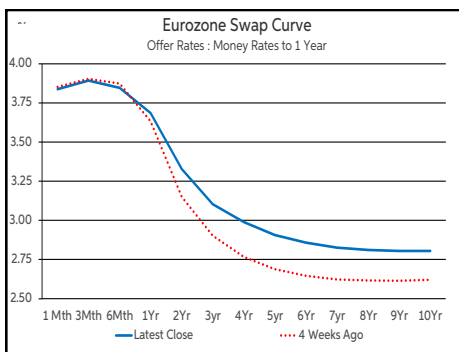
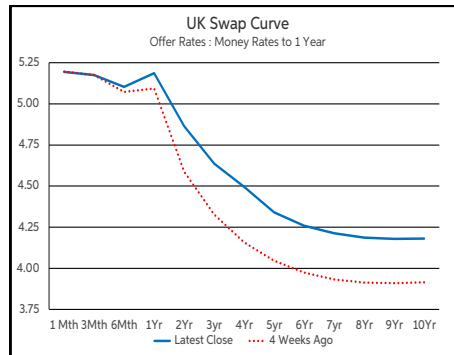
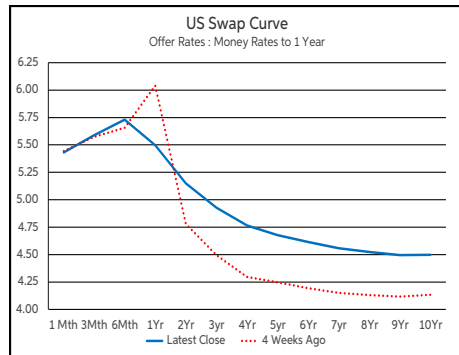
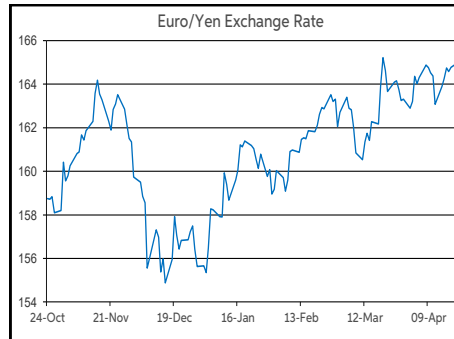
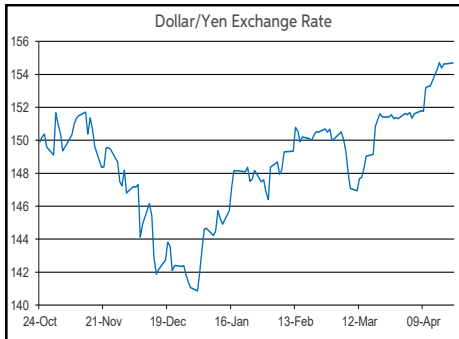
|         |         |
|---------|---------|
| EUR/GBP | 0.8609  |
| EUR/USD | 1.0663  |
| EUR/JPY | 164.99  |
| EUR/SEK | 11.6346 |
| EUR/DKK | 7.4608  |
| EUR/NOK | 11.7439 |
| EUR/CHF | 0.9717  |
| EUR/AUD | 1.6574  |
| EUR/HKD | 8.3528  |
| EUR/CAD | 1.4636  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1606  |
| GBP/USD | 1.238   |
| GBP/CAD | 1.6996  |
| GBP/NZD | 2.0951  |
| GBP/JPY | 191.52  |
| GBP/SEK | 13.5061 |
| GBP/DKK | 8.6607  |
| GBP/NOK | 13.6341 |
| GBP/CHF | 1.1286  |
| GBP/AUD | 1.9245  |

## Dollar

|         |         |
|---------|---------|
| USD/JPY | 154.7   |
| USD/CAD | 1.3724  |
| USD/CHF | 0.9112  |
| USD/CNY | 7.24    |
| USD/BRL | 5.2417  |
| USD/RUB | 93.3    |
| USD/INR | 83.4075 |
| AUD/USD | 0.6433  |
| NZD/USD | 0.5908  |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 23 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 4.65  | +6         | +43     | +79    |
| Germany   | 2.51  | +1         | +11     | +48    |
| UK  | 4.27  | +1         | +28     | +74    |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 4.68  | -0         | +47     | +89    |
| Eurozone  | 2.91  | +6         | +22     | +48    |
| UK  | 4.34  | -8         | +30     | +69    |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 5.15  | +0         | +41     | +82    |
| Eurozone  | 3.33  | +2         | +18     | +53    |
| UK  | 4.86  | -7         | +486    | +60    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 42    | +1         | +8      | +9     |
| Belgium   | 55    | +1         | +1      | -11    |
| France  | 50    | +1         | +10     | -3     |
| Italy   | 139   | -0         | +15     | -28    |
| Spain   | 81    | -0         | +5      | -15    |
| Portugal  | 67    | -1         | +3      | -9     |
| Greece  | 96    | +0         | +8      | -9     |

| Commodities    |        |          |         |        |
|----------------|--------|----------|---------|--------|
|                | Close  | % Change |         |        |
|                |        | Day      | 4 Weeks | End 23 |
| Brent Oil      | 87.11  | -0.21    | +1.55   | +13.07 |
| West Texas Oil | 71.65  | -0.17    | -1.90   | -1.27  |
| Gold \$        | 2378.3 | +0.74    | +9.05   | +15.30 |

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