

Increased concerns on the macro outlook

Last week saw increased 'recession' concerns dominate market sentiment. Fed Chair Powell's semi-annual testimony appeared to be more downbeat on the economic outlook, noting that a 'soft landing' will be hard to achieve. Meanwhile, weaker than expected June PMI data added to the nervousness on the macro outlook.

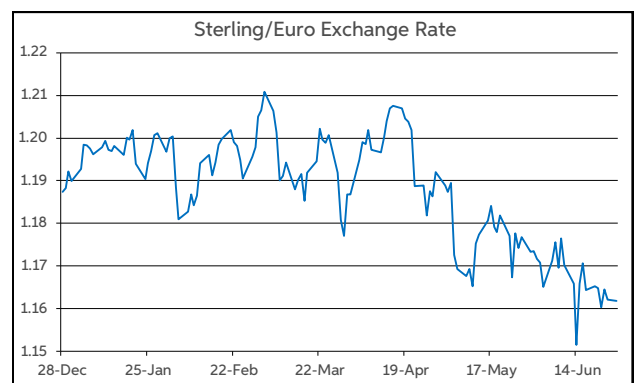
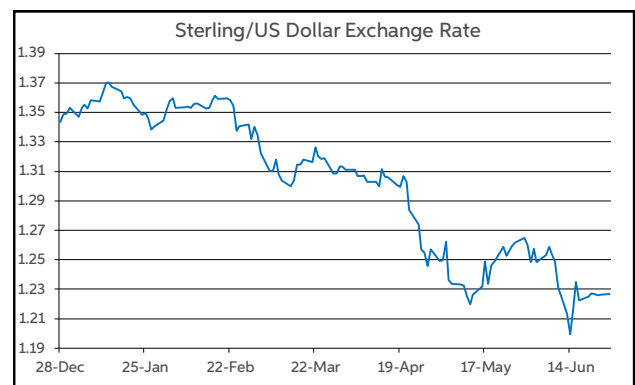
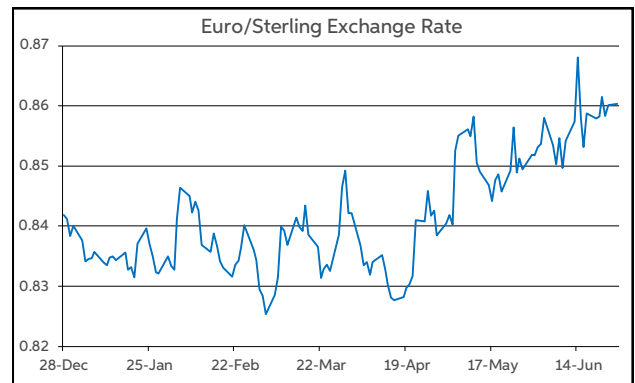
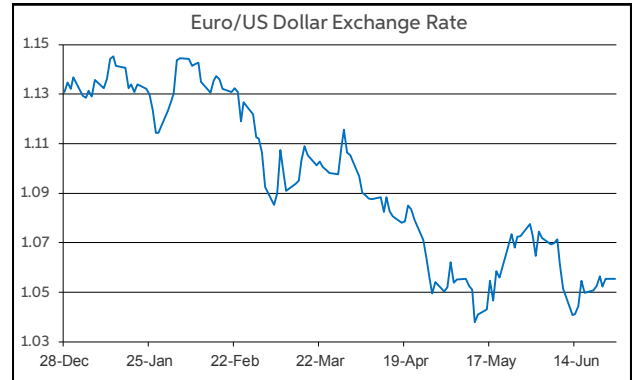
These 'recession' concerns were reflected in a softening of rate hike expectations. Futures contracts are now pricing in Eurozone rates getting to 1% by year-end (was 1.25% at the start of last week). The peak of rates in 2023 is now seen being nearer to 1.75% rather than 2.25%. In terms of the Fed, the market is now envisaging the peak of rates being 3.5% rather than nearer to 4%.

As a result, bond markets rallied, with yields falling across the board. The German 10-year bund yield was down around 20bps to back below 1.5%. Meantime, the 10-year US Treasury yield fell by circa 10bps to under the 3.2% level, moving further away from its recent peak of 3.5%.

Currency-wise, the action was less eventful. The main pairs were confined to relatively narrow ranges over the week. EUR/USD was mostly within the \$1.05-1.06 band. EUR/GBP operated in a 85.6-86.4p trading range. Elsewhere, there was an improvement on equity markets amid the softening in rate expectations. The S&P 500 index finished the week over 6% higher. However the index is still down around 18% since the start of the year.

Looking ahead to this week, the key data highlights and, of most interest to markets, will be inflation updates. We get inflation readings from the US (Core-PCE for May) and Eurozone (flash HICP for June).

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0558	0.18	-7.13
EUR/GBP	0.8603	0.24	2.42
GBP/USD	1.227	-0.07	-9.31
GBP/EUR	1.1616	-0.24	-2.36
USD/JPY	135.06	0.20	17.36
EUR/JPY	142.61	0.38	8.97

* 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	1.625	1.63	2.23	3.30	3.42	3.26
EUR	0.00	-0.55	-0.22	0.89	1.52	1.97
GBP	1.25	1.22	1.63	2.71	2.97	2.81

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

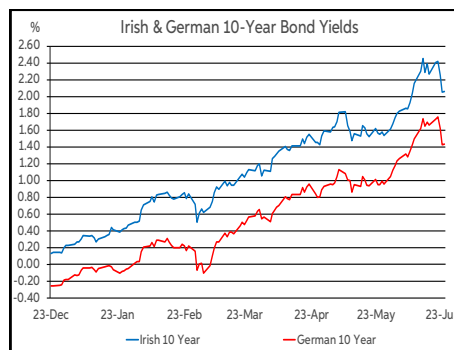
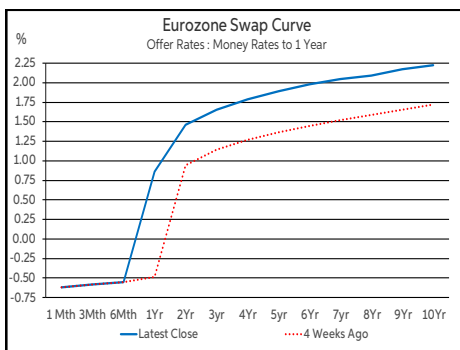
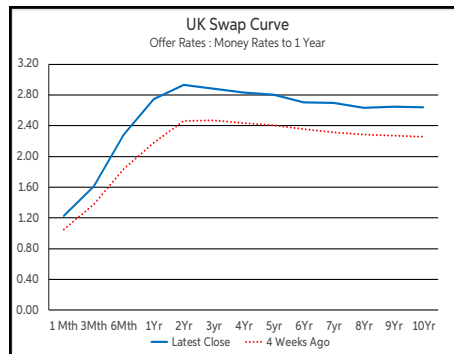
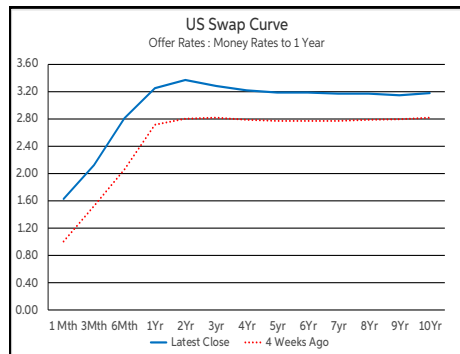
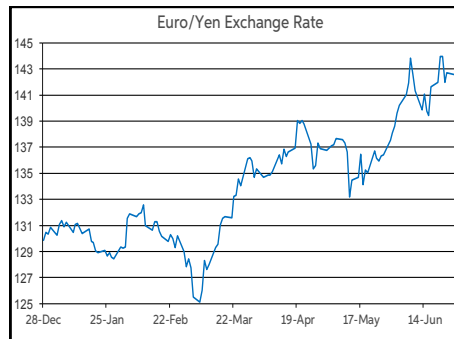
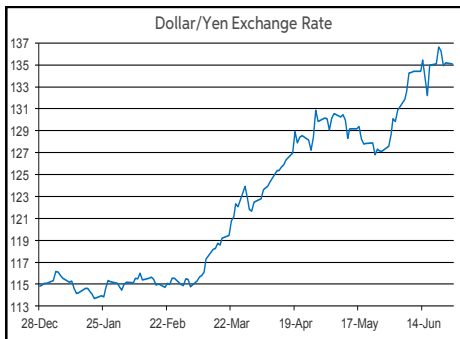
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Opening Levels

Monday 27 June 2022
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8604	GBP/EUR	1.1618	USD/JPY	135.07
EUR/USD	1.0557	GBP/USD	1.2269	USD/CAD	1.2887
EUR/JPY	142.59	GBP/CAD	1.5812	USD/CHF	0.958
EUR/SEK	10.6947	GBP/NZD	1.9461	USD/CNY	6.688
EUR/DKK	7.44	GBP/JPY	165.72	USD/BRL	5.2424
EUR/NOK	10.4052	GBP/SEK	12.4279	USD/RUB	53.5
EUR/CHF	1.0113	GBP/DKK	8.6447	USD/INR	78.3025
EUR/AUD	1.5245	GBP/NOK	12.0909		
EUR/HKD	8.2868	GBP/CHF	1.1753	AUD/USD	0.6925
EUR/CAD	1.3606	GBP/AUD	1.7717	NZD/USD	0.6302



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.14	+5	+39	+163
Germany	1.44	+1	+48	+162
UK	2.30	-1	+39	+133
5 Year Swap %				
US	3.19	+4	+45	+186
Eurozone	1.89	-2	+54	+188
UK	2.80	+0	+40	+153
2 Year Swap %				
US	3.37	+2	+59	+242
Eurozone	1.47	-6	+54	+177
UK	2.93	+0	+48	+174
10 Year Government Bond Spreads to Benchmark bps				
Ireland	63	-3	+3	+20
Belgium	62	-2	+2	+26
France	53	-1	+2	+16
Italy	212	+6	+19	+75
Spain	111	+2	+4	+34
Portugal	109	+2	-4	+42
Greece	235	+2	-18	+86

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	113.12	+2.79	-5.28	+45.44
West Texas Oil	109.07	+3.14	-5.12	+44.79
Gold \$	1826.2	+0.21	-1.43	-0.12

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