

Eurozone flash inflation and US payrolls due this week

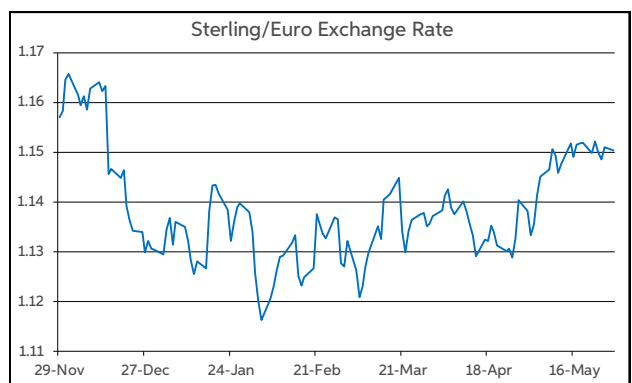
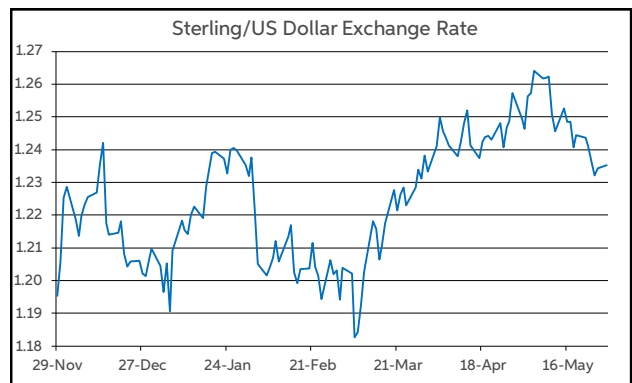
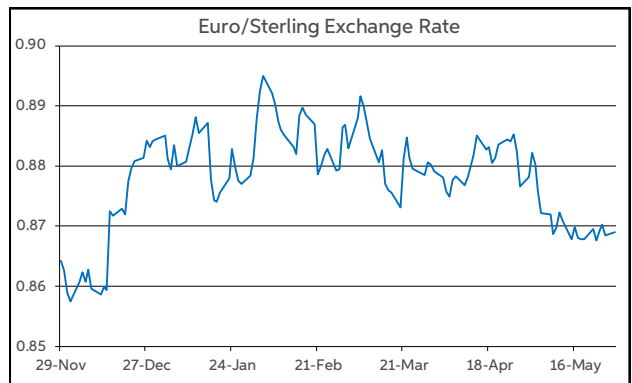
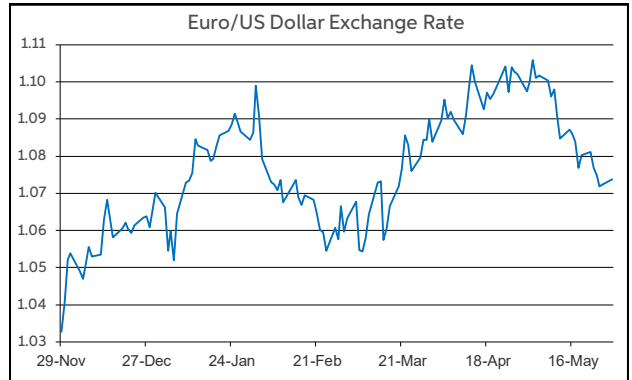
There was a risk averse tone to investor sentiment last week, as stronger than anticipated inflation data saw a marked hardening of market rate hike expectations. US debt ceiling talks also dampened the mood on markets throughout the week. The Euro Stoxx 50 shed 1.3%. Meanwhile, the S&P 500 regained momentum at the end of the week, aided by a rally in tech stocks and reports that a deal to avoid a US debt default was close. Over the weekend, a deal to raise the debt ceiling has since been announced.

Against the backdrop of sticky core inflation readings and a sharp firming in market rate expectations in the US and UK, Treasury and Gilt yields moved higher by 5-35bps, and 20-55bps, respectively. German Bund yields rose by a more modest 5-15bps. Across the board, the increase was most pronounced at the front-end of the curve. Meantime, on the currency front, the dollar was in the ascendancy. The greenback gained around 1% against the euro and sterling, and over 1.5% versus the yen.

In level terms, the firmer tone to the dollar sees EUR/USD open this morning in the lower half of \$1.07-1.08. GBP/USD is changing hands near the midpoint of the \$1.23-1.24 corridor, having traded to a high of \$1.247 last week. Elsewhere, EUR/GBP remains just below the 87p handle. USD/JPY is operating above the ¥140 mark.

There is a sparse data schedule ahead today, partly due to a bank holiday in the US and parts of Europe. Later in the week though, the focus will be on the flash reading of Eurozone inflation for May, as well as, the latest ECB monetary policy meeting account. On Friday, the US labour market report is also due. Investors will be paying close attention to the data for any signs of sticky price/wage inflation.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0737	-0.03	0.33
EUR/GBP	0.869	-0.18	-1.74
GBP/USD	1.2355	0.15	2.13
GBP/EUR	1.1503	0.18	1.77
USD/JPY	140.3	0.43	7.01
EUR/JPY	150.67	0.42	7.39

* 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	5.48	5.42	4.80	4.03
EUR	3.75	3.20	3.46	3.92	3.72	3.29
GBP	4.50	4.47	4.76	5.35	5.45	4.89

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

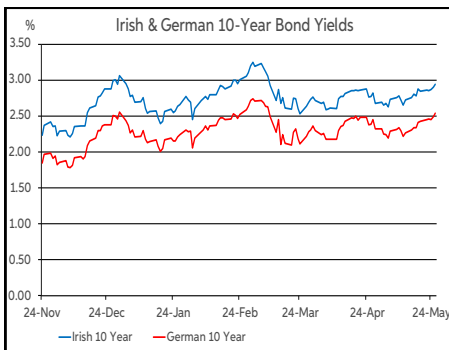
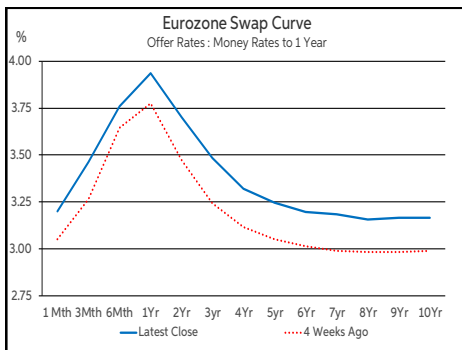
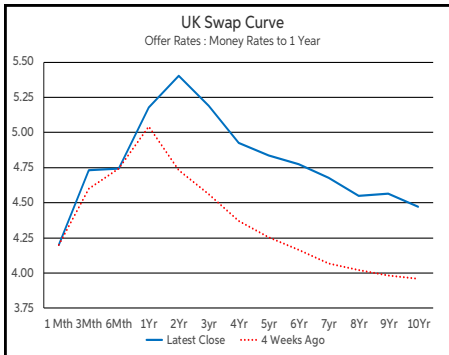
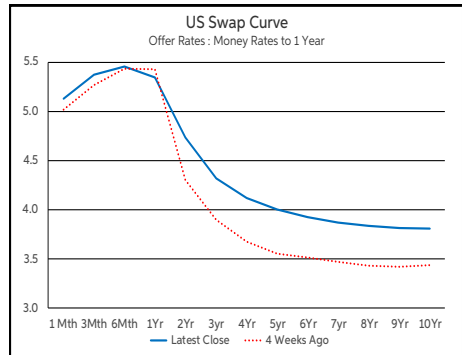
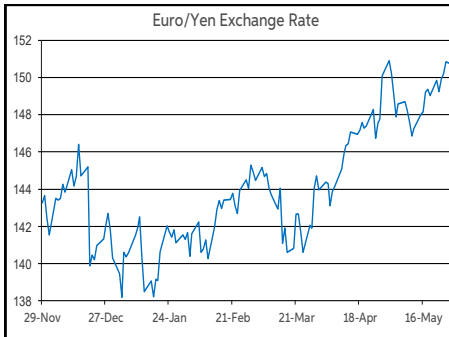
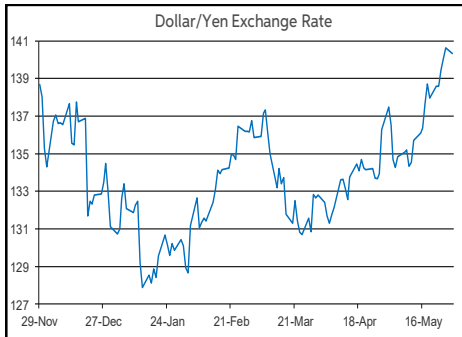
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Monday 29 May 2023
07:03 am



Euro		Sterling		Dollar	
EUR/GBP	0.869	GBP/EUR	1.1503	USD/JPY	140.3
EUR/USD	1.0737	GBP/USD	1.2355	USD/CAD	1.3595
EUR/JPY	150.67	GBP/CAD	1.6797	USD/CHF	0.9045
EUR/SEK	11.5929	GBP/NZD	2.0356	USD/CNY	7.0618
EUR/DKK	7.4486	GBP/JPY	173.34	USD/BRL	4.9939
EUR/NOK	11.9052	GBP/SEK	13.337	USD/RUB	80
EUR/CHF	0.9712	GBP/DKK	8.569	USD/INR	82.542
EUR/AUD	1.64	GBP/NOK	13.6982	AUD/USD	0.6547
EUR/HKD	8.4101	GBP/CHF	1.1177	NZD/USD	0.6069
EUR/CAD	1.4598	GBP/AUD	1.8869		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.81	-1	+38	-7
Germany	2.54	+5	+22	-3
UK	4.34	-4	+62	+67
5 Year Swap %				
US	4.00	+4	+49	+1
Eurozone	3.25	-1	+21	+2
UK	4.84	-4	+63	+54
2 Year Swap %				
US	4.74	+5	+47	+6
Eurozone	3.70	+1	+24	+31
UK	5.41	-7	+68	+72
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-2	+3	-15
Belgium	69	-5	+0	+5
France	58	-3	+1	+3
Italy	185	-5	-1	-29
Spain	106	-3	+2	-3
Portugal	76	-0	-8	-28
Greece	141	+1	-48	-62

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	76.95	+0.90	-3.26	-10.43
West Texas Oil	72.35	+0.93	-5.77	-9.74
Gold \$	1946.3	+0.31	-2.18	+6.68

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