

## Risk averse mood supports the dollar

The risk averse mood evident on markets last week carried over into the start of this week. Indeed, it gathered further momentum yesterday as investors are increasingly concerned about the impact that aggressive monetary policy tightening will have on the economic outlook. These concerns were reflected in the US yield curve inverting briefly, with the 2-year Treasury yield rose above the 10-year yield. This is seen by markets as a harbinger of a potential recession in the US economy.

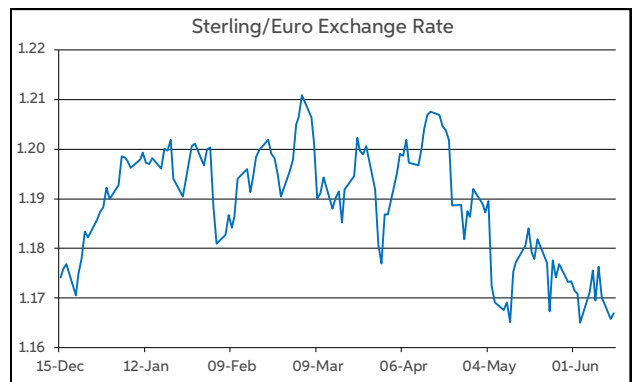
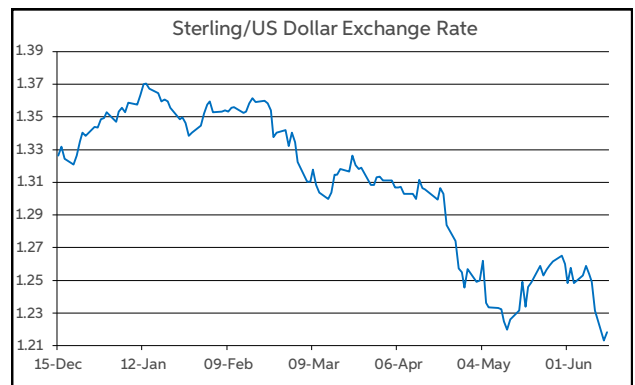
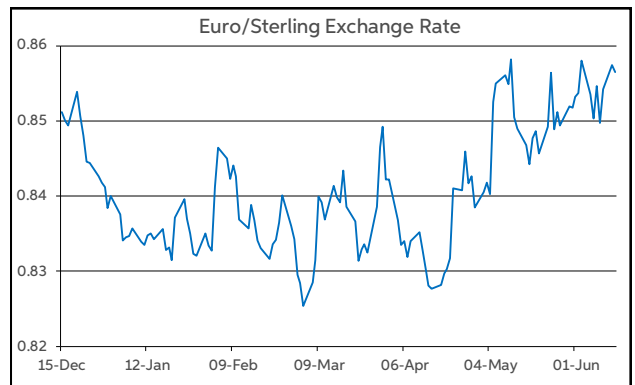
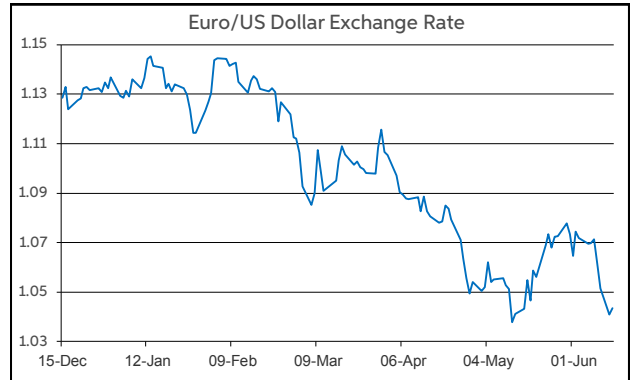
In terms of market rate expectations, futures contracts now see US official rates rising near to 4% by the end of 2023, the UK Bank Rate peaking close to 3.5% next year and Eurozone rates rising near to 2.4% over the course of 2023.

The 'risk off' mood was very much in evidence on equity markets. On Wall Street, the global benchmark S&P 500 index entered bear market territory (falling by more than 20% from its most recent high). At the closing bell last night, the index was down 3.9% on the day, 22% below its early January peak.

Currency-wise, the dollar remained to the fore amid the risk averse backdrop and the resultant safe haven demand. The EUR/USD rate was testing down near its key support of \$1.04. Meanwhile, GBP/USD fell below the \$1.22 threshold. Elsewhere, EUR/GBP continued to trade within 85-86p, edging slightly higher within this range.

Looking ahead to today, general market sentiment may remain the main driver of any moves on the currency front. Markets are likely to remain focused on the interest rate outlook with the Fed (Wed) and BoE (Thurs) meetings looming large.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0436	-0.51	-8.20
EUR/GBP	0.8566	0.34	1.98
GBP/USD	1.2184	-0.82	-9.94
GBP/EUR	1.167	-0.34	-1.94
USD/JPY	134.59	-0.32	16.95
EUR/JPY	140.48	-0.81	7.34

\* 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	0.875	1.32	1.83	3.39	3.72	3.45
EUR	0.00	-0.54	-0.30	1.01	1.84	2.18
GBP	1.00	1.29	1.59	2.71	3.22	3.13

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

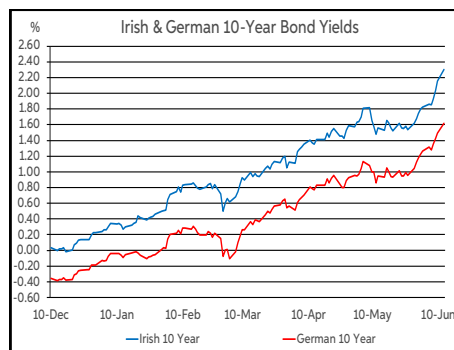
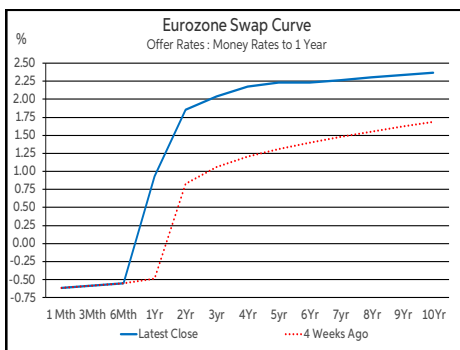
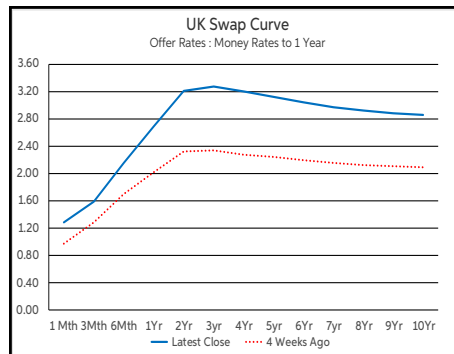
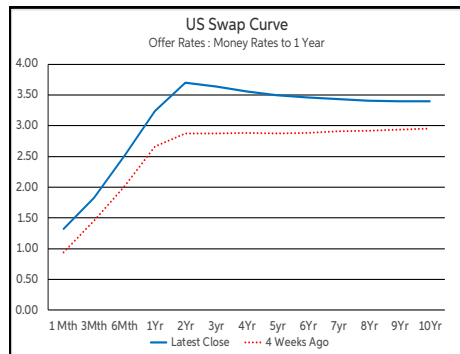
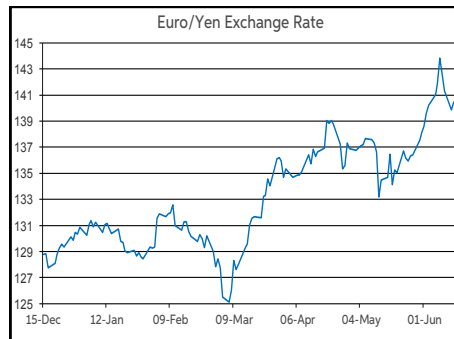
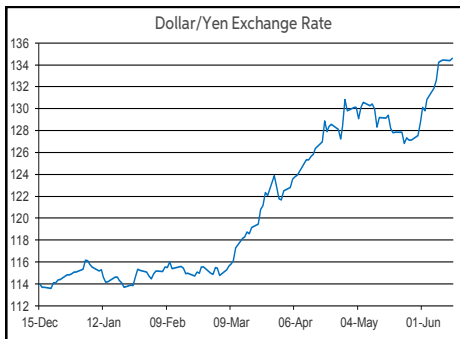
CONTACTS		
<b>AIB Customer Treasury Services</b> business.treasury@aib.ie aib.corporatetreasury@aib.ie aib.ie/fxcentre	<b>Customer Treasury Services GB</b> treasury.gb@aib.ie  aibgb.co.uk/fxcentre	<b>Customer Treasury Services NI</b> TreasuryNI@aib.ie  aibni.co.uk/fxcentre

# Opening Levels

Tuesday 14 June 2022  
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8566	GBP/EUR	1.167	USD/JPY	134.59
EUR/USD	1.0436	GBP/USD	1.2184	USD/CAD	1.287
EUR/JPY	140.48	GBP/CAD	1.568	USD/CHF	0.9954
EUR/SEK	10.593	GBP/NZD	1.9369	USD/CNY	6.7228
EUR/DKK	7.4392	GBP/JPY	163.98	USD/BRL	5.1146
EUR/NOK	10.2938	GBP/SEK	12.3679	USD/RUB	57
EUR/CHF	1.0391	GBP/DKK	8.6829	USD/INR	78.0125
EUR/AUD	1.4986	GBP/NOK	12.0184	AUD/USD	0.6964
EUR/HKD	8.1931	GBP/CHF	1.2128	NZD/USD	0.6289
EUR/CAD	1.3431	GBP/AUD	1.7493		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.36	+20	+48	+185
Germany	1.63	+13	+69	+181
UK	2.52	+8	+79	+155
<b>5 Year Swap %</b>				
US	3.50	+23	+66	+217
Eurozone	2.23	+24	+93	+222
UK	3.12	+8	+89	+185
<b>2 Year Swap %</b>				
US	3.70	+28	+86	+275
Eurozone	1.85	+26	+103	+215
UK	3.21	+9	+89	+202
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	71	+3	+8	+28
Belgium	70	+4	+12	+34
France	62	+2	+10	+24
Italy	247	+13	+57	+111
Spain	136	+9	+29	+58
Portugal	137	+8	+24	+71
Greece	274	+15	+12	+125

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	122.27	+0.21	+7.03	+57.20
West Texas Oil	120.92	+0.16	+6.01	+60.52
Gold \$	1818.8	-2.79	-0.28	-0.53

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.