

## Markets await debt ceiling progress

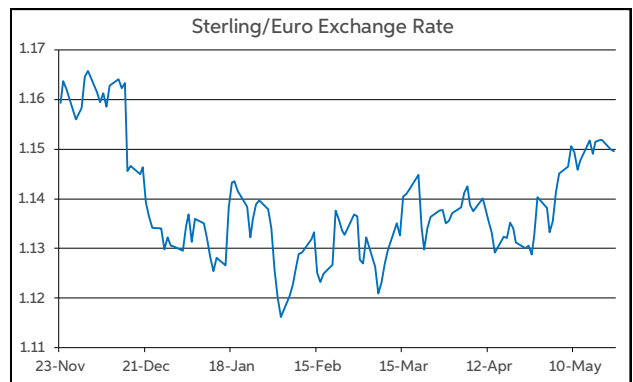
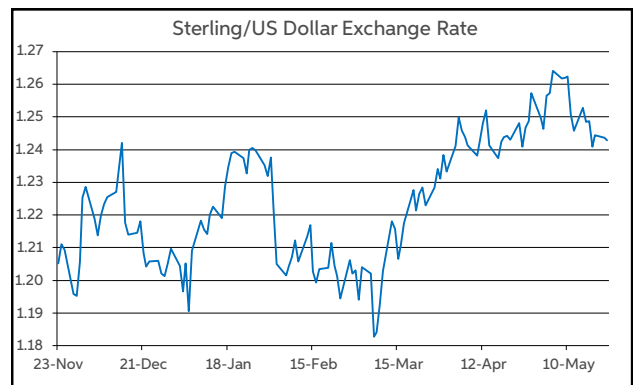
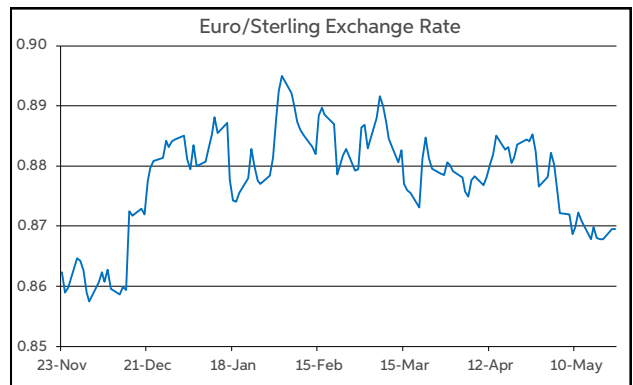
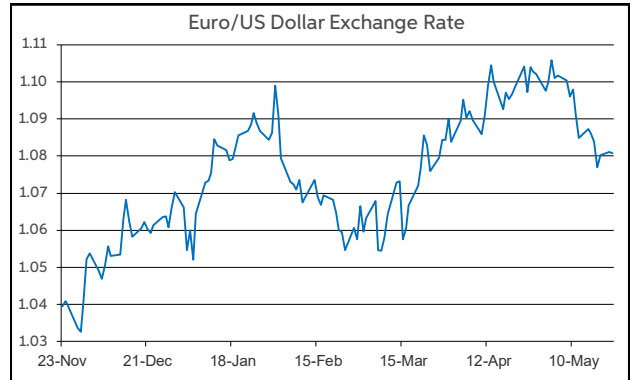
The market action yesterday had a wait-and-see vibe to it. This was because investors were on hold awaiting the resumption of debt ceiling talks in Washington that ended abruptly on Friday. Newsflow in relation to these talks was an important driver of risk appetite and the dollar's performance last week. Sentiment and the dollar were boosted during the week by signs of progress. However, news of the stoppage in the negotiations on Friday was unhelpful to risk appetite and the greenback heading into the weekend.

Overall, there were no major developments yesterday in relation to the debt ceiling deadlock. The talks were described as "productive" but no resolution has been reached, with negotiations set to continue today. Against this backdrop, the S&P 500 finished flat for the day at the closing bell on Wall Street last night.

Meanwhile, the moves on currency markets involving dollar pairs were confined to tight ranges. EUR/USD was straddling the \$1.08 threshold. Meantime, GBP/USD continued to operate within the \$1.24-1.25 trading band. The action in EUR/GBP was also uneventful yesterday, with the pair remaining in a tight range just below the 87p level for much of yesterday.

Looking ahead to today, we get a timely update on the performance of some of the key advanced economies at the midpoint of Q2. The flash PMIs for May from the US, Eurozone and UK are due for release. The composite PMI's from all three are expected to remain in expansionary territory but print lower than their respective April readings. Investors though will be likely more focused on the debt ceiling negotiations.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0808	-0.08	0.99
EUR/GBP	0.8695	0.14	-1.68
GBP/USD	1.243	-0.20	2.75
GBP/EUR	1.1496	-0.14	1.71
USD/JPY	138.53	0.54	5.66
EUR/JPY	149.75	0.46	6.74

\* 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	5.13	5.37	5.18	4.51	3.84
EUR	3.75	3.13	3.42	3.84	3.60	3.18
GBP	4.50	4.41	4.60	4.91	4.91	4.49

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

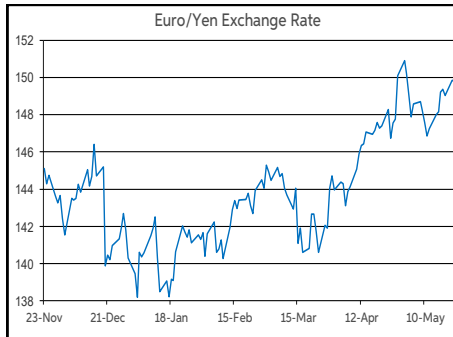
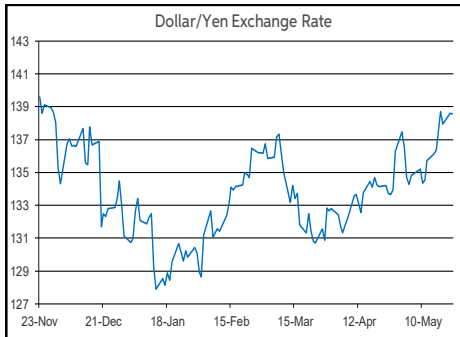
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

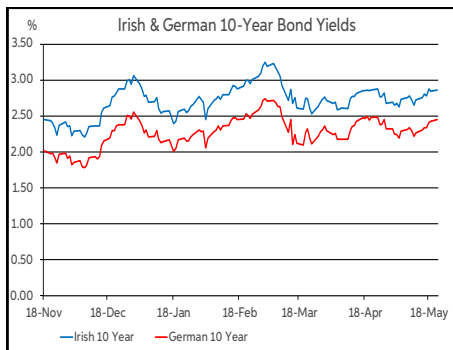
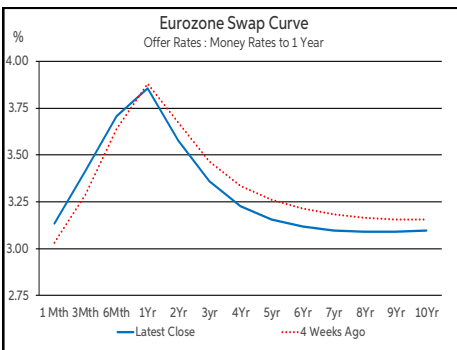
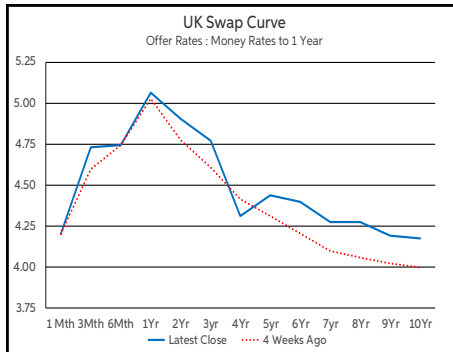
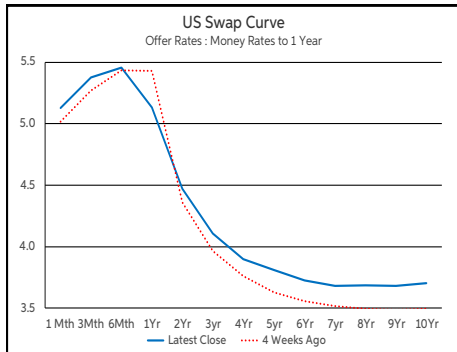
Tuesday 23 May 2023  
07:12 am



Euro		Sterling		Dollar	
EUR/GBP	0.8695	GBP/EUR	1.1495	USD/JPY	138.53
EUR/USD	1.0808	GBP/USD	1.2428	USD/CAD	1.3495
EUR/JPY	149.74	GBP/CAD	1.6774	USD/CHF	0.8984
EUR/SEK	11.4193	GBP/NZD	1.9792	USD/CNY	7.049
EUR/DKK	7.4477	GBP/JPY	172.17	USD/BRL	4.9669
EUR/NOK	11.7955	GBP/SEK	13.1378	USD/RUB	80.195
EUR/CHF	0.9712	GBP/DKK	8.562	USD/INR	82.808
EUR/AUD	1.6248	GBP/NOK	13.5688	AUD/USD	0.6651
EUR/HKD	8.4639	GBP/CHF	1.1168	NZD/USD	0.6277
EUR/CAD	1.4587	GBP/AUD	1.8682		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	3.72	+4	+22	-16
Germany	2.45	+2	-4	-11
UK	4.07	+7	+28	+40
<b>5 Year Swap %</b>				
US	3.81	+6	+22	-19
Eurozone	3.16	+3	-9	-7
UK	4.44	+8	+13	+14
<b>2 Year Swap %</b>				
US	4.47	+4	+15	-21
Eurozone	3.58	+4	-9	+19
UK	4.90	+6	+13	+22
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	46	-0	-0	-13
Belgium	71	+1	+2	+7
France	59	+1	+1	+4
Italy	186	+3	-2	-28
Spain	106	+2	+1	-4
Portugal	79	-1	-5	-24
Greece	145	-18	-34	-58



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	75.99	+0.54	-8.15	-11.55
West Texas Oil	71.81	+0.34	-8.69	-10.42
Gold \$	1969.4	-0.36	-0.98	+7.95

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