

Investor sentiment remains subdued

Investor sentiment was somewhat subdued yesterday, amid further hawkish Fed rhetoric, and relatively strong US data. Concerns regarding the US debt ceiling also continued, although, there were reports of some progress overnight. The Euro Stoxx 50 finished flat for the day, while on Wall Street, the S&P 500 fell by 0.6%. On bond markets, US Treasury yields rose by 3-9bps along the curve. Meanwhile, German Bund yields moved a more modest 3-5bps higher, and UK Gilt yields were little changed.

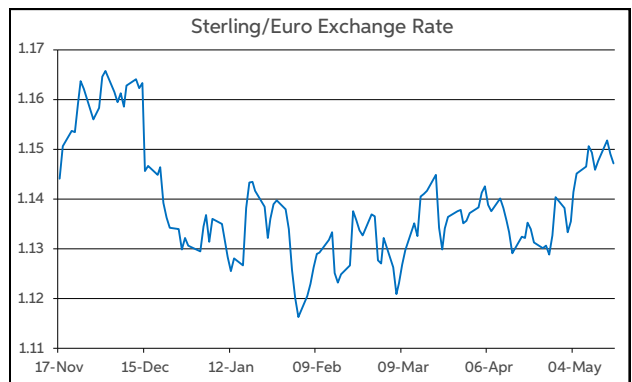
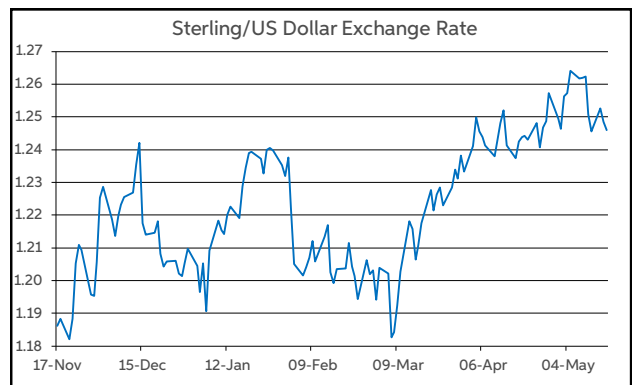
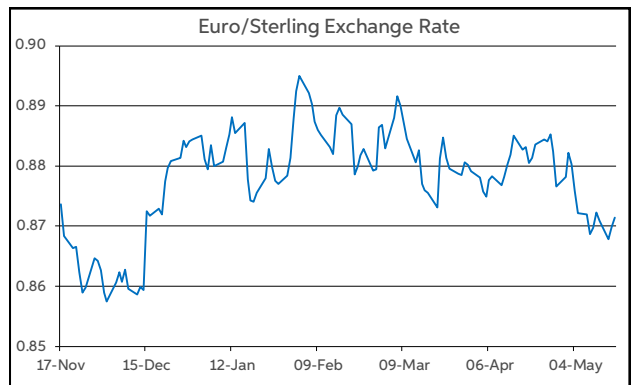
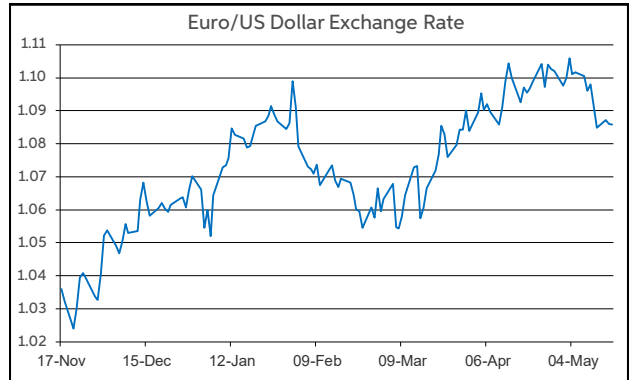
Data-wise, US industrial production increased by 0.5% in April (vs. +0.0% f'cast), boosted by a substantial 1% rise in manufacturing. US Homebuilder sentiment also printed ahead of the consensus, rising to 50 in May (vs. 45 f'cast), its highest level in ten months. Retail sales though, rose by just 0.4% in April (vs. +0.8% f'cast). However, the underlying details remained strong, with core sales, expanding by 0.7% m/m. Overall, the data indicate that the US economy is holding up better than anticipated at the start of Q2.

Against this backdrop, the dollar was holding a slightly firmer tone yesterday. The greenback was aided by some hawkish remarks by Fed officials also. Market pricing remains consistent with the Fed going on hold in June, but the extent of rate cuts priced in by year end has lessened. Meantime, sterling was on the defensive.

In level terms, EUR/USD opens back near the midpoint of \$1.08-1.09. Elsewhere, GBP/USD is operating back close to the heart of \$1.24-1.25. EUR/GBP is changing hands up above the 87p mark.

Today, there is a quiet data schedule on both sides of the Atlantic. However, remarks from a number of central bank officials, including BoE Governor Bailey will be of interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0859	-0.20	1.47
EUR/GBP	0.8713	0.31	-1.48
GBP/USD	1.246	-0.52	3.00
GBP/EUR	1.1473	-0.31	1.50
USD/JPY	136.74	0.57	4.29
EUR/JPY	148.49	0.35	5.84

* 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	5.11	5.33	4.99	4.25	3.58
EUR	3.75	3.15	3.36	3.77	3.44	3.02
GBP	4.50	4.41	4.58	4.78	4.72	4.25

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

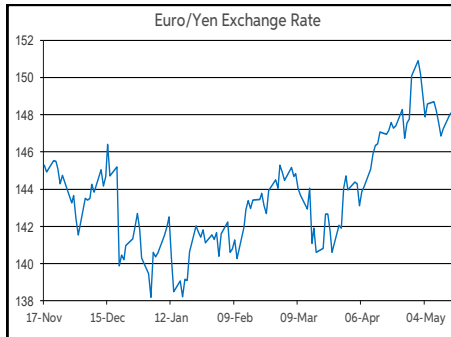
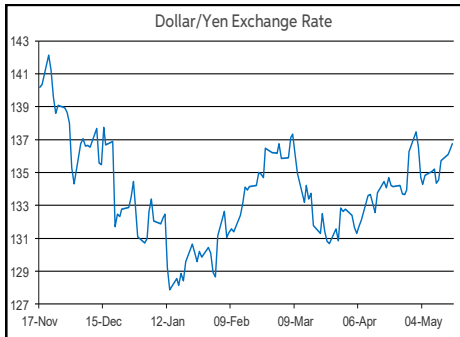
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

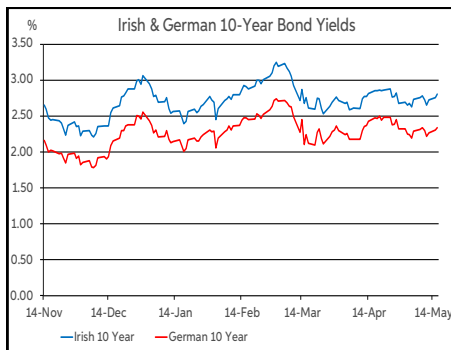
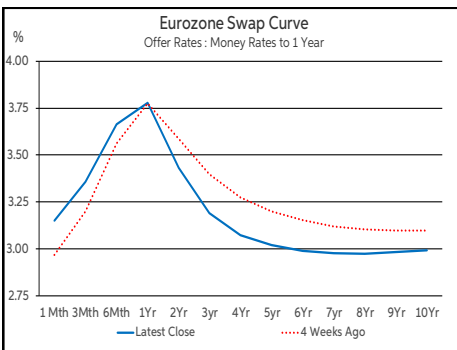
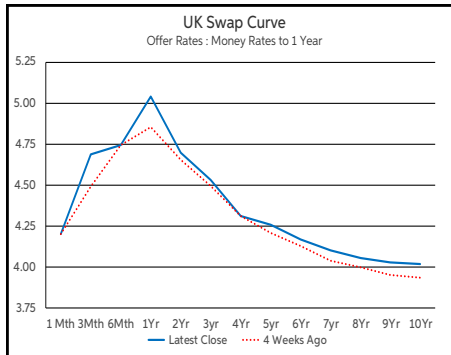
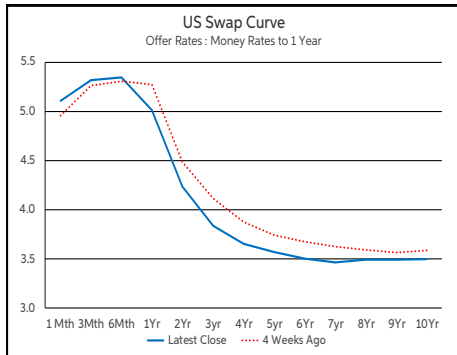
Wednesday 17 May 2023
07:33 am



Euro		Sterling		Dollar	
EUR/GBP	0.8713	GBP/EUR	1.1473	USD/JPY	136.74
EUR/USD	1.0859	GBP/USD	1.246	USD/CAD	1.3483
EUR/JPY	148.49	GBP/CAD	1.68	USD/CHF	0.8965
EUR/SEK	11.3065	GBP/NZD	1.9978	USD/CNY	6.9948
EUR/DKK	7.447	GBP/JPY	170.38	USD/BRL	4.9407
EUR/NOK	11.6619	GBP/SEK	12.9766	USD/RUB	80.4
EUR/CHF	0.9737	GBP/DKK	8.5425	USD/INR	82.3467
EUR/AUD	1.6347	GBP/NOK	13.3829		
EUR/HKD	8.5072	GBP/CHF	1.1169	AUD/USD	0.6642
EUR/CAD	1.4643	GBP/AUD	1.8756	NZD/USD	0.6235



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.54	+3	-4	-34
Germany	2.34	+3	-13	-22
UK	3.82	+0	+7	+15
Ireland	2.84	+6	-6	-30
Belgium	3.06	+6	-8	-14
France	2.94	+5	-4	-18
Italy	4.23	+5	-7	-48
Spain	3.42	+4	-8	-24
Portugal	3.16	+3	-16	-44
Greece	4.03	+2	-30	-56
5 Year Swap %				
US	3.57	+6	-14	-43
Eurozone	3.02	+7	-17	-21
UK	4.26	+6	+10	-5
2 Year Swap %				
US	4.23	+7	-21	-44
Eurozone	3.43	+7	-15	+4
UK	4.70	-1	+5	+2
10 Year Government Bond Spreads to Benchmark bps				
Ireland	50	+3	+7	-8
Belgium	72	+3	+5	+9
France	60	+2	+9	+5
Italy	189	+2	+6	-25
Spain	108	+1	+5	-1
Portugal	82	-0	-3	-21
Greece	169	-1	-17	-34



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	74.91	-0.43	-11.63	-12.80
West Texas Oil	70.85	-0.31	-12.37	-11.61
Gold \$	1988.6	-1.58	-0.81	+9.00

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