

EUR/USD back below \$1.09

Risk appetite soured yesterday, with equity markets suffering losses. The Euro Stoxx 50 shed 0.8%, reversing most of its gains from Monday, as the EU announced its fifth set of sanctions on Russia, including a full ban on Russian coal. The EU is also said to be looking at banning Russian oil imports according to reports.

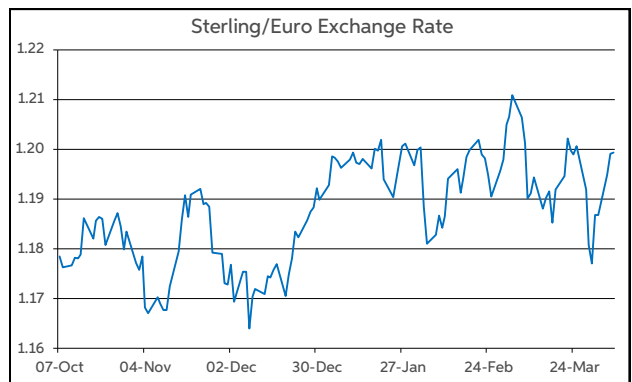
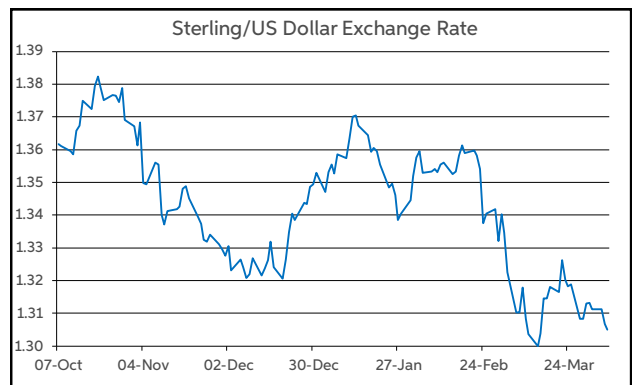
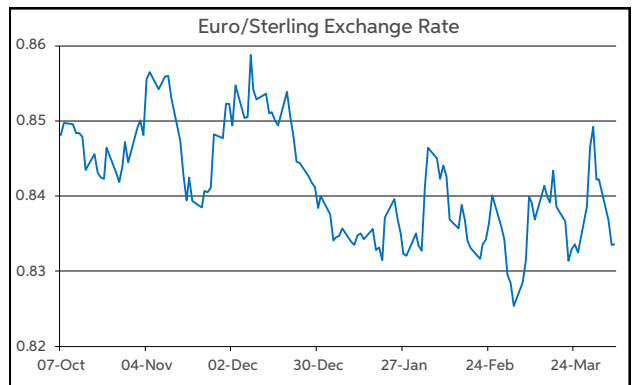
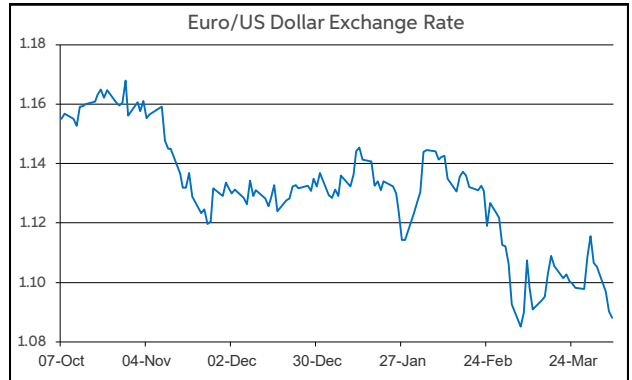
On Wall Street, the S&P 500 finished the day down 1.3% as some hawkish comments from Fed officials weighed on sentiment. On bond markets, benchmark sovereign bond yields surged by 9-16bps across the board yesterday. The 10-year US Treasury yield rose back above the 2-year yield in the process.

Meanwhile, on the currency front the dollar was holding a firmer tone amid the hawkish Fed rhetoric. Governor Brainard noted that the Fed's balance sheet should be reduced at a "considerably" more rapid pace than during the last tightening cycle, beginning in May. New York Fed President Williams also stated that the Fed could start running down its balance sheet as soon as May.

In level terms, the firmer dollar tone over the last 24 hours is reflected in EUR/USD opening back below \$1.09. GBP/USD has fallen back to the midpoint of the \$1.30-1.31. Meantime, the euro remained under some downward pressure also. EUR/GBP is trading this morning below the halfway mark of 83-84p, modestly lower from where it was yesterday.

Looking ahead to today, the macro diary remains relatively quiet. The main highlight will be the release of the latest Fed meeting minutes, due out after the close in Europe. In the Eurozone a number of ECB officials are due to make prepared remarks.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2021 |
| EUR/USD | 1.0881 | -0.75 | -4.28 |
| EUR/GBP | 0.8334 | -0.25 | -0.79 |
| GBP/USD | 1.3053 | -0.50 | -3.52 |
| GBP/EUR | 1.1992 | 0.25 | 0.79 |
| USD/JPY | 123.94 | 1.15 | 7.70 |
| EUR/JPY | 134.91 | 0.42 | 3.09 |

* 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 | 0.375 | 0.43 | 0.97 | 2.07 | 2.76 | 2.81 |
| EUR | 0.00 | -0.55 | -0.45 | -0.06 | 0.63 | 1.11 |
| GBP | 0.75 | 0.72 | 1.05 | 1.92 | 2.33 | 2.21 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

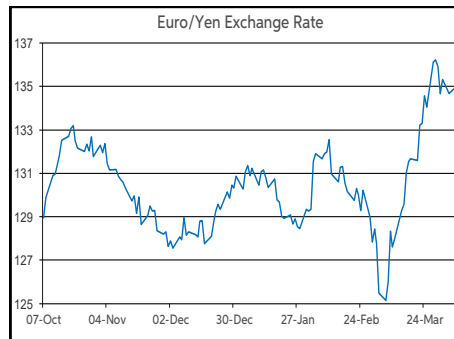
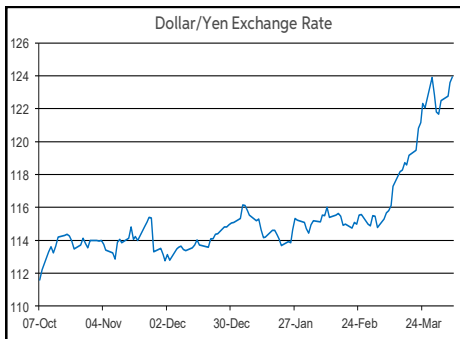
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018 | Morning Comment | John Fahey john.j.fahey@aib.ie |
| | | Equity Options | Gary Luff | | | | |

Opening Levels

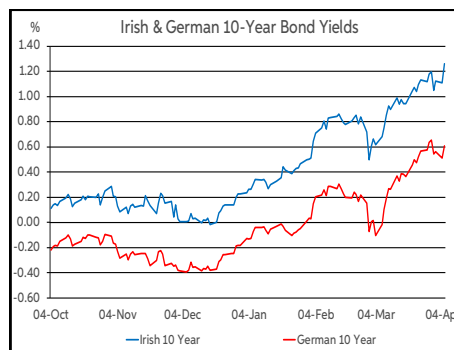
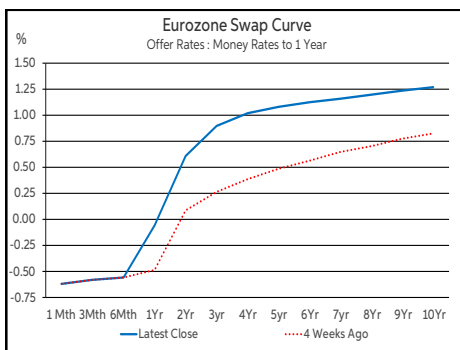
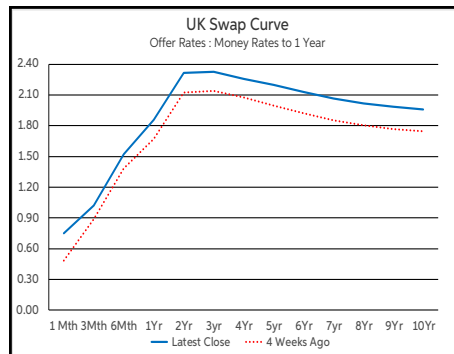
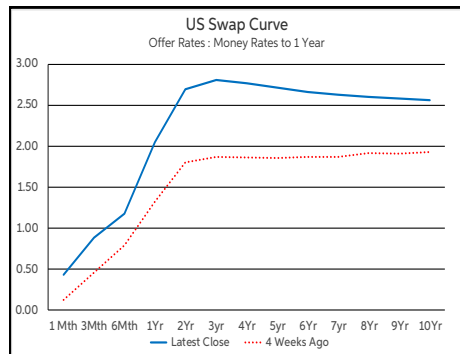
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| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|--------|
| EUR/GBP | 0.8334 | GBP/EUR | 1.1992 | USD/JPY | 123.94 |
| EUR/USD | 1.0881 | GBP/USD | 1.3053 | USD/CAD | 1.2508 |
| EUR/JPY | 134.91 | GBP/CAD | 1.6327 | USD/CHF | 0.9328 |
| EUR/SEK | 10.2938 | GBP/NZD | 1.8803 | USD/CNY | 6.3677 |
| EUR/DKK | 7.4379 | GBP/JPY | 161.78 | USD/BRL | 4.6518 |
| EUR/NOK | 9.557 | GBP/SEK | 12.347 | USD/RUB | 84.002 |
| EUR/CHF | 1.0149 | GBP/DKK | 8.9206 | USD/INR | 75.62 |
| EUR/AUD | 1.4371 | GBP/NOK | 11.4648 | AUD/USD | 0.7572 |
| EUR/HKD | 8.5286 | GBP/CHF | 1.2176 | NZD/USD | 0.694 |
| EUR/CAD | 1.3612 | GBP/AUD | 1.7239 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 21 |
| 10 Year Yield % | | | | |
| US | 2.55 | +16 | +71 | +104 |
| Germany | 0.61 | +9 | +50 | +79 |
| UK | 1.66 | +11 | +21 | +68 |
| Ireland | | | | |
| Ireland | 1.28 | +16 | +47 | +103 |
| Belgium | 1.17 | +14 | +54 | +99 |
| France | 1.15 | +15 | +60 | +96 |
| Italy | 2.25 | +17 | +65 | +106 |
| Spain | 1.60 | +14 | +54 | +100 |
| Portugal | 1.51 | +14 | +58 | +103 |
| Greece | 2.65 | +5 | +31 | +133 |
| 5 Year Swap % | | | | |
| US | 2.71 | +15 | +88 | +138 |
| Eurozone | 1.08 | +11 | +60 | +107 |
| UK | 2.20 | +8 | +22 | +93 |
| 2 Year Swap % | | | | |
| US | 2.70 | +9 | +94 | +175 |
| Eurozone | 0.61 | +7 | +53 | +91 |
| UK | 2.31 | +7 | +20 | +112 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 67 | +6 | -3 | +24 |
| Belgium | 56 | +5 | +4 | +20 |
| France | 54 | +5 | +9 | +17 |
| Italy | 164 | +8 | +14 | +27 |
| Spain | 99 | +5 | +4 | +22 |
| Portugal | 90 | +5 | +8 | +24 |
| Greece | 204 | -4 | -19 | +54 |



| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 21 |
| Brent Oil | 106.64 | -0.83 | -16.67 | +37.10 |
| West Texas Oil | 101.98 | -1.27 | -17.52 | +35.38 |
| Gold \$ | 1923.8 | -0.45 | -6.27 | +5.22 |

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