

Tariff fall out likely to dominate again this week

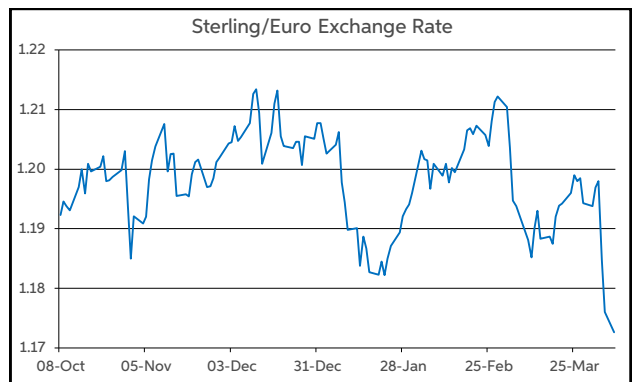
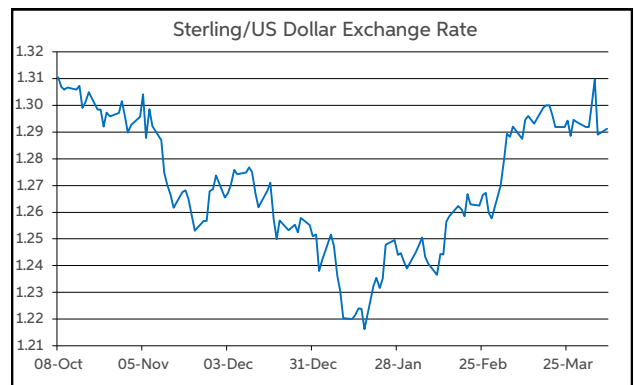
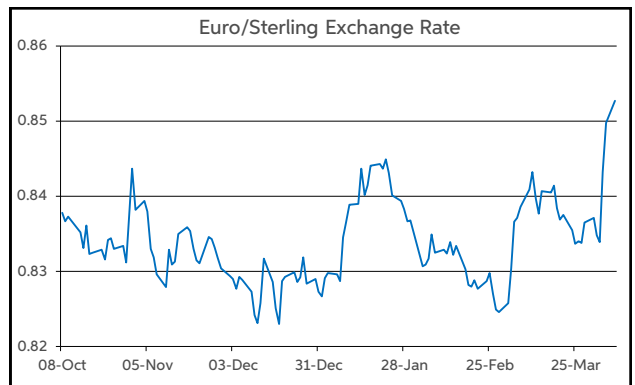
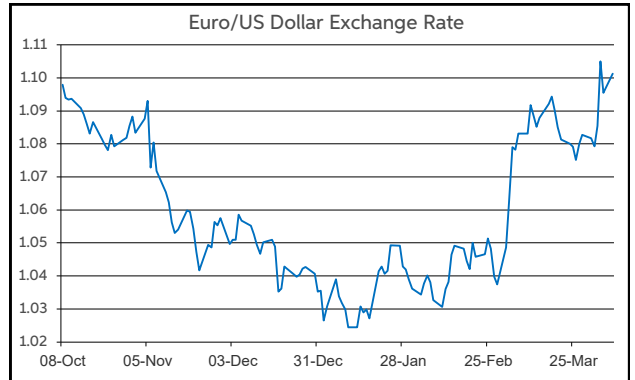
The announcement of broad and substantial US trade tariffs last week sparked significant volatility and a severe risk-off tone on financial markets last week. Retaliatory actions from China, which will now impose a minimum 34% tariff on all US imports, and plans to restrict exports of some rare earth materials also weighed on sentiment. Against this backdrop, a better than expected US labour market report for March on Friday did not impact markets.

Overall, the Euro Stoxx 50 fell by 8.5% last week, while the S&P 500 recorded a 9.1% loss. Concerns regarding the global economic outlook also contributed to a marked softening in market rate expectations, particularly in the US and the UK. This in-turn saw bond yields move lower across the board by 15-30bps, led by a decline at the front-end of the curves. Similarly, oil prices dropped by circa 10%, with Brent crude currently back near \$65 per barrel.

Currency-wise, traditional safe-havens such as the yen and the Swiss franc were the largest beneficiaries of the risk averse tone on markets. At the same time, the euro moved higher versus the dollar and sterling, as rate expectations did not soften to the same extent in the Eurozone as elsewhere. As trading gets underway this morning, EUR/USD is operating just above \$1.10, having touched a new YTD high above \$1.114 last week. GBP/USD is in the lower half of \$1.29-1.30. Meanwhile, EUR/GBP is up above the 85p handle. USD/JPY is back at the midpoint of ¥145-146.

Turning to the week ahead, tariff related news flow will remain front and centre of market discourse. Data-wise, the March reading of US CPI inflation will be released. Elsewhere, the monthly print of UK GDP for February is due. The Eurozone calendar is somewhat sparse this week.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2024 |
| EUR/USD | 1.1012 | -0.67 | 6.37 |
| EUR/GBP | 0.8524 | 0.72 | 3.03 |
| GBP/USD | 1.2912 | -1.40 | 3.21 |
| GBP/EUR | 1.1723 | -0.72 | -2.94 |
| USD/JPY | 145.58 | 0.11 | -7.38 |
| EUR/JPY | 160.35 | -0.55 | -1.47 |

* 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 | 4.38 | 4.27 | 4.15 | 3.58 | 3.51 | 3.55 |
| EUR | 2.65 | 2.34 | 2.32 | 2.08 | 1.99 | 2.20 |
| GBP | 4.50 | 4.44 | 4.29 | 4.00 | 4.09 | 4.02 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

Opening Levels

Monday 07 April 2025
07:21 am



Euro

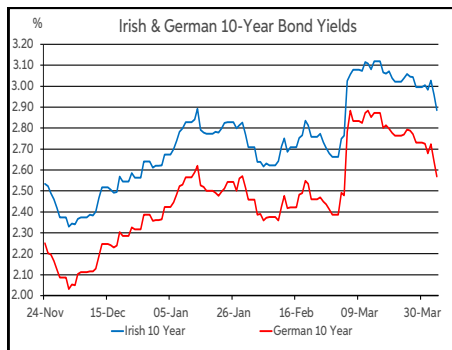
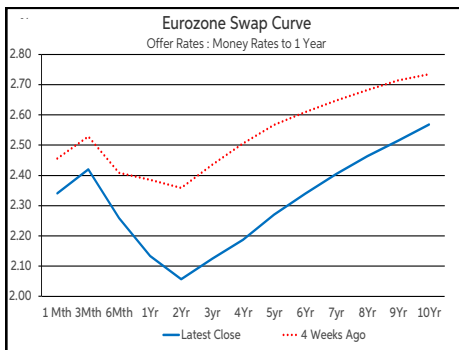
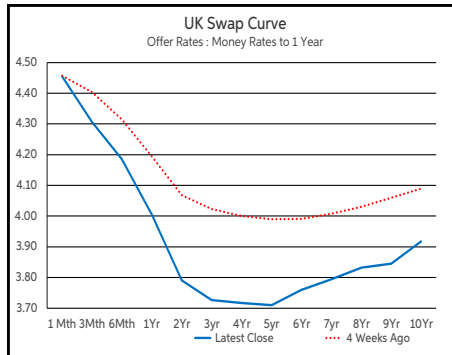
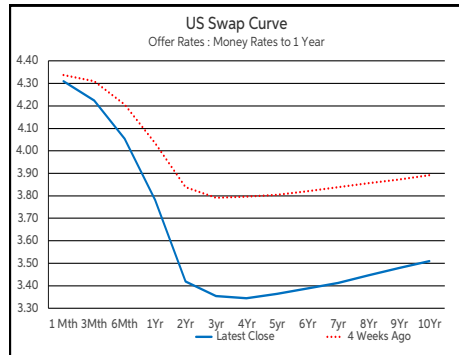
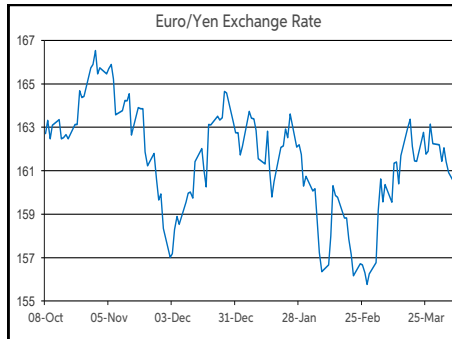
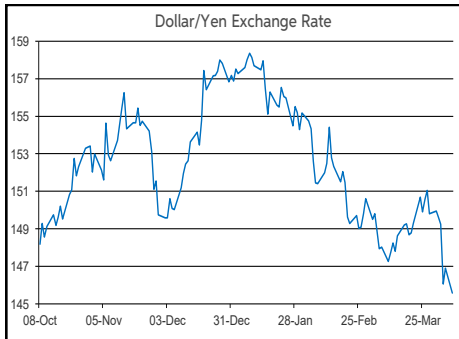
| | |
|---------|---------|
| EUR/GBP | 0.8524 |
| EUR/USD | 1.1012 |
| EUR/JPY | 160.35 |
| EUR/SEK | 11.0585 |
| EUR/DKK | 7.462 |
| EUR/NOK | 11.9456 |
| EUR/CHF | 0.936 |
| EUR/AUD | 1.8337 |
| EUR/HKD | 8.5548 |
| EUR/CAD | 1.5663 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1723 |
| GBP/USD | 1.2912 |
| GBP/CAD | 1.8365 |
| GBP/NZD | 2.3203 |
| GBP/JPY | 187.97 |
| GBP/SEK | 12.9682 |
| GBP/DKK | 8.7424 |
| GBP/NOK | 14.0053 |
| GBP/CHF | 1.097 |
| GBP/AUD | 2.1491 |

Dollar

| | |
|---------|--------|
| USD/JPY | 145.58 |
| USD/CAD | 1.4225 |
| USD/CHF | 0.8496 |
| USD/CNY | 7.3092 |
| USD/BRL | 5.8435 |
| USD/RUB | 84.85 |
| USD/INR | 85.675 |
| AUD/USD | 0.6004 |
| NZD/USD | 0.5555 |



Debt Markets

| | Close | Change bps | | |
|---|-------|------------|---------|--------|
| | | Day | 4 Weeks | End 24 |
| 10 Year Yield % | | | | |
| US | 3.99 | -6 | -33 | -59 |
| Germany | 2.57 | -7 | -27 | +21 |
| UK | 4.45 | -8 | -20 | -13 |
| 5 Year Swap % | | | | |
| US | 3.62 | -6 | -42 | -67 |
| Eurozone | 2.27 | -1 | -29 | +3 |
| UK | 3.97 | -9 | -26 | -31 |
| 2 Year Swap % | | | | |
| US | 3.68 | -8 | -39 | -65 |
| Eurozone | 2.04 | -4 | -32 | -16 |
| UK | 4.05 | -7 | -24 | -44 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 37 | +2 | +10 | +9 |
| Belgium | 62 | +5 | +6 | -0 |
| France | 76 | +3 | +4 | -7 |
| Italy | 119 | +7 | +12 | +4 |
| Spain | 70 | +4 | +4 | -0 |
| Portugal | 60 | +5 | +7 | +12 |
| Greece | 91 | +5 | +7 | +2 |

Commodities

| | Close | % Change | | |
|----------------|--------|----------|---------|--------|
| | | Day | 4 Weeks | End 24 |
| Brent Oil | 65.58 | -6.50 | -6.79 | -12.14 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 3037.4 | -2.42 | +4.35 | +15.76 |

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