

Ukraine conflict dominates market sentiment

There was a notable risk averse tone to proceedings during the European trading session yesterday. Sentiment weakened as markets digested the news that Russia had increased its military operations in Ukraine. The 'risk off' mood was evident on equity markets with the Euro Stoxx 50 falling by 3.6%. On bond markets, yields moved lower as investors sought out safe havens. The German 10-year Bund yield fell by 5bps to below 0.2%.

However, while Wall Street initially moved lower, risk appetite firmed as the US session progressed. The extent of economic sanctions announced by the 'West' were not as severe as some market participants had feared. At the closing bell last night, the S&P 500 had gained 1.5% on the day.

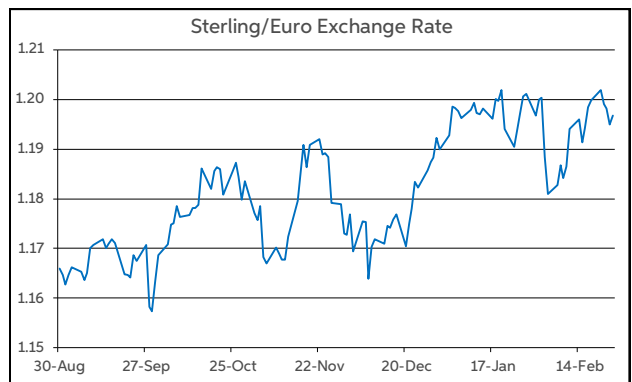
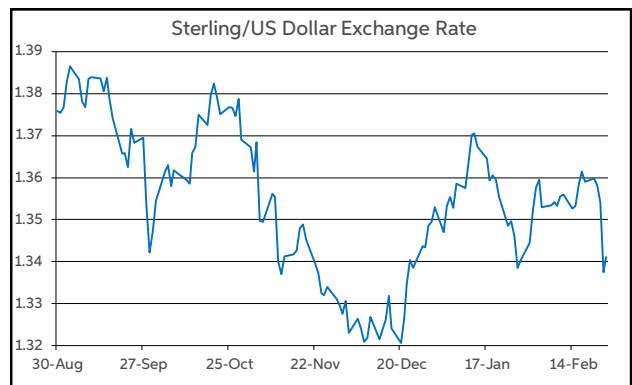
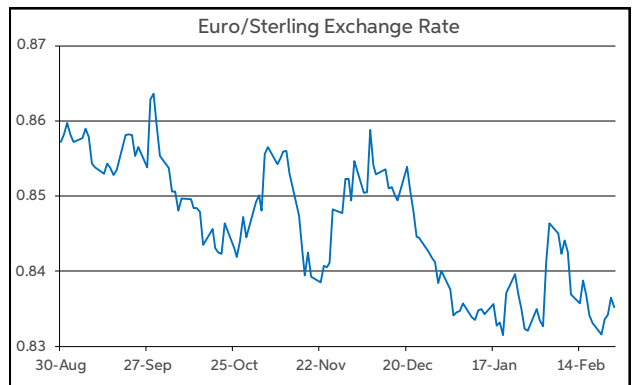
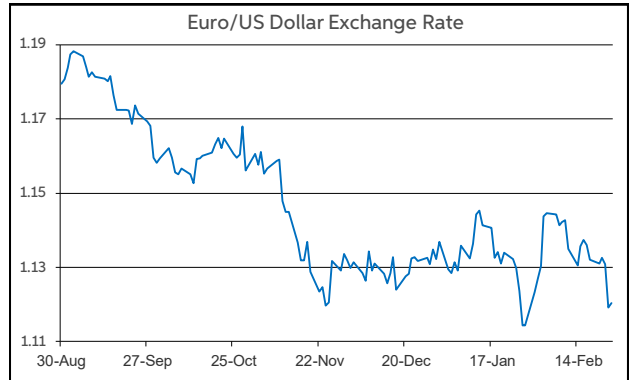
Elsewhere on financial markets, oil prices continued to surge higher, as concerns increased about disruption to global supplies against the fraught geopolitical backdrop. Brent crude rose above \$105 a barrel for the first time since 2014.

Currency-wise, perceived safe havens such as the dollar remained in demand during the first half of yesterday. This was reflected in EUR/USD falling to a low of \$1.11 and GBP/USD below \$1.33.

However, the dollar gave up some of these gains as risk appetite improved. As a result, EUR/USD opens this morning back up at \$1.12 and GBP/USD is near \$1.34. Meanwhile, EUR/GBP has remained within the 83-84p band over the past 24 hours.

There is a busy data schedule today, including US core-PCE inflation (Jan). However, the market's attention will remain firmly on Ukraine and therefore, volatile trading conditions could persist.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1204	-0.28	-1.44
EUR/GBP	0.8352	0.35	-0.57
GBP/USD	1.3414	-0.61	-0.85
GBP/EUR	1.1968	-0.35	0.57
USD/JPY	115.25	0.60	0.15
EUR/JPY	129.16	0.33	-1.31

* 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	0.125	0.21	0.51	1.23	1.77	1.96
EUR	0.00	-0.54	-0.53	-0.33	0.18	0.61
GBP	0.50	0.55	0.86	1.63	1.97	1.92

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

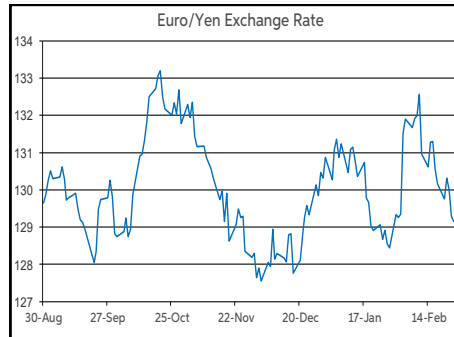
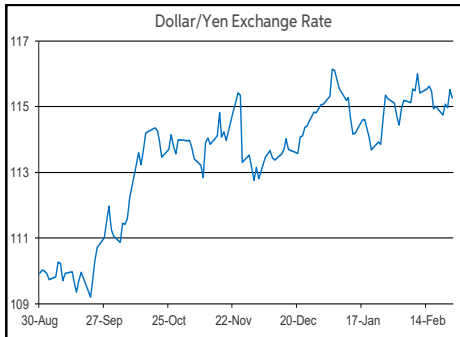
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

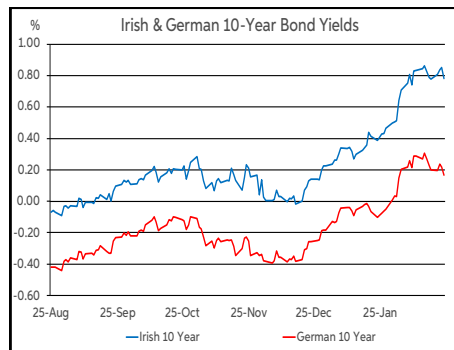
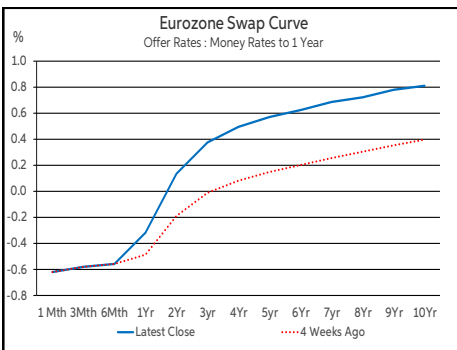
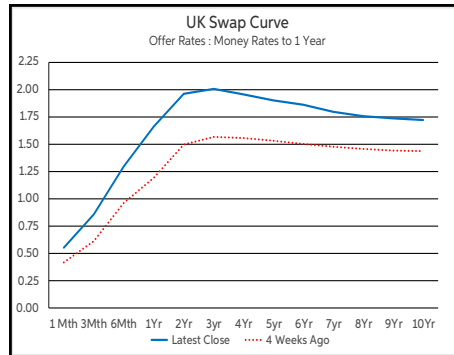
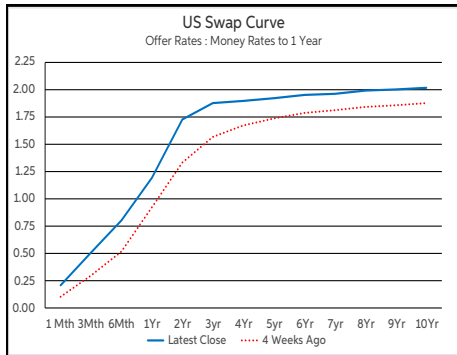
Friday 25 February 2022
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8352	GBP/EUR	1.1968	USD/JPY	115.25
EUR/USD	1.1204	GBP/USD	1.3414	USD/CAD	1.2789
EUR/JPY	129.16	GBP/CAD	1.7156	USD/CHF	0.9235
EUR/SEK	10.6537	GBP/NZD	1.9973	USD/CNY	6.3123
EUR/DKK	7.4407	GBP/JPY	154.6	USD/BRL	5.1231
EUR/NOK	10.0328	GBP/SEK	12.7476	USD/RUB	83.652
EUR/CHF	1.035	GBP/DKK	8.9049	USD/INR	75.282
EUR/AUD	1.5563	GBP/NOK	12.0023	AUD/USD	0.7199
EUR/HKD	8.7493	GBP/CHF	1.239	NZD/USD	0.6715
EUR/CAD	1.4332	GBP/AUD	1.8629		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.97	-3	+17	+46
Germany	0.17	-5	+23	+35
UK	1.45	-3	+22	+47
5 Year Swap %				
US	1.92	-3	+23	+59
Eurozone	0.57	-5	+43	+56
UK	1.90	-0	+37	+63
2 Year Swap %				
US	1.73	-2	+44	+78
Eurozone	0.14	-5	+34	+44
UK	1.96	+1	+47	+77
10 Year Government Bond Spreads to Benchmark bps				
Ireland	64	-0	+13	+21
Belgium	51	-1	+18	+16
France	49	-1	+9	+12
Italy	164	-7	+22	+27
Spain	101	-4	+27	+23
Portugal	90	-3	+24	+24
Greece	245	+5	+70	+95



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	99.08	+2.31	+10.90	+27.38
West Texas Oil	92.77	+0.68	+5.89	+23.15
Gold \$	1903.1	-0.23	+5.94	+4.09

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.