

Market volatility likely to persist

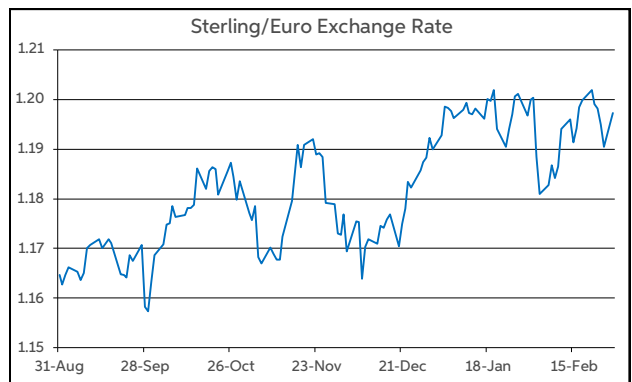
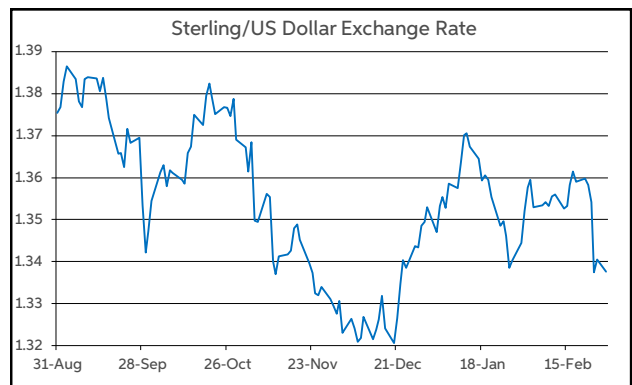
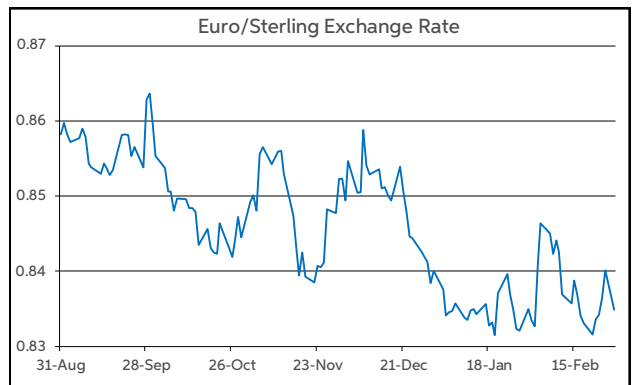
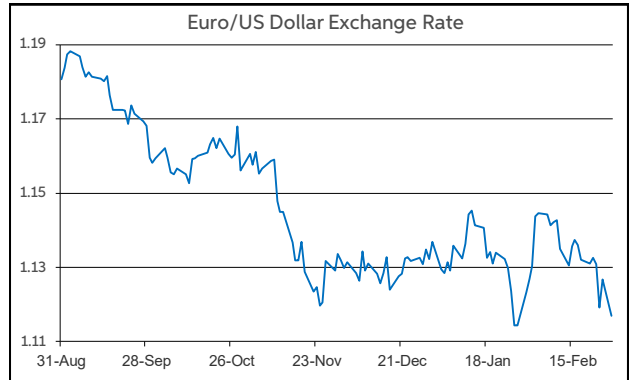
There were volatile trading conditions on markets last week as participants reacted to developments in Ukraine. The initial reaction to Russia's full scale invasion of the country was one of heightened risk aversion.

This was reflected in falls on equity markets. Meanwhile, bonds rallied (yields fell) while safe haven currencies, such as the dollar and yen were also in demand amid a flight to safety. At the same, energy prices continued to rise, including oil increasing to above \$100 p/b on the back of supply concerns. Risk appetite improved though, heading into the weekend as the economic sanctions announced last week by the 'West' were not as severe as had been expected. From a currency viewpoint, there was some reversal of the moves arising from the safe haven dynamic.

In level terms, EUR/USD moved up from its low of \$1.11 to back above \$1.12, although it still finished the week lower, having started last Monday in the upper half of \$1.13-1.14. Meanwhile, GBP/USD also recovered somewhat, regaining the \$1.33 level, but similar to the euro, was still weaker on the week versus the dollar. Elsewhere on the currency front, the action in the EUR/GBP was much less eventful. The pair was confined to a narrow trading range within the 83-84p band last week.

Overnight, we have seen markets back in risk-off mode following the announcements of stricter sanctions against Russia (incl. its central bank), with the Russian rouble falling by around 30%. Renewed safe haven demand has resulted in EUR/USD falling back below \$1.12. Meanwhile, European equity markets are expected to open lower this morning. For the day ahead Ukraine related developments will remain a source of volatility for markets.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1169	-0.49	-1.75
EUR/GBP	0.8351	-0.01	-0.58
GBP/USD	1.3376	-0.44	-1.13
GBP/EUR	1.1972	0.01	0.59
USD/JPY	115.5	0.29	0.36
EUR/JPY	129.03	-0.19	-1.41

* 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	0.23	0.52	1.18	1.66	1.89
EUR	0.00	-0.54	-0.53	-0.35	0.11	0.55
GBP	0.50	0.56	0.85	1.62	1.94	1.91

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

Monday 28 February 2022
07:25 am



Euro

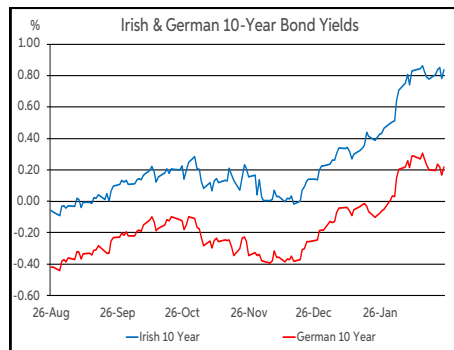
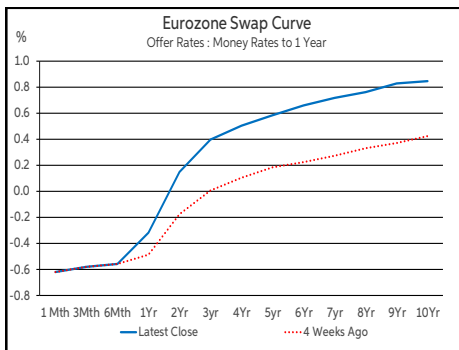
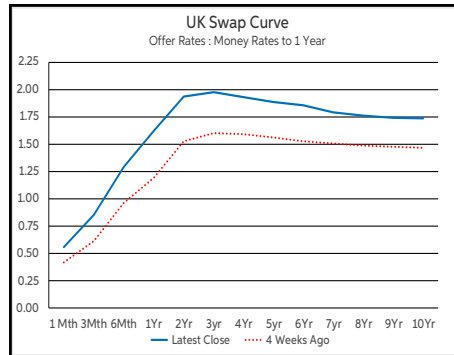
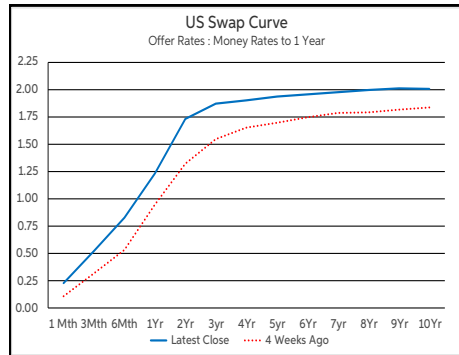
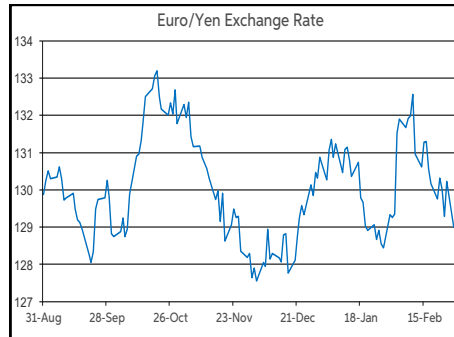
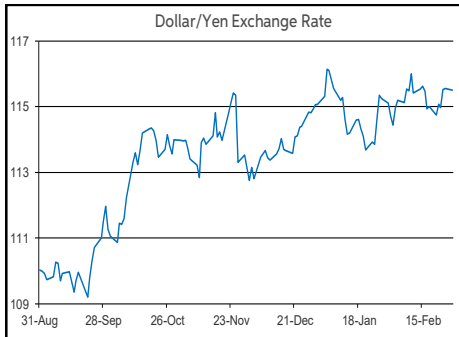
EUR/GBP	0.8351
EUR/USD	1.1169
EUR/JPY	129.03
EUR/SEK	10.6601
EUR/DKK	7.441
EUR/NOK	9.9988
EUR/CHF	1.0343
EUR/AUD	1.5521
EUR/HKD	8.7281
EUR/CAD	1.4273

Sterling

GBP/EUR	1.1972
GBP/USD	1.3376
GBP/CAD	1.7088
GBP/NZD	1.9938
GBP/JPY	154.49
GBP/SEK	12.7657
GBP/DKK	8.9087
GBP/NOK	11.9665
GBP/CHF	1.2384
GBP/AUD	1.8586

Dollar

USD/JPY	115.5
USD/CAD	1.2777
USD/CHF	0.9258
USD/CNY	6.3109
USD/BRL	5.1631
USD/RUB	106
USD/INR	75.4725
AUD/USD	0.7194
NZD/USD	0.6706



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.97	+0	+19	+46
Germany	0.22	+5	+27	+40
UK	1.46	+1	+22	+49
5 Year Swap %				
US	1.94	+2	+28	+60
Eurozone	0.59	+2	+43	+58
UK	1.89	-1	+34	+61
2 Year Swap %				
US	1.73	+2	+45	+79
Eurozone	0.15	+2	+33	+45
UK	1.94	-3	+42	+74
10 Year Government Bond Spreads to Benchmark bps				
Ireland	64	+0	+12	+22
Belgium	50	-1	+16	+15
France	48	-1	+7	+11
Italy	162	-2	+22	+25
Spain	100	-1	+24	+22
Portugal	89	-2	+22	+22
Greece	234	-10	+58	+85

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	97.93	-1.16	+8.77	+25.91
West Texas Oil	91.68	-1.17	+4.57	+21.70
Gold \$	1887.6	-0.82	+5.39	+3.24

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