

US CPI inflation the main release today

Investor sentiment continued to hold a cautious tone yesterday. The Euro Stoxx 50 rose by 0.4%. On Wall Street, the S&P 500 shed 0.9%. On bond markets, Euro-area yields moved sharply lower, falling by 10-14bps. US Treasury yields declined by a more modest 1-4bps. Elsewhere, oil dropped back below \$100 per barrel.

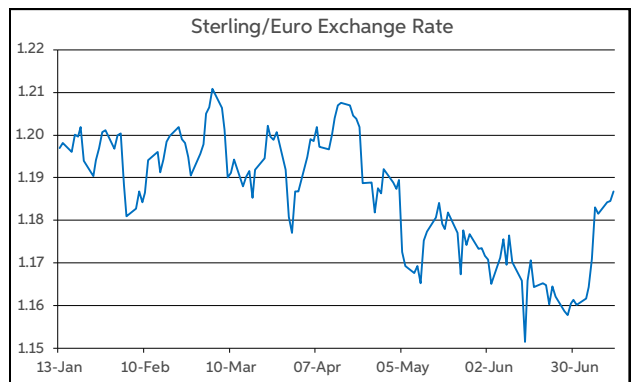
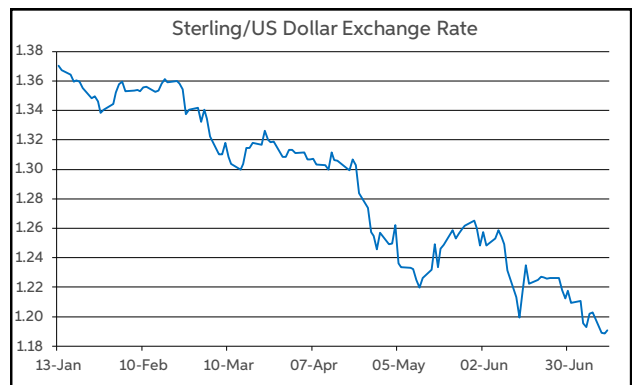
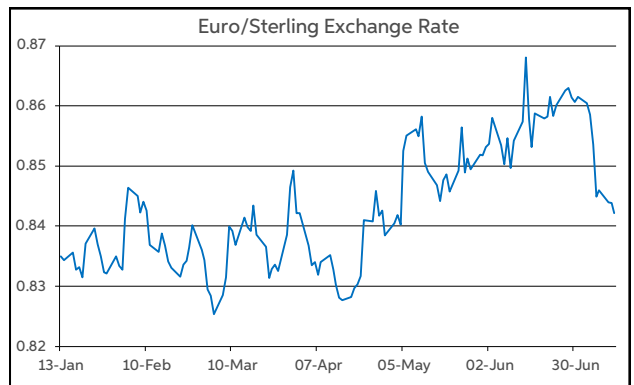
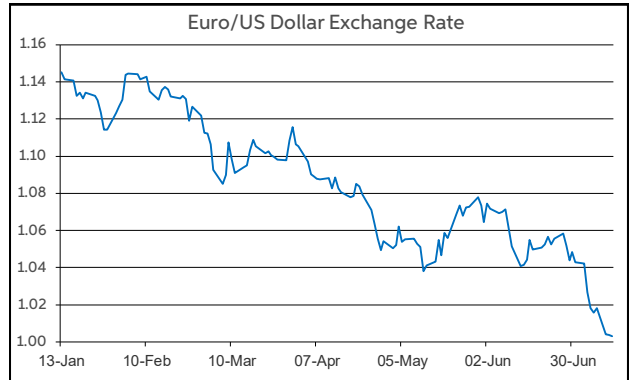
Currency-wise, EUR/USD flirted with a break through parity, trading to a low of \$1, for the first time since 2002. As the day progressed though, the dollar handed back some of its recent gains. The greenback edged back from its highs against a number of currencies, including the euro, sterling and the yen.

Despite the slight pause in the dollar rally yesterday, recession fears remained a feature on markets, as data from the Eurozone and the US indicated a deterioration in economic conditions. The German ZEW plunged to -53.8 in July from -28 (and vs. -38.3 f'cast), its lowest level since 2011. Meanwhile, US small business optimism fell to 89.5 in June from 93.1 (and vs. 92.5 f'cast), a 9-year low. In contrast, UK GDP has printed above the consensus this morning, rising by 0.5% in May (vs. +0% f'cast)

In level terms, EUR/USD opens a hair above parity, at \$1.003. Meanwhile, GBP/USD is changing hands just above the \$1.19 threshold, helped by the better than anticipated GDP data. EUR/GBP is operating down in the bottom half of the 84-85p corridor.

Turning to the day ahead, US CPI inflation will be under the microscope. The headline rate is projected to rise to 8.8% (from 8.6%) in June, although, the core rate is expected to edge lower to 5.7% (from 6.0%). Elsewhere, the EUR/USD pair will be a key point of focus once again, with pressure building for a test below parity.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2021 |
| EUR/USD | 1.0033 | 0.18 | -11.74 |
| EUR/GBP | 0.8422 | -0.20 | 0.26 |
| GBP/USD | 1.191 | 0.39 | -11.97 |
| GBP/EUR | 1.1868 | 0.20 | -0.26 |
| USD/JPY | 137.02 | -0.20 | 19.06 |
| EUR/JPY | 137.48 | -0.01 | 5.05 |

* 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 | 1.625 | 1.96 | 2.46 | 3.31 | 3.26 | 3.01 |
| EUR | 0.00 | -0.40 | -0.07 | 0.83 | 1.18 | 1.59 |
| GBP | 1.25 | 1.33 | 1.78 | 2.67 | 2.81 | 2.64 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

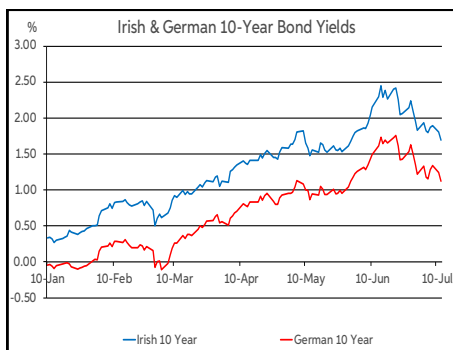
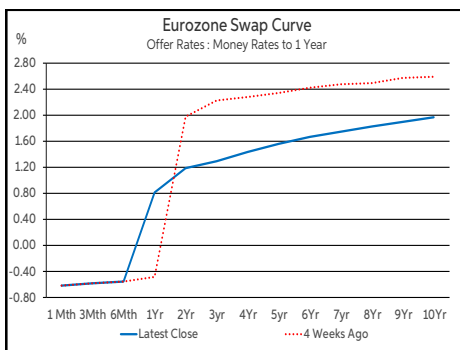
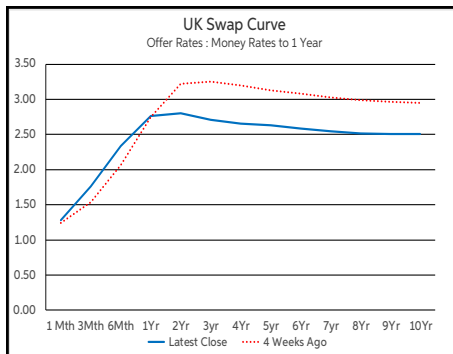
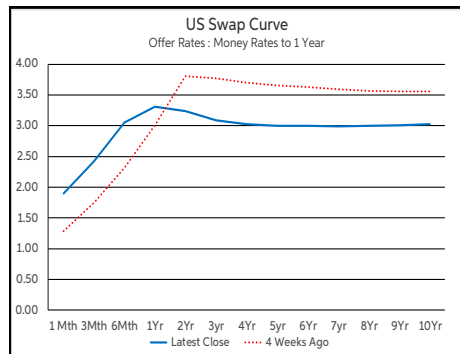
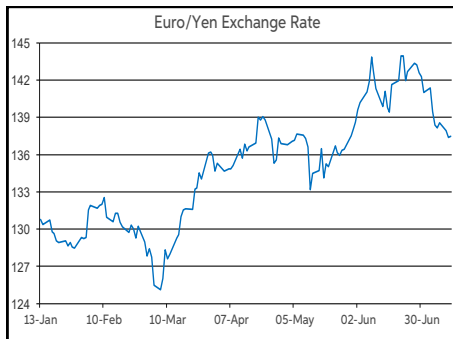
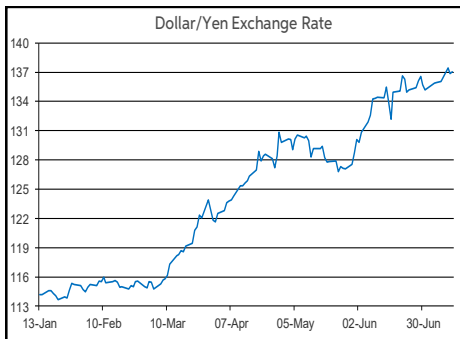
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|---------|---|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Ian Burke | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

Wednesday 13 July 2022
07:18 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|--------|
| EUR/GBP | 0.8422 | GBP/EUR | 1.1868 | USD/JPY | 137.02 |
| EUR/USD | 1.0033 | GBP/USD | 1.191 | USD/CAD | 1.3024 |
| EUR/JPY | 137.48 | GBP/CAD | 1.5513 | USD/CHF | 0.9817 |
| EUR/SEK | 10.6156 | GBP/NZD | 1.9448 | USD/CNY | 6.7218 |
| EUR/DKK | 7.4404 | GBP/JPY | 163.18 | USD/BRL | 5.4372 |
| EUR/NOK | 10.2914 | GBP/SEK | 12.6016 | USD/RUB | 59 |
| EUR/CHF | 0.9852 | GBP/DKK | 8.8309 | USD/INR | 79.66 |
| EUR/AUD | 1.4848 | GBP/NOK | 12.2167 | AUD/USD | 0.6756 |
| EUR/HKD | 7.8757 | GBP/CHF | 1.1695 | NZD/USD | 0.6122 |
| EUR/CAD | 1.3068 | GBP/AUD | 1.7626 | | |



| Debt Markets | | | | |
|---|-------|-----|---------|--------|
| | Close | Day | 4 Weeks | End 21 |
| 10 Year Yield % | | | | |
| US | 2.97 | -2 | -51 | +146 |
| Germany | 1.13 | -12 | -62 | +131 |
| UK | 2.06 | -12 | -53 | +109 |
| 5 Year Swap % | | | | |
| US | 3.00 | -4 | -62 | +167 |
| Eurozone | 1.57 | -8 | -77 | +155 |
| UK | 2.63 | -10 | -49 | +136 |
| 2 Year Swap % | | | | |
| US | 3.24 | -4 | -53 | +229 |
| Eurozone | 1.19 | -5 | -78 | +149 |
| UK | 2.80 | -11 | -41 | +161 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 58 | +1 | -16 | +16 |
| Belgium | 62 | -2 | -12 | +26 |
| France | 51 | -2 | -13 | +14 |
| Italy | 206 | +2 | -46 | +70 |
| Spain | 109 | +0 | -28 | +32 |
| Portugal | 111 | +1 | -25 | +44 |
| Greece | 236 | -1 | -55 | +87 |

| Commodities | | | | |
|----------------|--------|-------|---------|--------|
| | Close | Day | 4 Weeks | End 21 |
| Brent Oil | 99.49 | -7.11 | -17.89 | +27.91 |
| West Texas Oil | 97.69 | -7.92 | -17.85 | +29.68 |
| Gold \$ | 1725.8 | -0.45 | -4.55 | -5.61 |

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