

Dollar regains some support

Investor sentiment continued to deteriorate yesterday. The Euro Stoxx 50 fell by 0.8%, while the S&P 500 lost 0.7%. On bond markets, US Treasury yields moved higher, rising by 5-10bps. The rise was most evident at the front end of the curve, as some above consensus data and hawkish Fed rhetoric increased expectations of more aggressive monetary policy tightening in the US.

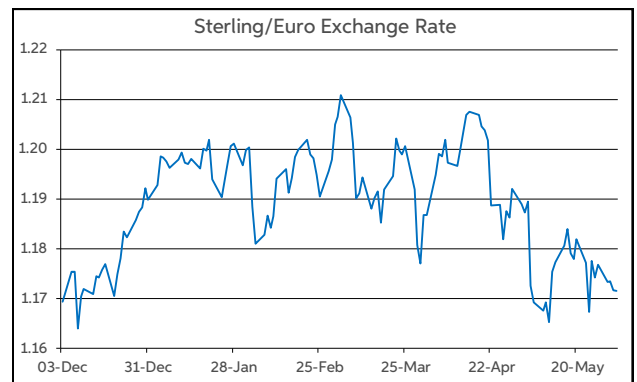
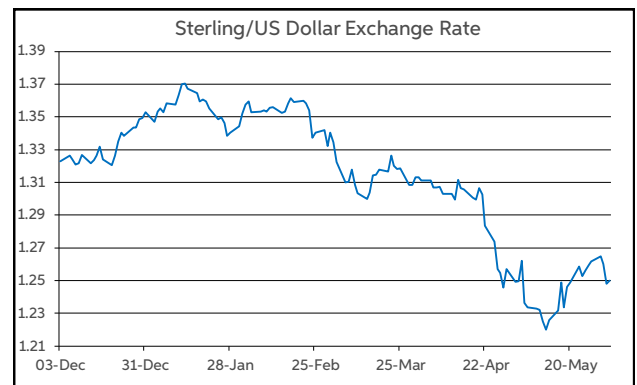
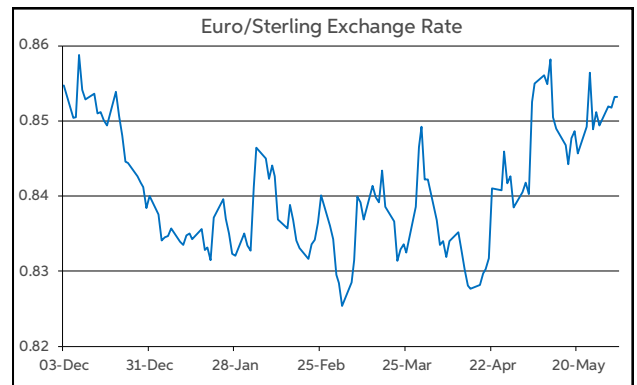
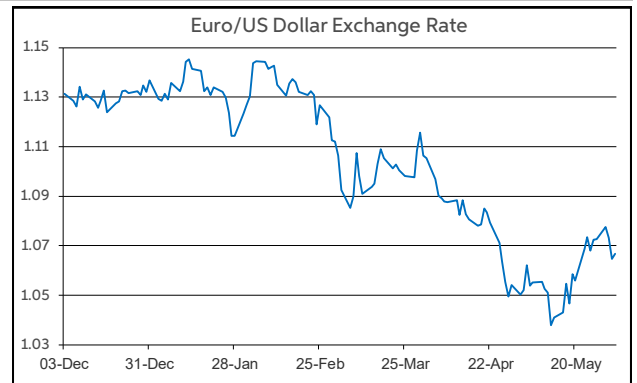
On currency markets, the dollar regained some support amid the risk averse backdrop and hawkish Fed speak. EUR/USD fell to a low of \$1.063 yesterday. However, overnight the dollar was unable to hold onto all of its recent gains. Elsewhere, sterling was holding a slightly softer tone.

Data-wise, the US manufacturing-ISM improved to 56.1 in May from 55.4 previously. The forecast was for a small decline to 54.5. The details of the report were also encouraging, indicating that new orders growth accelerated and although costs remained extremely elevated, the pace of increase slowed in May. The release coincided with some upside for the dollar.

In level terms, EUR/USD opens this morning back below \$1.07, near to the midpoint of \$1.06-1.07. GBP/USD is changing hands at the \$1.25 mark. Elsewhere, EUR/GBP is operating in the lower half of 85-86p.

Turning to the day ahead, there is a relatively quiet data schedule. The latest meeting of OPEC+ will be closely followed though. Meanwhile, there is a market holiday in the UK and the ECB has entered its quiet period ahead of its monetary policy meeting next week. As a result, the action on financial markets may be more subdued, with tight ranges possible on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0667	-0.43	-6.17
EUR/GBP	0.8533	0.22	1.58
GBP/USD	1.2498	-0.66	-7.62
GBP/EUR	1.1712	-0.22	-1.56
USD/JPY	129.85	0.50	12.83
EUR/JPY	138.52	0.06	5.85

* 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	0.875	1.12	1.61	2.66	3.01	2.97
EUR	0.00	-0.55	-0.34	0.52	1.16	1.58
GBP	1.00	1.12	1.42	2.33	2.69	2.63

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

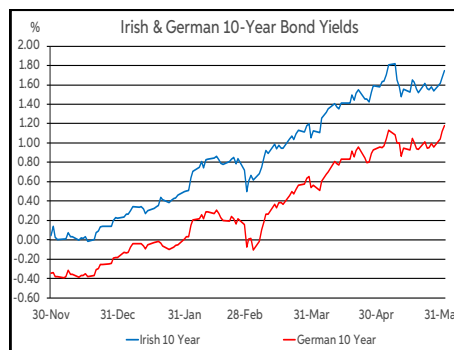
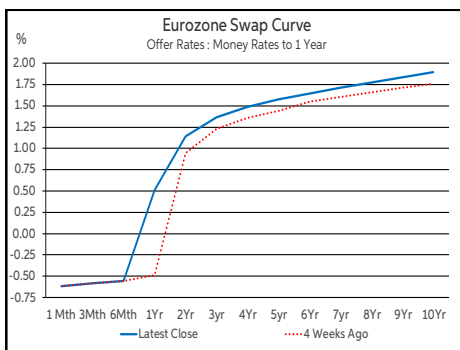
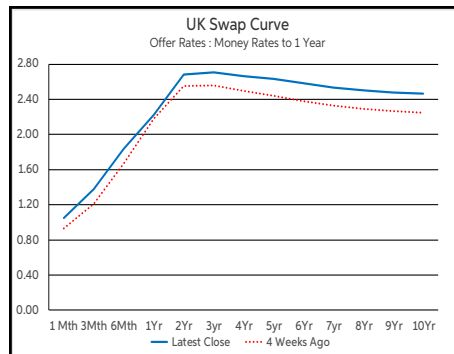
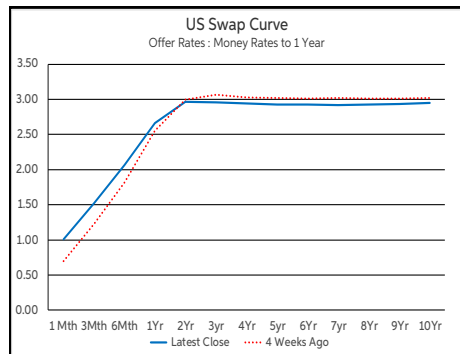
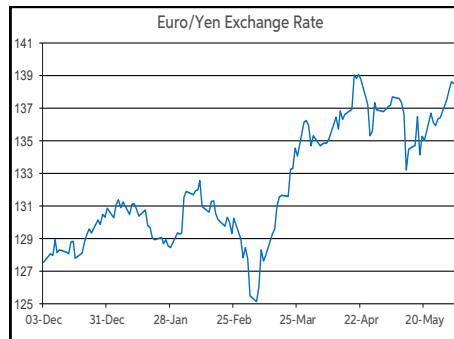
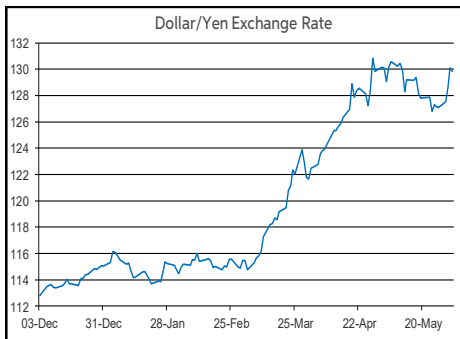
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 02 June 2022
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.8535	GBP/EUR	1.1712	USD/JPY	129.84
EUR/USD	1.0667	GBP/USD	1.2499	USD/CAD	1.2663
EUR/JPY	138.52	GBP/CAD	1.5831	USD/CHF	0.9592
EUR/SEK	10.4941	GBP/NZD	1.9283	USD/CNY	6.682
EUR/DKK	7.4384	GBP/JPY	162.29	USD/BRL	4.8151
EUR/NOK	10.1175	GBP/SEK	12.2902	USD/RUB	61.3
EUR/CHF	1.0236	GBP/DKK	8.7139	USD/INR	77.5825
EUR/AUD	1.4886	GBP/NOK	11.8538		
EUR/HKD	8.371	GBP/CHF	1.1994	AUD/USD	0.7166
EUR/CAD	1.3511	GBP/AUD	1.7441	NZD/USD	0.648



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.91	+6	-3	+140
Germany	1.18	+5	+20	+136
UK	2.15	+5	+18	+118
5 Year Swap %				
Ireland	1.76	+6	+10	+151
Belgium	1.79	+8	+21	+161
France	1.70	+6	+19	+151
Italy	3.19	+7	+23	+201
Spain	2.30	+8	+22	+170
Portugal	2.33	+6	+21	+185
Greece	3.60	+2	+17	+229
2 Year Swap %				
US	2.92	+9	-7	+159
Eurozone	1.57	+6	+14	+156
UK	2.64	+8	+20	+136
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	+1	-11	+15
Belgium	61	+3	+1	+25
France	52	+0	-1	+15
Italy	201	+1	+3	+65
Spain	112	+2	+2	+34
Portugal	115	+1	+0	+49
Greece	242	-3	-3	+93

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	116.29	-5.33	+5.58	+49.51
West Texas Oil	115.26	+0.77	+6.88	+53.01
Gold \$	1845.6	+0.46	-1.88	+0.94

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