

## Some reversal of post-Fed moves

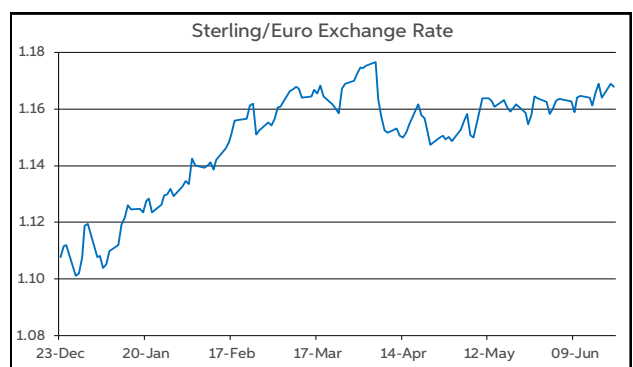
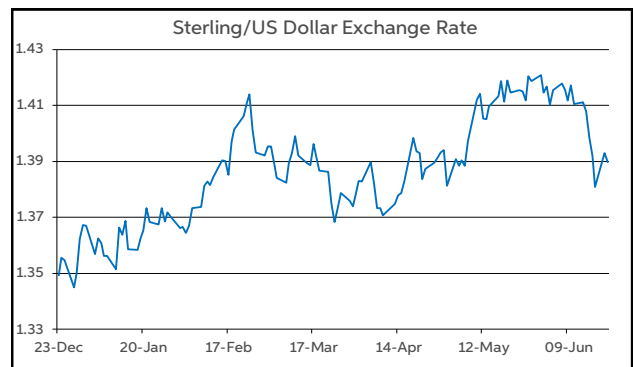
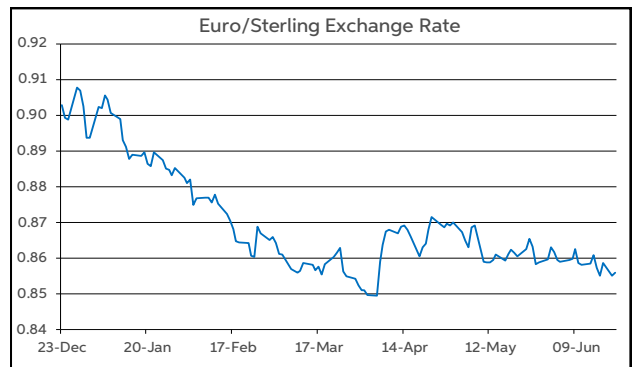
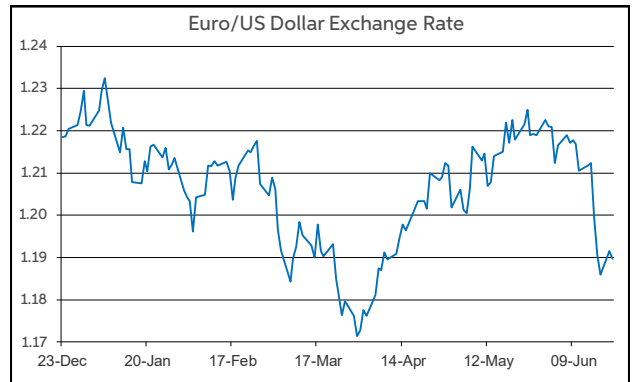
There was some directional changes on markets at the start of the trading week in Europe and the US yesterday. This followed last week's post-Fed move higher in shorter dated US Treasury yields and the strengthening of the dollar, as well as equity markets coming under pressure.

The change in direction saw investor sentiment holding a firmer tone yesterday. All the main equity indices managed to register gains. In Europe, the Euro Stoxx 50 rose by 0.7%. At the close on Wall Street, the S&P 500 was up by 1.4%. The main notable action on bond markets was in relation to longer dated US Treasury yields. After last week's post-Fed flattening in the US curve (incl. an over 10bps rise in the monetary policy sensitive 2 year yield) yesterday saw the 10 year yield move higher and the 2 year yield ease back. The 10 year yield reached back up to the 1.5% mark.

Meanwhile, on the currency front, the recent rally in the dollar paused. The currency moved back from its recent highs. At the same time, sterling was showing some upward momentum. As trading gets underway this morning, EUR/USD is near to \$1.19 level, while GBP/USD is close to \$1.39. Elsewhere, the firmer tone to sterling over the past 24 hours is evident in EUR/GBP opening today near to the midpoint of 85-86p.

Looking ahead to today, the main highlights from the data calendar are US existing homes sales figures for May and the flash Eurozone EC consumer confidence index for June. However, neither release is expected to have much directional impact on their respective currencies. Meanwhile, in light of last week's more hawkish Fed, Chair Powell's testimony before Congress today will receive some attention.

**John Fahey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1898	0.28	-2.58
EUR/GBP	0.8558	-0.47	-4.24
GBP/USD	1.3897	0.70	1.64
GBP/EUR	1.1679	0.47	4.43
USD/JPY	110.43	0.59	6.96
EUR/JPY	131.38	0.85	4.14

\* 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	0.10	0.14	0.16	0.33	0.95
EUR	0.00	-0.55	-0.54	-0.51	-0.45	-0.24
GBP	0.10	0.05	0.08	0.16	0.40	0.75

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

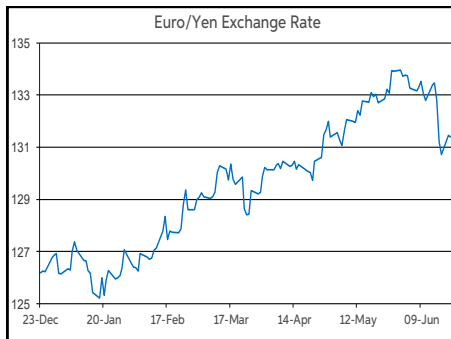
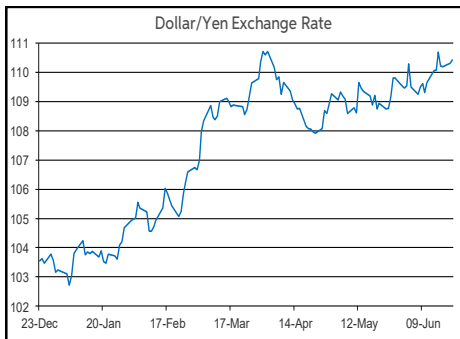
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

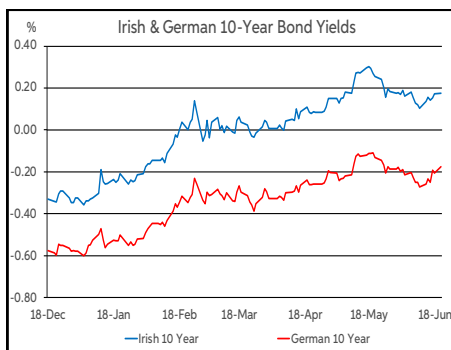
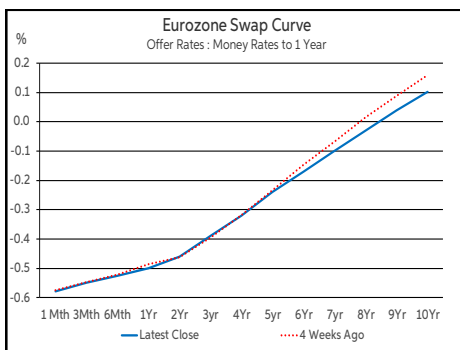
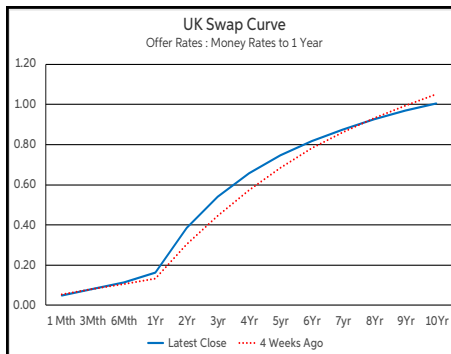
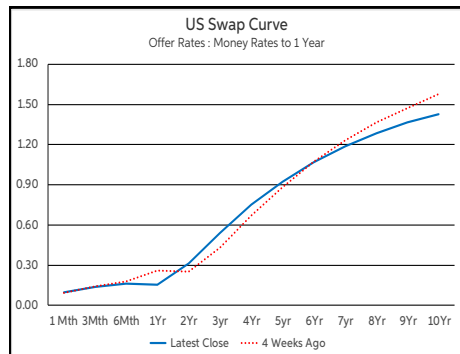
Tuesday 22 June 2021  
07:38 am



Euro		Sterling		Dollar	
EUR/GBP	0.8558	GBP/EUR	1.1679	USD/JPY	110.43
EUR/USD	1.1898	GBP/USD	1.3897	USD/CAD	1.238
EUR/JPY	131.38	GBP/CAD	1.721	USD/CHF	0.9199
EUR/SEK	10.1649	GBP/NZD	1.9916	USD/CNY	6.4664
EUR/DKK	7.4362	GBP/JPY	153.49	USD/BRL	5.013
EUR/NOK	10.2145	GBP/SEK	11.8707	USD/RUB	73.06
EUR/CHF	1.0946	GBP/DKK	8.685	USD/INR	74.112
EUR/AUD	1.5834	GBP/NOK	11.9285	AUD/USD	0.7513
EUR/HKD	9.2374	GBP/CHF	1.2787	NZD/USD	0.6976
EUR/CAD	1.4731	GBP/AUD	1.8497		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.50	+5	-11	+58
Germany	-0.17	+3	-3	+40
UK	0.77	+2	-4	+58
<b>5 Year Swap %</b>				
US	0.92	+3	+5	+50
Eurozone	-0.24	+2	+0	+22
UK	0.75	+1	+7	+56
<b>2 Year Swap %</b>				
US	0.31	+3	+10	+12
Eurozone	-0.46	+1	+1	+7
UK	0.39	-0	+9	+36
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-3	-3	+11
Belgium	31	-2	-4	+12
France	34	-2	-3	+11
Italy	105	-3	-11	-4
Spain	63	-3	-5	+0
Portugal	61	-3	-8	-2
Greece	99	-2	-12	-21



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	74.9	+1.89	+9.41	+44.59
West Texas Oil	73.64	+2.79	+11.36	+52.31
Gold \$	1782.9	+1.11	-5.22	-5.99

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