

Risk-off tone on markets

There was a strong “risk-off” tone to investor sentiment yesterday as the conflict in Ukraine weighed heavily on markets. As a result, trading conditions remained volatile. The Euro Stoxx 50 fell by 4%. On Wall Street, the S&P 500 finished down 1.5%. Overnight, oil prices rose sharply, moving above \$110 per barrel in the process.

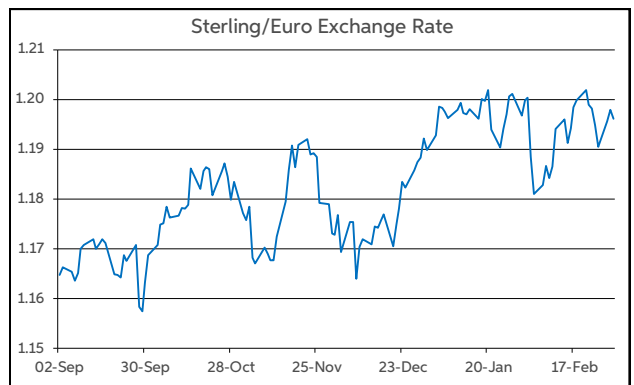
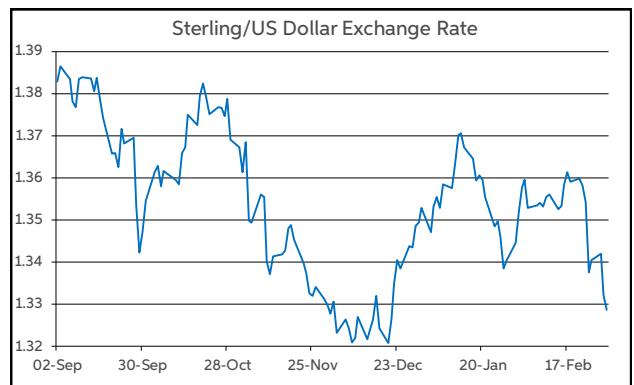
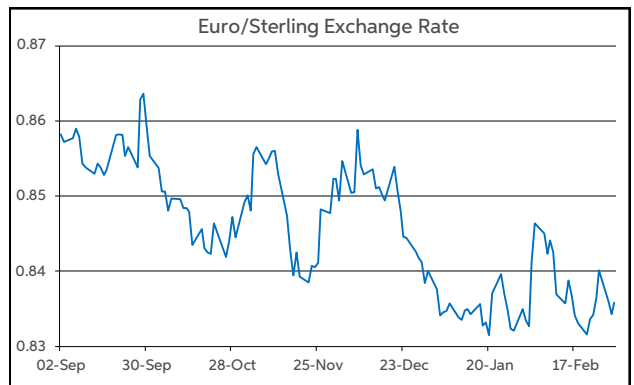
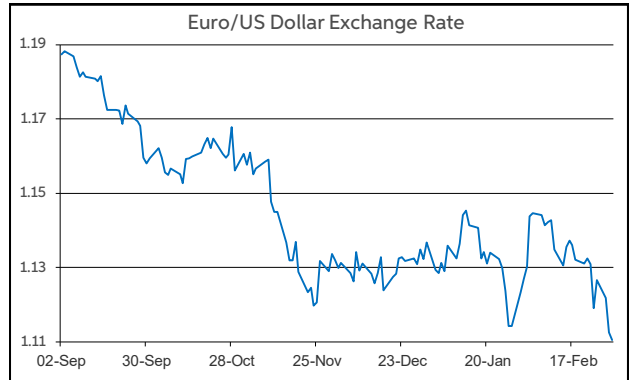
Meanwhile, bonds rallied as investors sought out traditional safe havens. Benchmark Eurozone yields declined by 18-30bps, with the 10year Bund yield turning negative in the process. The 10 year US Treasury yield fell to its lowest level in five weeks. Amid the risk averse backdrop, investors have pared back their expectations that the ECB will raise rates this year. Futures contracts indicate that the market now expects only 10-15bps of tightening by end year.

On the currency front, safe havens were in high demand yesterday amid the risk aversion on markets. The dollar rose by circa 1% against both the euro and the sterling. Meantime, the yen gained around 0.7% versus the euro.

In level terms, the firmer tone to the dollar is reflected by EUR/USD opening this morning down at the \$1.11 handle. EUR/GBP continues to operate near the midpoint of 83-84p. Cable (GBP/USD) is changing hands back below \$1.33.

Turning to the day ahead, the flash reading of Eurozone inflation is due, with headline HICP projected to rise to 5.4% in February from 5.1%. Elsewhere, prepared remarks from ECB Chief Economist Lane will be of interest today. Fed Chair Powell’s semi-annual testimony to Congress will garner close attention on markets also. However, as has proved to be the case all week, sentiment is likely to remain driven by developments in Ukraine.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.1104	-0.80	-2.32
EUR/GBP	0.8356	0.17	-0.52
GBP/USD	1.3286	-0.97	-1.80
GBP/EUR	1.1962	-0.17	0.53
USD/JPY	115.12	0.07	0.03
EUR/JPY	127.88	-0.71	-2.28

* 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	0.24	0.50	1.01	1.45	1.64
EUR	0.00	-0.55	-0.53	-0.42	-0.09	0.35
GBP	0.50	0.60	0.88	1.58	1.81	1.58

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

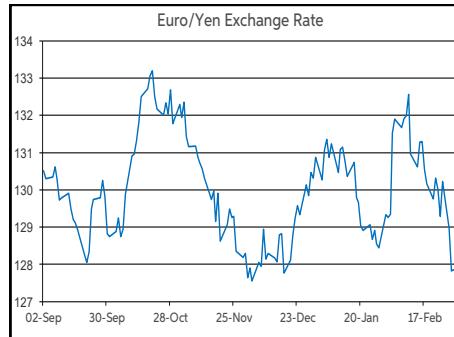
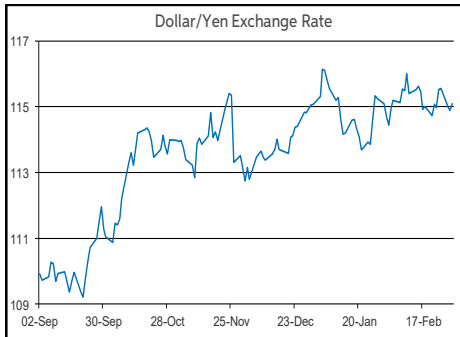
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

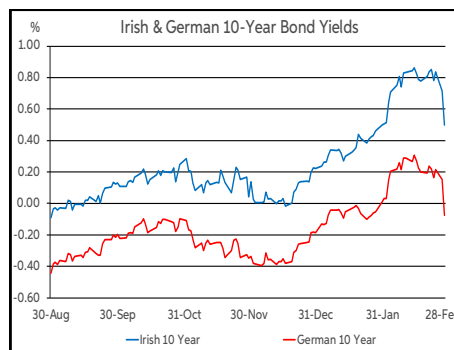
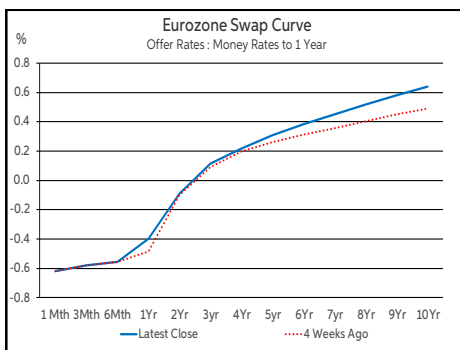
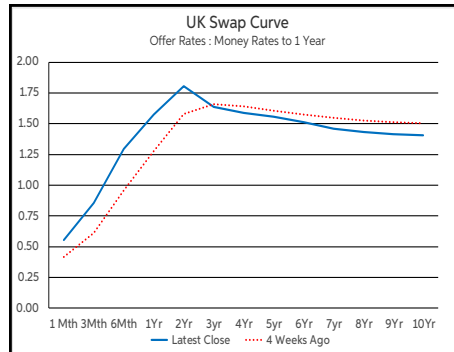
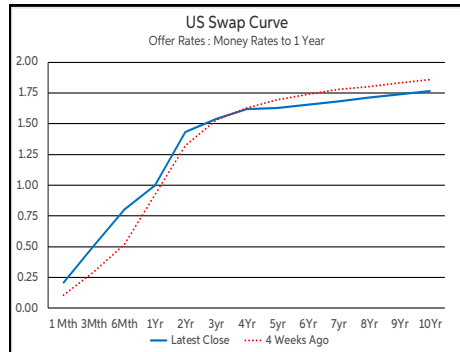
Wednesday 02 March 2022
07:34 am



Euro		Sterling		Dollar	
EUR/GBP	0.8356	GBP/EUR	1.1962	USD/JPY	115.12
EUR/USD	1.1104	GBP/USD	1.3286	USD/CAD	1.2733
EUR/JPY	127.88	GBP/CAD	1.6921	USD/CHF	0.9195
EUR/SEK	10.7539	GBP/NZD	1.9641	USD/CNY	6.3115
EUR/DKK	7.4387	GBP/JPY	152.95	USD/BRL	5.1595
EUR/NOK	9.8755	GBP/SEK	12.8646	USD/RUB	102.325
EUR/CHF	1.0211	GBP/DKK	8.8986	USD/INR	75.713
EUR/AUD	1.5306	GBP/NOK	11.8191	AUD/USD	0.7255
EUR/HKD	8.6802	GBP/CHF	1.2217	NZD/USD	0.6762
EUR/CAD	1.4144	GBP/AUD	1.8313		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	1.72	-11	-8	+20
Germany	-0.07	-23	-11	+11
UK	1.11	-31	-19	+14
5 Year Swap %				
US	1.63	-16	-3	+29
Eurozone	0.31	-15	+6	+30
UK	1.56	-23	-4	+28
2 Year Swap %				
US	1.43	-17	+15	+49
Eurozone	-0.09	-13	+2	+21
UK	1.81	-2	+23	+61
10 Year Government Bond Spreads to Benchmark bps				
Ireland	58	-1	+9	+15
Belgium	47	-1	+13	+11
France	42	-4	+1	+5
Italy	147	-12	+8	+10
Spain	92	-5	+17	+15
Portugal	81	-7	+14	+14
Greece	243	+5	+72	+93



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	104.97	+3.94	+17.73	+34.96
West Texas Oil	103.66	+7.83	+17.50	+37.61
Gold \$	1943.2	+1.85	+7.92	+6.28

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