

## Markets back in risk averse mood

The improvement in risk appetite on Wednesday proved short lived. Markets were back in a risk averse mood yesterday. This was against the backdrop of US inflation hitting 40 year highs, the ECB signalling an end to its QE programme and on-going uncertainty/concerns over how the war in Ukraine will be resolved.

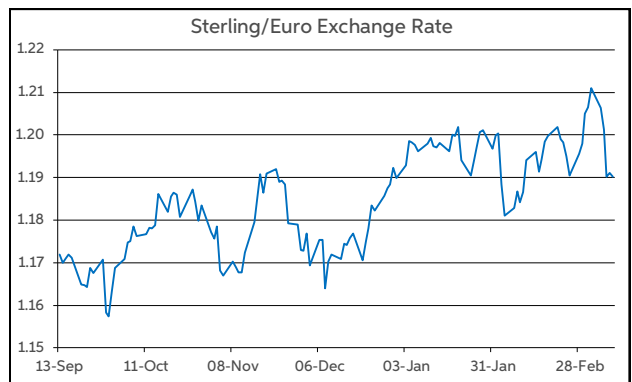
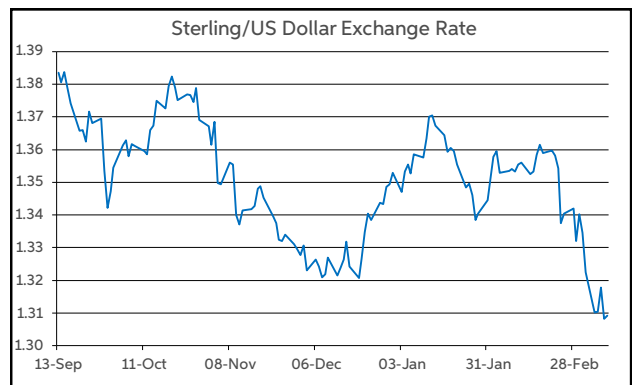
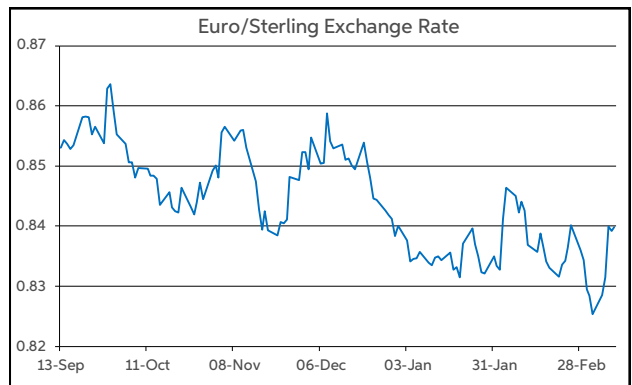
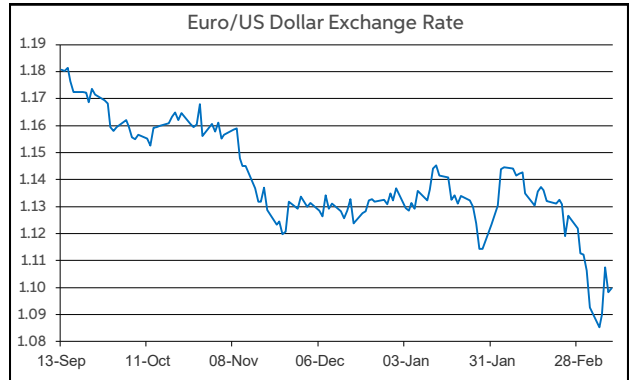
The 'risk off' mood was reflected in falls on the main equity indices on both sides of the Atlantic. In Europe, the Euro Stoxx 50 declined by 3%. Meanwhile, at the closing bell on Wall Street last night, the global benchmark S&P 500 index was 0.4% lower on the day. On bond markets, yields were generally higher amid the inflation and monetary policy newsflow. The German 10-year bund yield rose by 8bps, while the 10-year US Treasury yield was 4bps higher.

Currency-wise, the ECB meeting outcome created some volatility for the euro. The currency initially strengthened following the surprise announcement from the ECB that it planned on ending QE in Q3. In level terms, EUR/USD briefly traded up to the \$1.11 mark, while EUR/GBP reached a high of 84.3p.

However, the euro was unable to sustain this upward momentum, with the dollar generally holding the upper hand over the past 24 hours on the exchanges. As trading gets underway this morning, EUR/USD is straddling the \$1.10 threshold, while GBP/USD is just below the \$1.31 mark. Elsewhere, EUR/GBP is trading at 84p, very similar to where it opened yesterday.

For the day ahead, markets will be continuing to digest yesterday's hawkish ECB meeting as well as keeping a close eye on developments in relation to the war in Ukraine.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0999	-0.54	-3.25
EUR/GBP	0.8398	0.08	-0.02
GBP/USD	1.3093	-0.63	-3.22
GBP/EUR	1.1901	-0.08	0.02
USD/JPY	116.75	0.57	1.45
EUR/JPY	128.4	0.02	-1.89

\* 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	0.39	0.80	1.47	1.91	2.00
EUR	0.00	-0.53	-0.49	-0.22	0.27	0.65
GBP	0.50	0.71	0.98	1.67	2.15	2.06

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

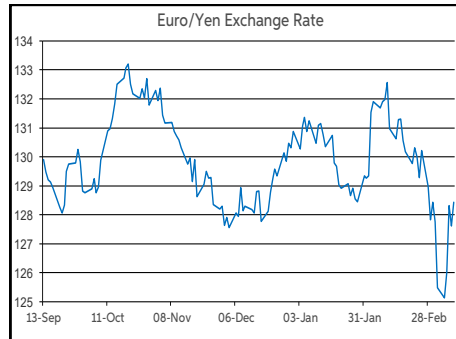
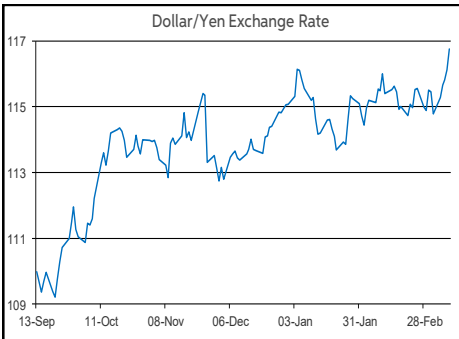
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

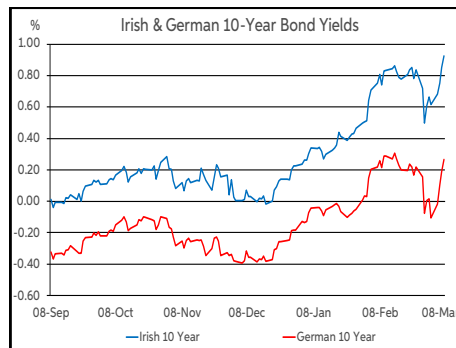
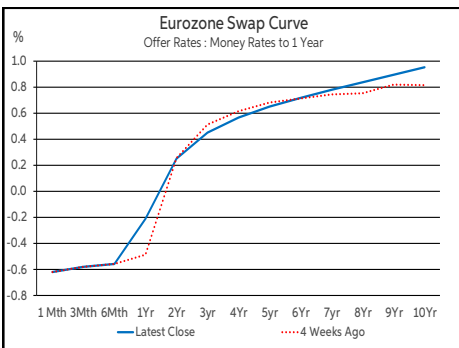
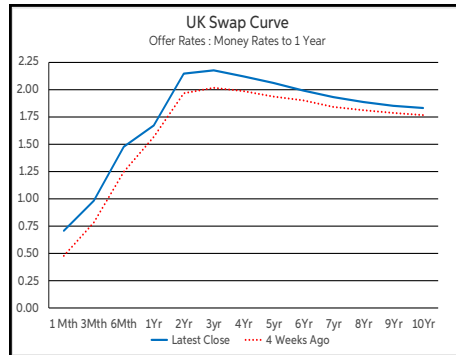
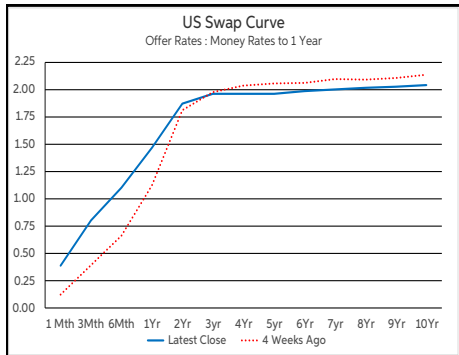
Friday 11 March 2022  
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8398	GBP/EUR	1.1901	USD/JPY	116.75
EUR/USD	1.0999	GBP/USD	1.3093	USD/CAD	1.2764
EUR/JPY	128.4	GBP/CAD	1.6711	USD/CHF	0.9306
EUR/SEK	10.6387	GBP/NZD	1.9105	USD/CNY	6.32
EUR/DKK	7.4401	GBP/JPY	152.82	USD/BRL	5.011
EUR/NOK	9.8218	GBP/SEK	12.6651	USD/RUB	116.447
EUR/CHF	1.0235	GBP/DKK	8.8554	USD/INR	76.445
EUR/AUD	1.4961	GBP/NOK	11.6888	AUD/USD	0.735
EUR/HKD	8.6068	GBP/CHF	1.2184	NZD/USD	0.685
EUR/CAD	1.404	GBP/AUD	1.7808		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	1.99	+4	-5	+48
Germany	0.27	+8	-2	+45
UK	1.52	+0	-1	+55
<b>5 Year Swap %</b>				
Ireland	0.95	+3	+10	+70
Belgium	0.81	+9	+5	+63
France	0.75	+10	-0	+55
Italy	1.91	+24	+1	+72
Spain	1.27	+14	+9	+68
Portugal	1.15	+16	+1	+66
Greece	2.54	+16	-2	+122
<b>2 Year Swap %</b>				
US	1.96	+5	-6	+63
Eurozone	0.65	+10	-3	+64
UK	2.06	+0	+13	+78
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	68	-5	+12	+25
Belgium	54	+1	+8	+19
France	48	+2	+2	+11
Italy	164	+16	+3	+27
Spain	100	+6	+11	+23
Portugal	88	+8	+3	+21
Greece	227	+8	+1	+77



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	109.33	-1.63	+19.60	+40.56
West Texas Oil	105.93	-2.65	+17.92	+40.62
Gold \$	1995.9	+0.22	+9.27	+9.16

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