

Busy week ahead for markets

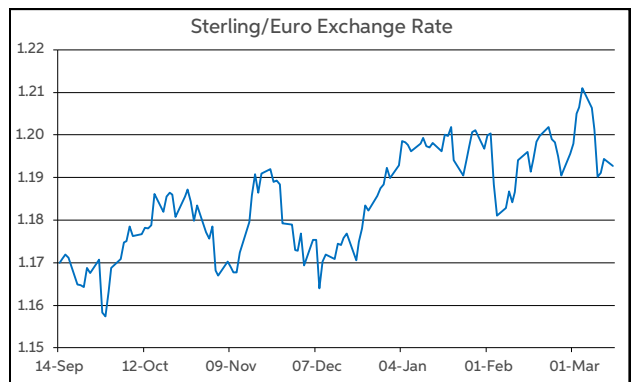
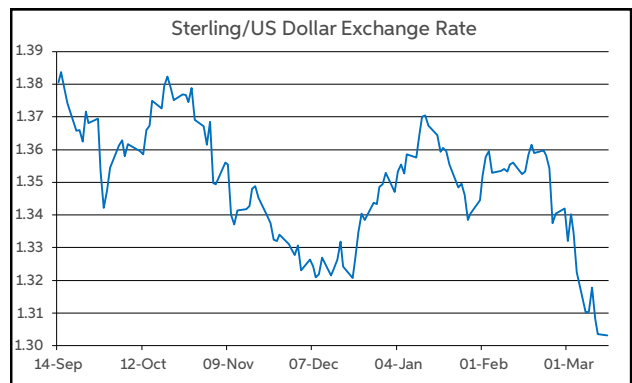
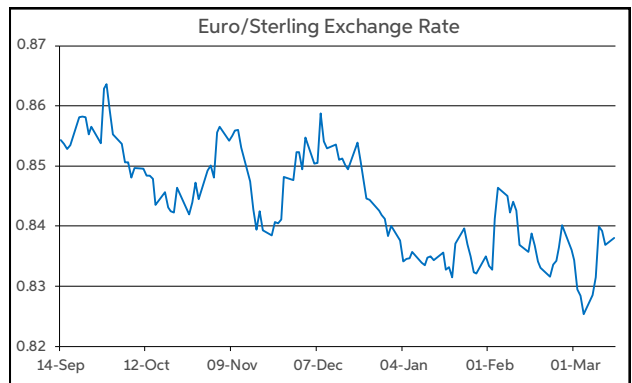
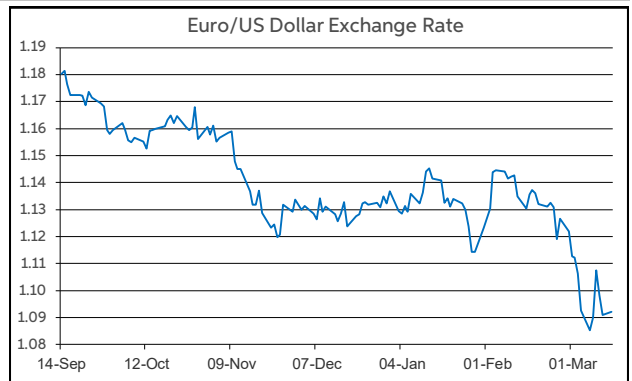
Volatility remained a feature of financial markets last week. Sentiment continued to be heavily influenced by developments in relation to the war in Ukraine. However, there were additional factors impacting markets. This included US inflation hitting fresh 40-year highs, which in turn reinforced expectations of a number of Fed rate hikes in 2022/23. Meanwhile, the ECB surprised markets by announcing that it planned to end QE during Q3, paving the way for rate hikes before the end of the year. The market is now expecting around 40bps of tightening by end 2022.

The backdrop of rising inflation and hawkish central bank rhetoric saw significant moves on bond markets. 10-year benchmark sovereign yields were up by around 30bps. This included the 10-year German bund yield reaching 0.3% and the 10-year US Treasury yield rising to 2%.

On the currency front, the ECB created some volatility in the euro. It initially gained following the QE announcement, with EUR/USD rising to \$1.11. This move was not sustained though. The euro fell back down into the lower half of \$1.09-1.10 heading into the weekend as the dollar benefitted from safe haven demand. At the same time, sterling was holding a weaker tone last week, without any obvious catalyst behind it. This was reflected in EUR/GBP trading up near to 84p and GBP/USD below \$1.31.

Ahead this week, market attention will be divided between central bank meetings and Ukraine related developments. Both the Fed and BoE are expected to hike rates by 25bps. Therefore, the focus for markets will be on the guidance given regarding additional hikes this year. All in all then, it will be another busy week, with plenty for market participants to digest and analyse.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0918	-0.74	-3.96
EUR/GBP	0.8378	-0.40	-0.26
GBP/USD	1.303	-0.34	-3.69
GBP/EUR	1.1929	0.41	0.26
USD/JPY	117.75	0.91	2.32
EUR/JPY	128.61	0.21	-1.73

* 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	0.40	0.83	1.52	1.99	2.06
EUR	0.00	-0.55	-0.50	-0.22	0.29	0.72
GBP	0.50	0.72	1.00	1.67	2.23	2.10

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

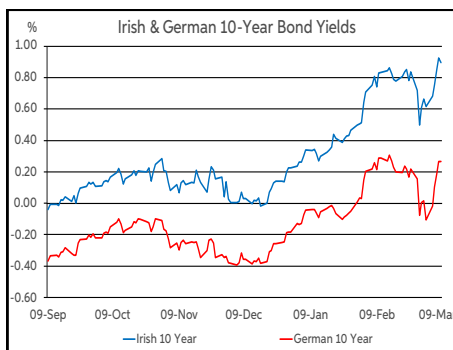
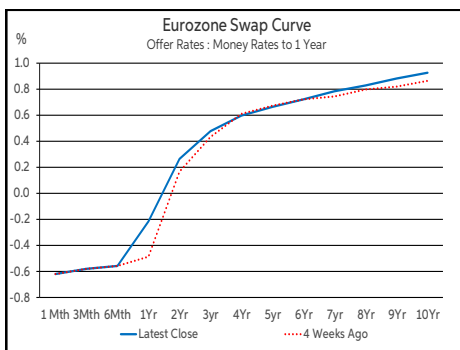
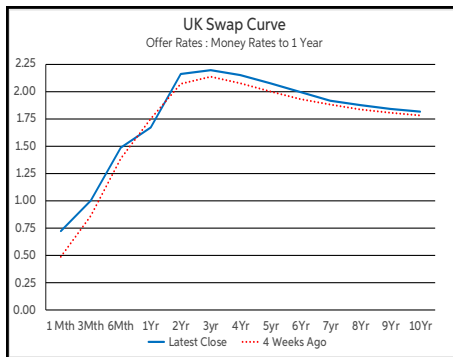
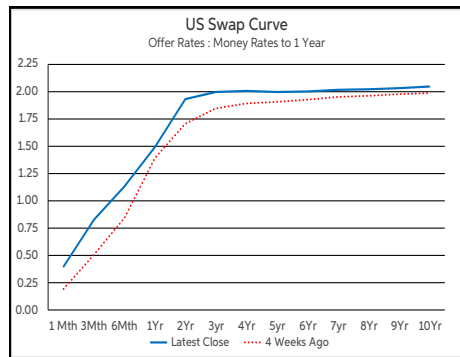
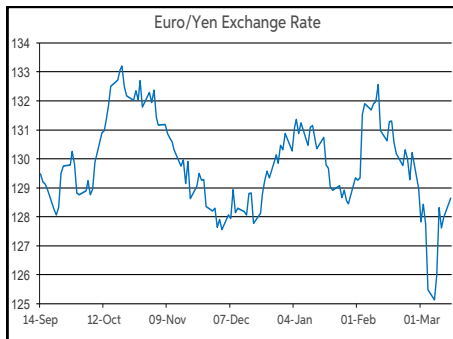
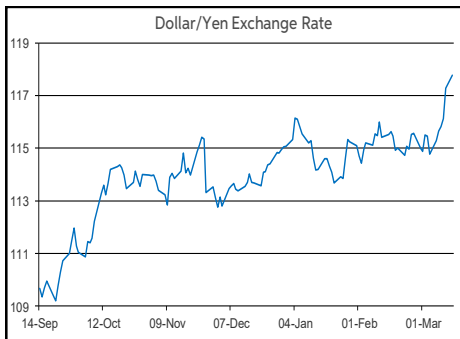
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Monday 14 March 2022
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8378	GBP/EUR	1.1932	USD/JPY	117.78
EUR/USD	1.0919	GBP/USD	1.3032	USD/CAD	1.2777
EUR/JPY	128.62	GBP/CAD	1.6651	USD/CHF	0.9354
EUR/SEK	10.5842	GBP/NZD	1.9221	USD/CNY	6.3565
EUR/DKK	7.4396	GBP/JPY	153.49	USD/BRL	5.0745
EUR/NOK	9.8305	GBP/SEK	12.6292	USD/RUB	114.847
EUR/CHF	1.0217	GBP/DKK	8.8771	USD/INR	76.618
EUR/AUD	1.5076	GBP/NOK	11.7343	AUD/USD	0.7243
EUR/HKD	8.5494	GBP/CHF	1.2193	NZD/USD	0.6779
EUR/CAD	1.3952	GBP/AUD	1.7991		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.00	+0	+8	+49
Germany	0.27	+0	-2	+45
UK	1.49	-3	-5	+52
5 Year Swap %				
US	2.00	+3	+13	+66
Eurozone	0.67	+2	+0	+66
UK	2.08	+2	+9	+80
2 Year Swap %				
US	1.93	+6	+27	+99
Eurozone	0.27	+2	+10	+57
UK	2.16	+1	+9	+97
10 Year Government Bond Spreads to Benchmark bps				
Ireland	63	-5	+7	+21
Belgium	53	-1	+4	+17
France	46	-2	-2	+9
Italy	160	-4	-7	+23
Spain	98	-3	+4	+20
Portugal	86	-1	-2	+20
Greece	232	+6	-1	+83

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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