

Markets digesting higher interest rate/inflation outlook

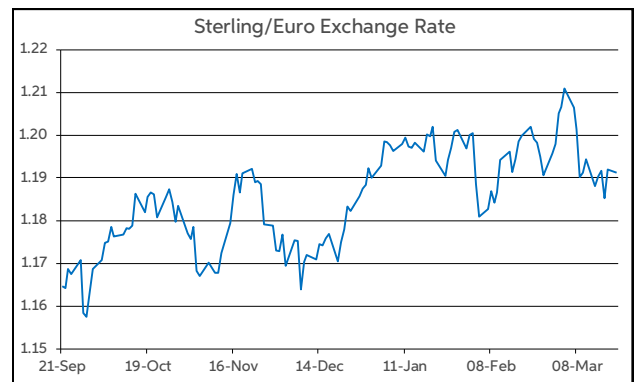
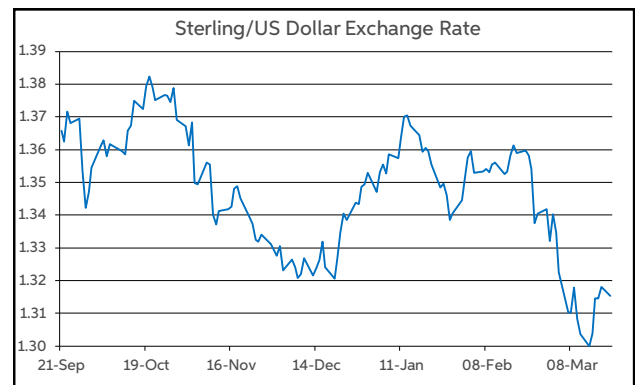
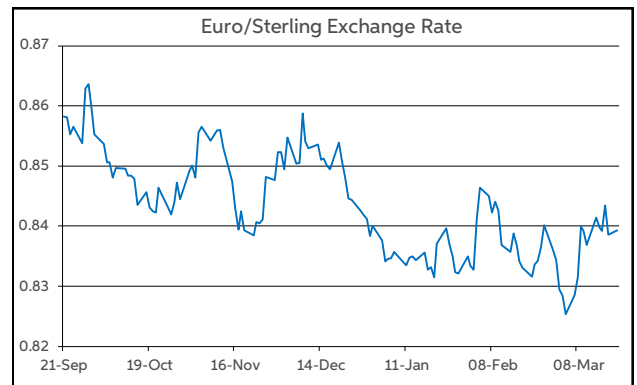
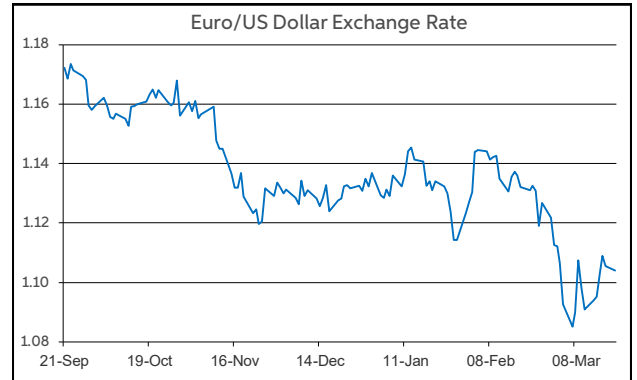
There was plenty for markets to digest last week. Firstly, they remained reactive to developments in relation to the war in Ukraine. Secondly, two of the main central banks—the Fed and BoE, increased their respective interest rates by 25bps, which was in line with market expectations.

Overall, investor sentiment was holding a strongly positive tone over the course of the week, although volatile trading conditions remained a feature. The Euro Stoxx finished the week up nearly 6%. Meantime, on Wall Street, the S&P 500 closed on Friday over 6% higher from where it had started on Monday. Bond markets continued to see upward pressure on yields amid the higher inflation/interest rate outlook.

Currency-wise, sterling experienced some volatility following the BoE meeting on Thursday. This was reflected in EUR/GBP moving up from 83.7 to a high of 84.5p, before settling back down to just below 84p again. Meanwhile, EUR/USD had two attempts in \$1.11 territory. However, it was unable to hold this mark, and opens this morning near to the midpoint of \$1.10-1.11, which still represents a 1% weekly gain. Similarly, GBP/USD is also circa 1% higher, with the pair starting this week close to the halfway point of the \$1.31-1.32 band.

This week, we get the first batch of key survey data for March that will be assessed for any impact on business sentiment from the war in Ukraine. The composite flash PMI's (released on Thursday) from the US, Eurozone and UK are expected to edge back versus their February levels, but to continue to indicate a solid rate of expansion. Overall, markets are likely to continue to keep a close watch and remain sensitive to Ukraine related newsflow.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.104	-0.38	-2.89
EUR/GBP	0.839	-0.33	-0.12
GBP/USD	1.3156	-0.05	-2.76
GBP/EUR	1.1916	0.33	0.12
USD/JPY	119.23	0.40	3.61
EUR/JPY	131.65	0.03	0.60

* 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	0.45	0.93	1.68	2.25	2.28
EUR	0.00	-0.56	-0.49	-0.18	0.30	0.77
GBP	0.50	0.73	0.97	1.74	2.08	1.99

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

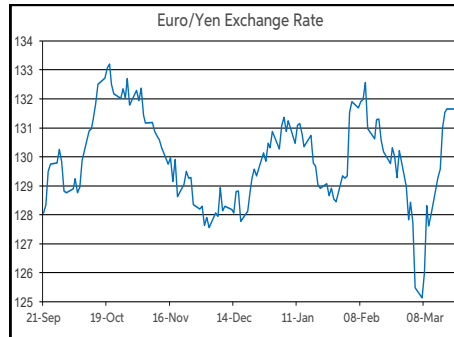
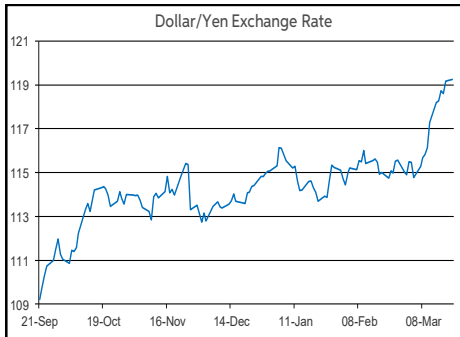
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

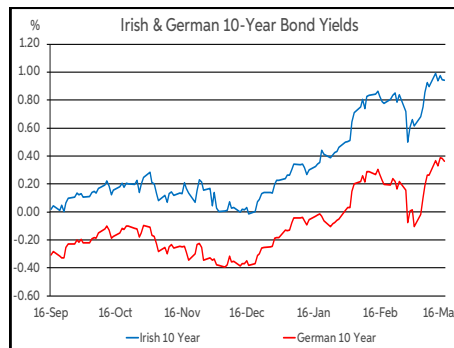
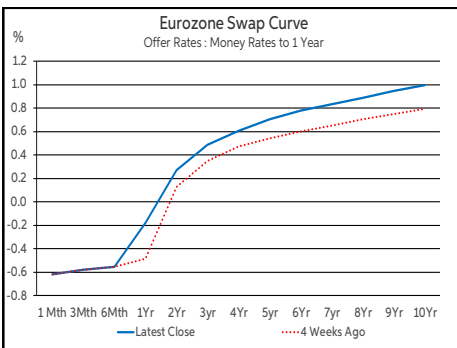
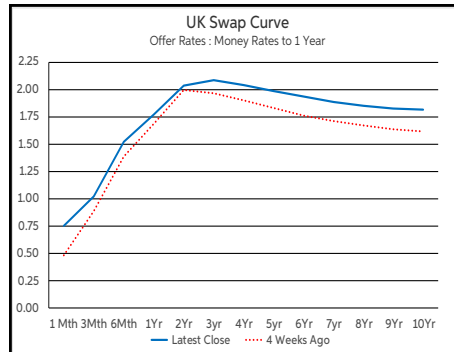
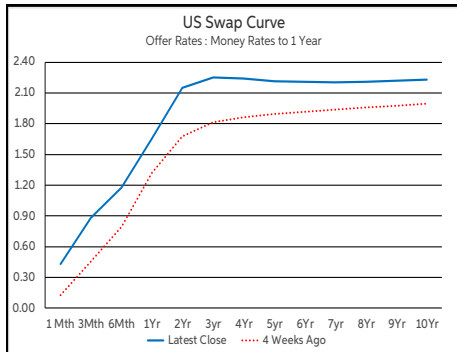
Monday 21 March 2022
07:10 am



Euro		Sterling		Dollar	
EUR/GBP	0.839	GBP/EUR	1.1916	USD/JPY	119.23
EUR/USD	1.104	GBP/USD	1.3156	USD/CAD	1.2607
EUR/JPY	131.65	GBP/CAD	1.6589	USD/CHF	0.9344
EUR/SEK	10.4312	GBP/NZD	1.9059	USD/CNY	6.3617
EUR/DKK	7.4413	GBP/JPY	156.86	USD/BRL	5.0236
EUR/NOK	9.6575	GBP/SEK	12.4251	USD/RUB	105.607
EUR/CHF	1.0316	GBP/DKK	8.8644	USD/INR	76.1225
EUR/AUD	1.4917	GBP/NOK	11.505	AUD/USD	0.7399
EUR/HKD	8.6382	GBP/CHF	1.2291	NZD/USD	0.6899
EUR/CAD	1.3921	GBP/AUD	1.7774		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.15	-1	+23	+64
Germany	0.37	-2	+16	+55
UK	1.50	-7	+12	+53
Ireland				
Ireland	0.97	-2	+17	+72
Belgium	0.88	-2	+17	+70
France	0.84	-0	+15	+64
Italy	1.89	-2	+4	+71
Spain	1.32	-1	+11	+73
Portugal	1.19	-4	+9	+70
Greece	2.64	-0	+7	+133
5 Year Swap %				
US	2.22	+1	+36	+88
Eurozone	0.70	-2	+17	+69
UK	1.99	-6	+17	+71
2 Year Swap %				
US	2.15	+1	+51	+121
Eurozone	0.27	+1	+15	+57
UK	2.04	-5	+5	+85
10 Year Government Bond Spreads to Benchmark bps				
Ireland	60	+0	+1	+17
Belgium	51	+0	+1	+15
France	47	+2	-1	+10
Italy	152	+1	-12	+16
Spain	95	+1	-5	+18
Portugal	82	-2	-7	+15
Greece	228	+2	-9	+78



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	107.93	+1.21	+15.38	+38.76
West Texas Oil	104.69	+1.67	+14.72	+38.98
Gold \$	1921.1	-1.11	+1.22	+5.07

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