

## Dollar firms overnight

There was a mixed mood on markets yesterday, against the backdrop of the war in Ukraine and the higher interest rate/inflation outlook. The Euro Stoxx 50 declined by 0.5%. The S&P 500 finished flat for the day. Meantime, benchmark sovereign bond yields continued to march higher. The 10-year US Treasury yield rose to 2.3%, with the 10-year German Bund yield rising by 9ps to 0.46%. Elsewhere, oil prices rose to \$115 per barrel.

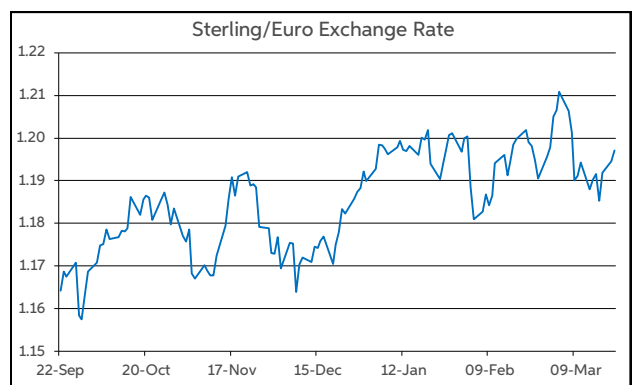
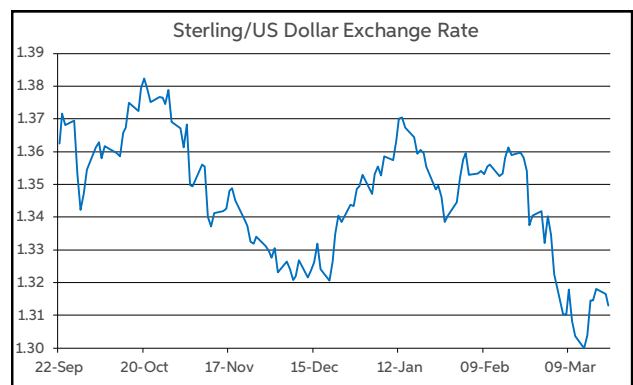
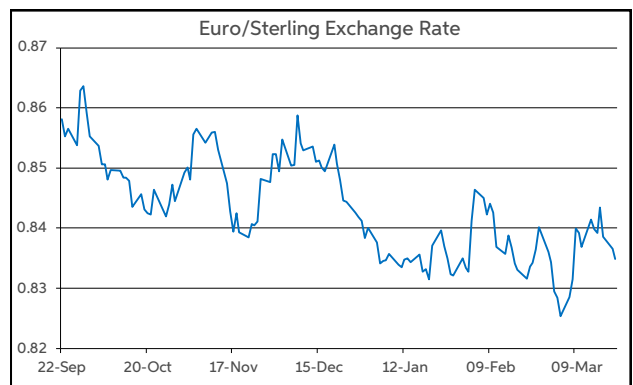
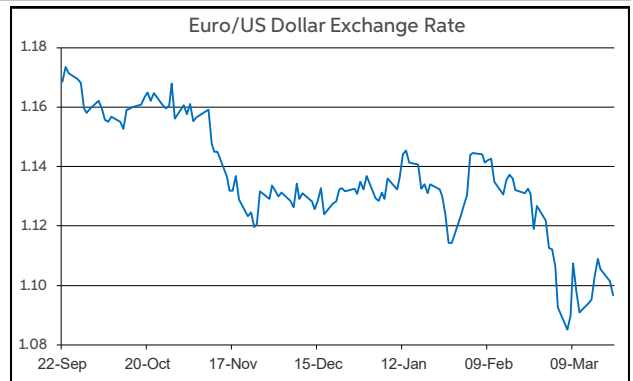
On the currency front, the main pairs operated in fairly narrow ranges throughout yesterday's European session. Of the limited moves to register, sterling was slightly firmer. Overnight though, some hawkish comments from Fed Chair Powell propelled the dollar higher. The Fed Chair stated that the Fed will hike "by more than 25bps" at a meeting if it deems it appropriate.

Futures pricing suggests the market believes there is a 70-80% chance of a 50bps hike at the next FOMC meeting in May. The US Treasury yield curve has continued to flatten aggressively also, with the 2-year yield above 2% for the first time since 2019.

In level terms, the firmer tone to the dollar is reflected by EUR/USD opening this morning back down in \$1.09 territory, having started the week above \$1.10. GBP/USD is changing hands in the bottom half of \$1.31-1.32. Meanwhile, EUR/GBP is operating at the midpoint of the 83-84p range.

Ahead today, in terms of economic releases, there is a sparse data schedule. However, a number of key central bankers from the ECB, Fed and BoE are due to speak, most notably ECB President Lagarde, which may impact markets. Markets will remain sensitive to Ukraine related newsflow as well.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0967	-0.66	-3.53
EUR/GBP	0.8352	-0.49	-0.57
GBP/USD	1.3129	-0.19	-2.96
GBP/EUR	1.1967	0.49	0.57
USD/JPY	120.41	0.96	4.63
EUR/JPY	132.09	0.30	0.93

\* 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	1.84	2.42	2.44
EUR	0.00	-0.56	-0.49	-0.17	0.36	0.83
GBP	0.50	0.73	0.97	1.82	2.20	2.13

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

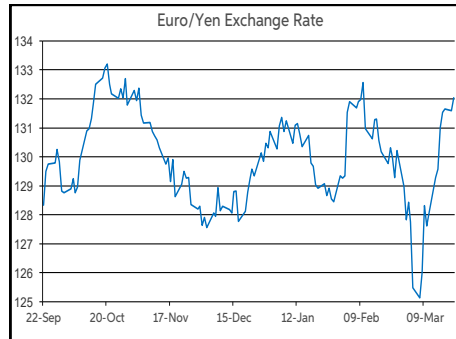
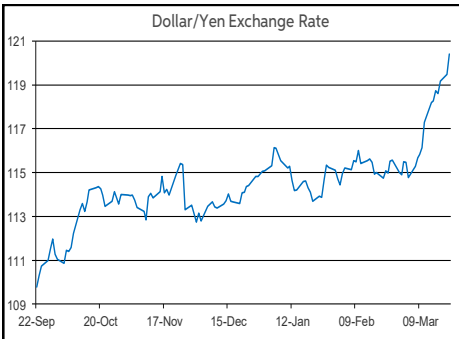
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

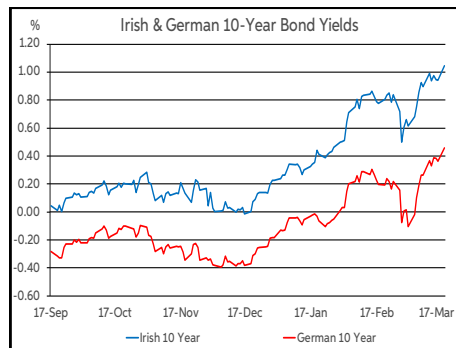
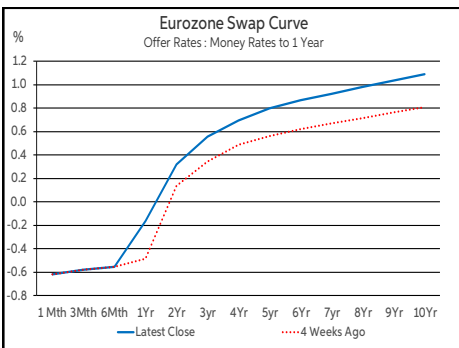
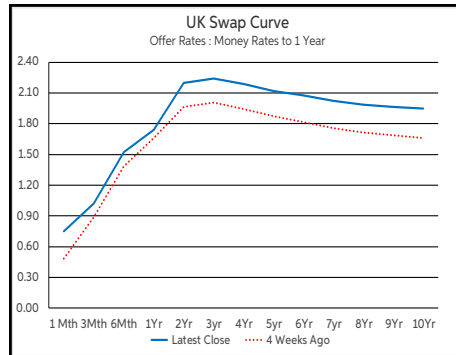
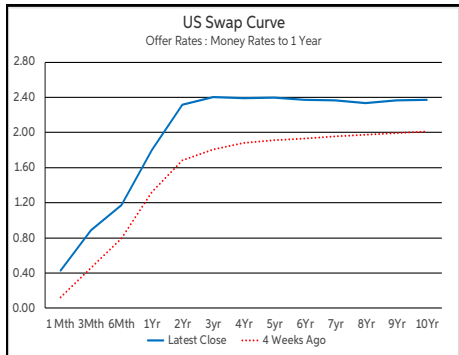
Tuesday 22 March 2022  
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.835	GBP/EUR	1.197	USD/JPY	120.41
EUR/USD	1.0967	GBP/USD	1.3132	USD/CAD	1.2595
EUR/JPY	132.08	GBP/CAD	1.6542	USD/CHF	0.9364
EUR/SEK	10.449	GBP/NZD	1.91	USD/CNY	6.3599
EUR/DKK	7.4395	GBP/JPY	158.12	USD/BRL	4.9361
EUR/NOK	9.6484	GBP/SEK	12.5087	USD/RUB	103.9995
EUR/CHF	1.0274	GBP/DKK	8.9059	USD/INR	76.2825
EUR/AUD	1.4847	GBP/NOK	11.5458		
EUR/HKD	8.5862	GBP/CHF	1.2301	AUD/USD	0.7387
EUR/CAD	1.3815	GBP/AUD	1.7776	NZD/USD	0.6873



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	2.30	+14	+37	+79
Germany	0.46	+9	+26	+64
UK	1.64	+14	+23	+67
<b>5 Year Swap %</b>				
Ireland	1.09	+12	+26	+84
Belgium	0.95	+8	+22	+78
France	0.92	+8	+20	+72
Italy	1.99	+10	+8	+81
Spain	1.41	+9	+16	+81
Portugal	1.26	+8	+14	+78
Greece	2.69	+5	+15	+138
<b>2 Year Swap %</b>				
US	2.40	+19	+52	+106
Eurozone	0.80	+7	+24	+79
UK	2.12	+13	+25	+84
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	63	+3	-0	+20
Belgium	50	-2	-4	+14
France	46	-1	-6	+8
Italy	154	+1	-18	+17
Spain	95	-1	-10	+17
Portugal	81	-1	-12	+14
Greece	223	-4	-11	+74



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	115.62	+7.12	+21.21	+48.65
West Texas Oil	112.14	+7.12	+22.88	+48.86
Gold \$	1936.0	+0.77	+1.59	+5.88

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.