

Sterling slides, while the dollar remains strong

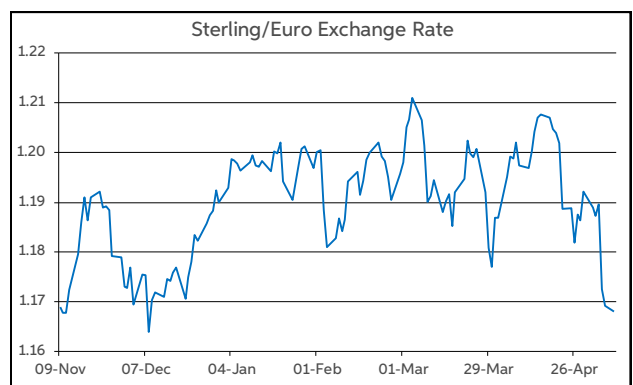
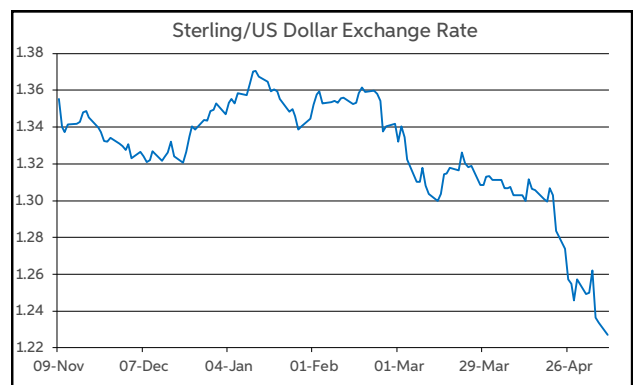
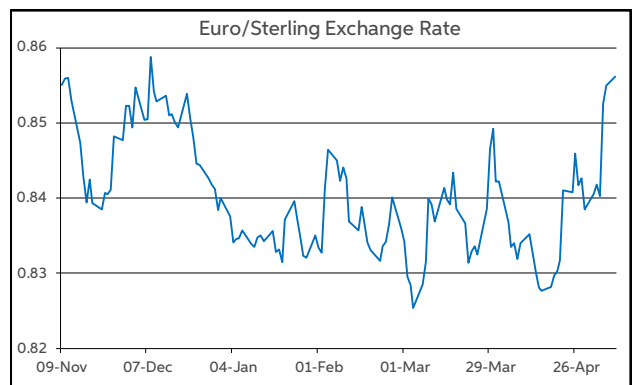
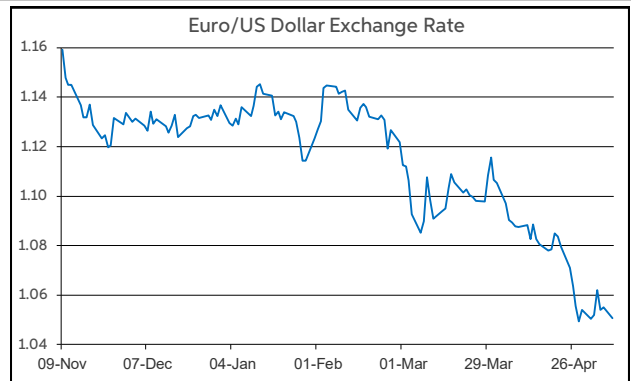
Last week's monetary events sparked some volatility on markets. First up, we had the US Fed on Wednesday hiking rates by 50bps as expected. However, the dollar weakened (incl. EUR/USD rising briefly above \$1.06) and Wall Street rallied. This appeared to be markets reacting to Fed Chair Powell ruling out a 75bps rate hike at upcoming meetings. The following day though, markets reversed their initial post-Fed moves once they had more time to digest the updates from the central bank, which were hawkish in content.

Next up, we had the BoE, which saw the MPC hike rates in line with the market consensus by 25bps to 1%. However, the minutes showed a divided BoE, with some members no longer prepared to guide that further rate increases might be warranted. Sterling fell by around 1% on this news, while the market knocked circa 15bps off its rate hike expectations.

Bringing all of this together from a currency viewpoint, sterling was notably weaker by the end of the week. At the same time, the dollar generally held the upper hand against most of the other majors. In level terms, the softer sterling tone is reflected in EUR/GBP starting this week in the upper half of 85-86p and GBP/USD below \$1.23. Meanwhile, dollar strength is evident in USD/JPY up in ¥131 territory. Elsewhere, the euro has managed to steady itself somewhat against the dollar last week, trading mostly within \$1.05 -1.06, although it opens today at the lower end of this range.

Ahead this week, the macro diary is much less eventful and therefore may be less of a source of direction for markets. One of the main highlights will be the first reading of UK GDP for Q1. Elsewhere, the other main release will be US CPI inflation for April.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0505	-0.25	-7.59
EUR/GBP	0.8561	0.54	1.92
GBP/USD	1.2269	-0.80	-9.31
GBP/EUR	1.1675	-0.54	-1.88
USD/JPY	131.03	0.36	13.86
EUR/JPY	137.68	0.12	5.20

* 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	0.875	0.84	1.40	2.49	3.03	3.13
EUR	0.00	-0.55	-0.43	0.29	1.07	1.62
GBP	1.00	0.97	1.23	2.05	2.43	2.40

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

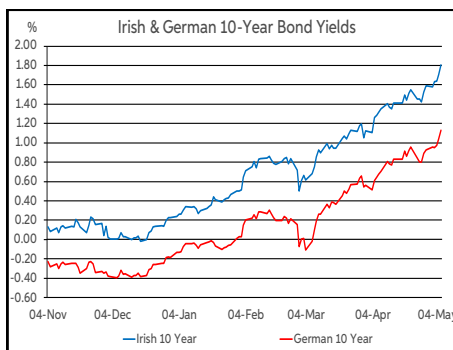
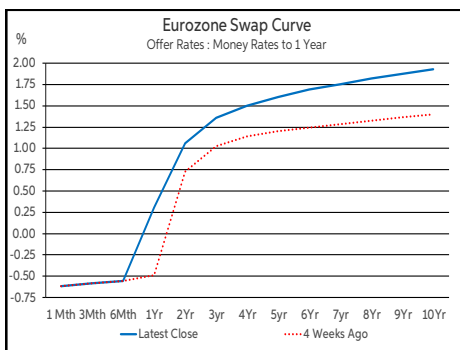
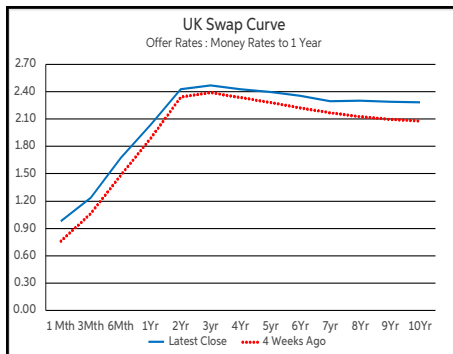
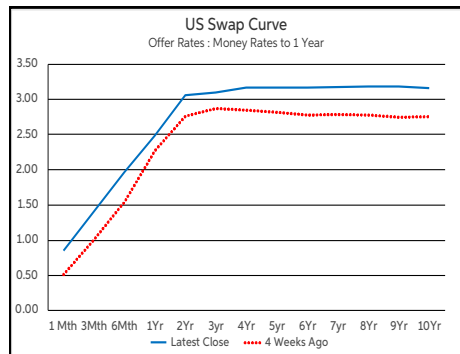
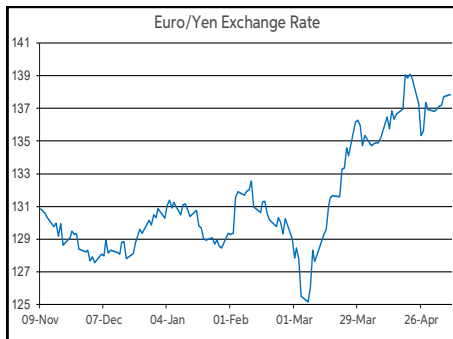
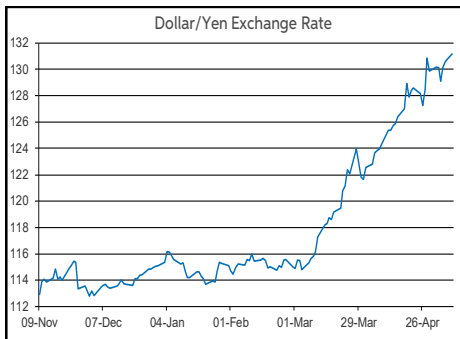
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Monday 09 May 2022
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8561	GBP/EUR	1.1675	USD/JPY	131.03
EUR/USD	1.0505	GBP/USD	1.2269	USD/CAD	1.294
EUR/JPY	137.68	GBP/CAD	1.5879	USD/CHF	0.994
EUR/SEK	10.5087	GBP/NZD	1.9323	USD/CNY	6.7185
EUR/DKK	7.4381	GBP/JPY	160.76	USD/BRL	5.0776
EUR/NOK	10.044	GBP/SEK	12.2682	USD/RUB	65.75
EUR/CHF	1.0441	GBP/DKK	8.685	USD/INR	77.383
EUR/AUD	1.5001	GBP/NOK	11.7266	AUD/USD	0.7002
EUR/HKD	8.2471	GBP/CHF	1.2195	NZD/USD	0.6347
EUR/CAD	1.3598	GBP/AUD	1.7517		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.14	+11	+44	+163
Germany	1.14	+9	+43	+132
UK	2.00	+3	+24	+102
5 Year Swap %				
US	3.17	+10	+39	+183
Eurozone	1.60	+9	+41	+159
UK	2.40	+2	+12	+112
2 Year Swap %				
US	3.06	+8	+32	+211
Eurozone	1.06	+7	+34	+136
UK	2.42	-0	+9	+123
10 Year Government Bond Spreads to Benchmark bps				
Ireland	70	+0	+3	+27
Belgium	59	+1	+5	+23
France	53	+1	-2	+16
Italy	201	+4	+34	+65
Spain	111	+2	+12	+34
Portugal	115	+1	+22	+49
Greece	241	+6	+23	+91

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	112.39	+1.34	+9.35	+44.50
West Texas Oil	109.72	+1.43	+11.56	+45.65
Gold \$	1883.0	+0.33	-3.23	+2.98

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