

## Slightly softer dollar tone

The risk averse tone from last week carried over to the start of this week on financial markets. The Euro Stoxx 50 declined by over 2.5% yesterday. On Wall Street, the S&P 500 was down by 3.2%. The prospect of lower growth this year, the war in Ukraine, lockdowns in China and less supportive fiscal policy, at a time when interest rates are already rising and are expected to go higher to rein in inflation, continued to weigh on sentiment.

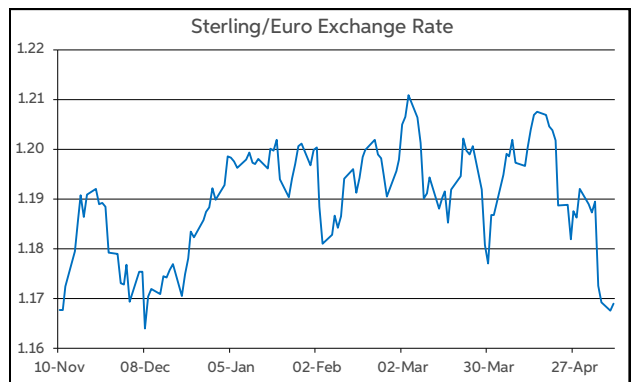
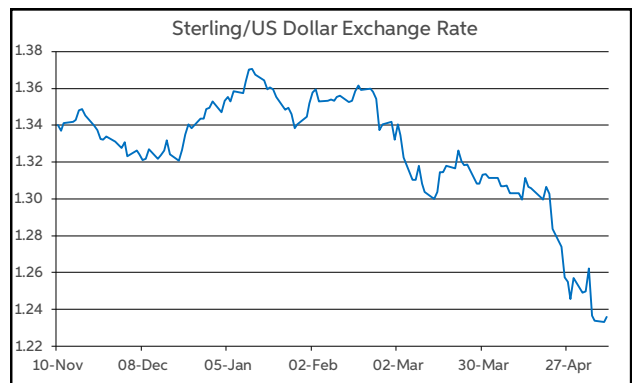
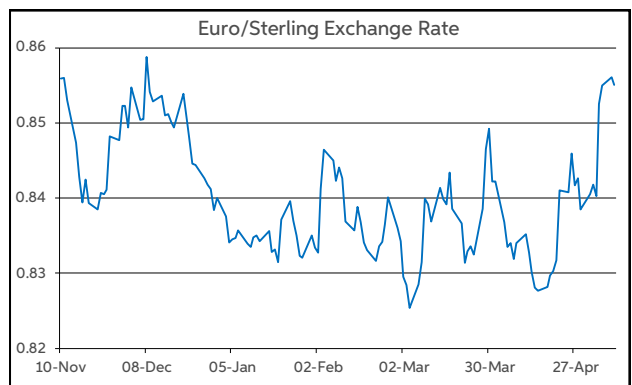
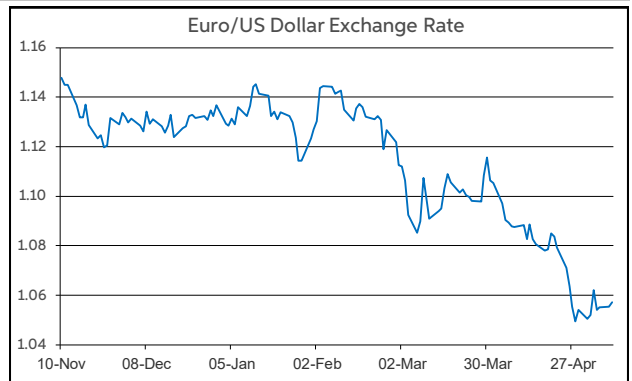
On bond markets, benchmark sovereign bond yields moved lower in the US, Eurozone and the UK. Yields fell the most at the front end of the curve. The policy sensitive 2-year yields declined by 10-12bps, suggesting that the market has become somewhat uncertain about the extent that central banks can tighten policy appropriately without triggering a slowdown in activity.

However, on the currency front, the dollar was holding a slightly softer tone. The greenback fell by circa 0.6% against both the euro and sterling.

In level terms, the weaker tone to the dollar sees EUR/USD open this morning up above the midpoint of the \$1.05-1.06 range. Meantime, GBP/USD has regained the \$1.23 handle, having started the week in \$1.22 territory. EUR/GBP remains near the halfway mark of the 85-86p corridor.

Turning to the day ahead, there is a relatively quiet data schedule on both sides of the Atlantic. Survey data, in the form of the German ZEW (May) in the Eurozone and US NFIB small business optimism (April) are the main highlights. However, prepared remarks from a number of Fed officials may garner more attention on markets.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0571	0.58	-7.01
EUR/GBP	0.8553	-0.04	1.82
GBP/USD	1.2356	0.59	-8.67
GBP/EUR	1.1686	0.04	-1.79
USD/JPY	130.38	-0.47	13.30
EUR/JPY	137.83	0.09	5.32

\* 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	2.41	2.90	3.03
EUR	0.00	-0.55	-0.43	0.29	1.03	1.60
GBP	1.00	0.97	1.23	2.02	2.40	2.38

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

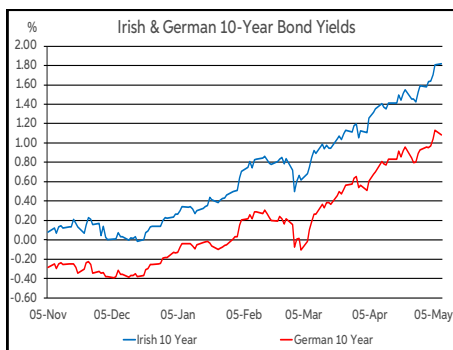
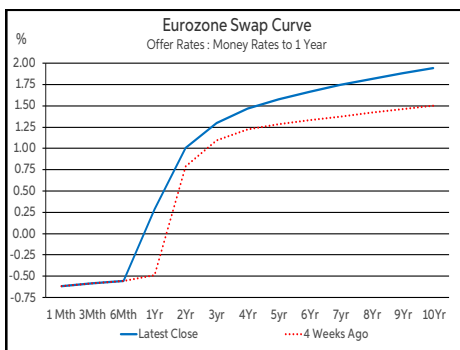
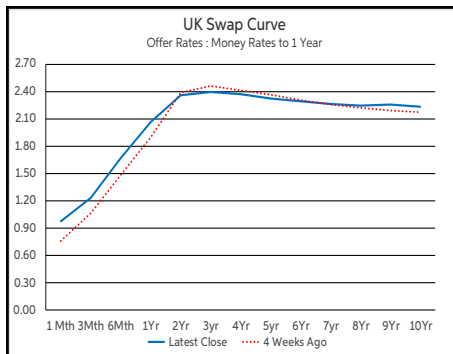
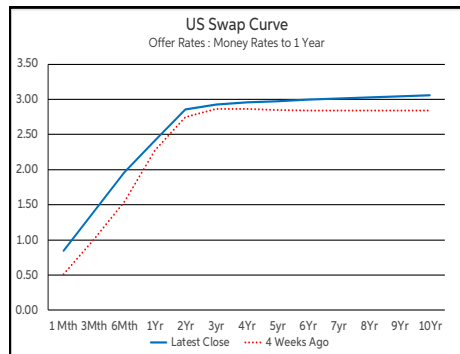
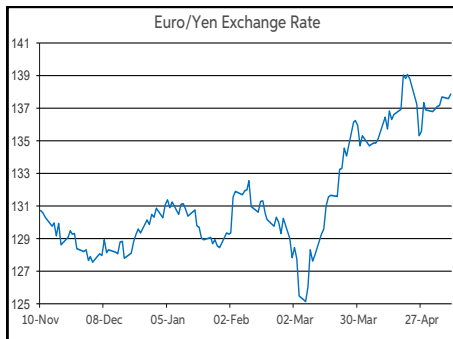
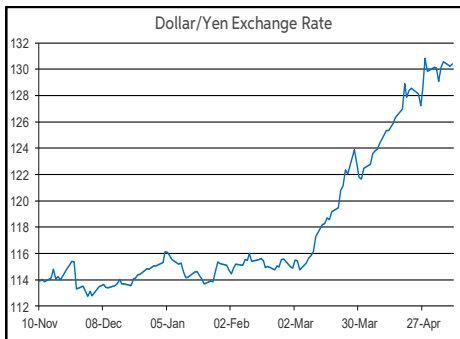
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Tuesday 10 May 2022  
07:09 am



Euro		Sterling		Dollar	
EUR/GBP	0.8552	GBP/EUR	1.1684	USD/JPY	130.39
EUR/USD	1.0569	GBP/USD	1.2353	USD/CAD	1.3002
EUR/JPY	137.83	GBP/CAD	1.6066	USD/CHF	0.9915
EUR/SEK	10.641	GBP/NZD	1.9504	USD/CNY	6.6987
EUR/DKK	7.4384	GBP/JPY	161.07	USD/BRL	5.1618
EUR/NOK	10.2014	GBP/SEK	12.4369	USD/RUB	69.008
EUR/CHF	1.0482	GBP/DKK	8.6922	USD/INR	77.295
EUR/AUD	1.5165	GBP/NOK	11.9317	AUD/USD	0.6969
EUR/HKD	8.2952	GBP/CHF	1.2253	NZD/USD	0.6332
EUR/CAD	1.3744	GBP/AUD	1.7725		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.03	-11	+26	+152
Germany	1.09	-5	+28	+127
UK	1.96	-4	+11	+99
Ireland	1.83	-1	+40	+158
Belgium	1.68	-4	+36	+151
France	1.63	-4	+31	+143
Italy	3.14	-1	+68	+196
Spain	2.21	-4	+45	+161
Portugal	2.26	-3	+55	+177
Greece	3.65	+10	+78	+233
<b>5 Year Swap %</b>				
US	2.97	-15	+16	+164
Eurozone	1.58	-4	+30	+157
UK	2.33	-7	-4	+105
<b>2 Year Swap %</b>				
US	2.85	-17	+15	+191
Eurozone	1.00	-6	+22	+130
UK	2.36	-6	-3	+117
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	74	+4	+13	+31
Belgium	60	+1	+9	+24
France	54	+1	+3	+17
Italy	205	+4	+40	+69
Spain	112	+0	+17	+35
Portugal	117	+2	+27	+50
Greece	256	+15	+50	+107

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	105.94	-5.74	+7.58	+36.20
West Texas Oil	103.08	-6.05	+9.40	+36.84
Gold \$	1853.9	-1.54	-5.09	+1.40

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