

Spotlight on US inflation today

There was some modest improvement in investor sentiment yesterday. This was without any obvious catalyst, although it came after a period of risk aversion on markets last week that had carried over into Monday's trading. The moderate firming in risk appetite was evident in the main equity indices managing to post some slight gains on the day.

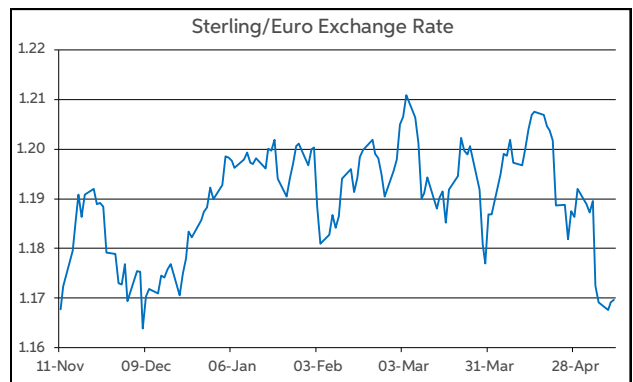
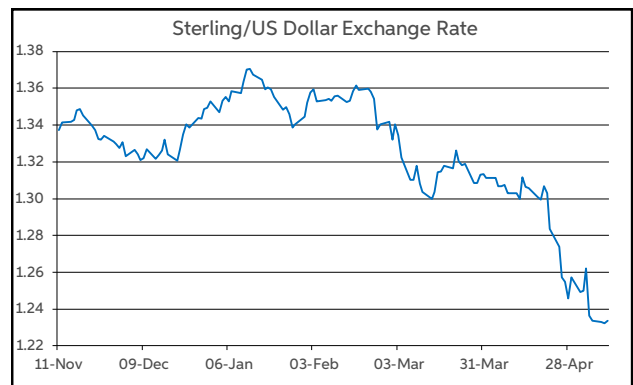
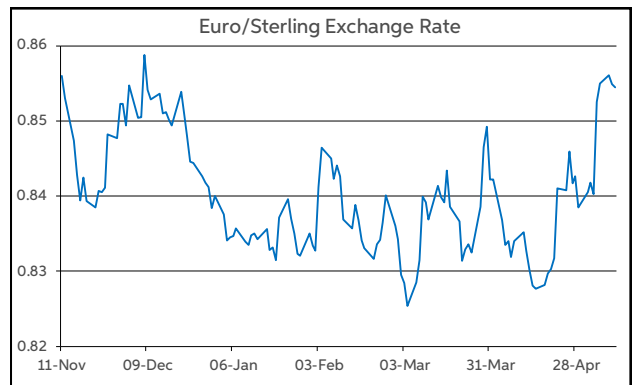
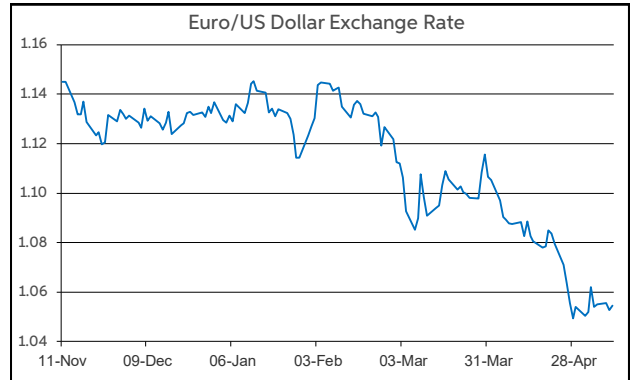
The action on bond markets saw yields generally lower. Some commentators attributed this to a re-assessment of risk with the view that markets may have sold off 'too far too fast'. The ten-year US Treasury yield fell by 4bps and in the process dropped back below the 3% threshold. However, US front end rates held steady amid on-going hawkish Fed rhetoric resulting in a flattening of the Treasury yield curve.

On the currency front, the action has been largely uneventful over the past 24 hours. The euro has shown no major reaction to some ECB policy makers noting that a rate hike is likely to occur sooner rather than later in Q3. Of the limited action to register, the dollar regained some ground after holding a modestly softer tone the previous day.

In level terms, this is reflected in EUR/USD edging back down into the lower half of the \$1.05-1.06 band and GBP/USD trading back below the midpoint of \$1.23-1.24. Elsewhere, on currency markets, EUR/GBP has remained in a narrow corridor near to the halfway mark of 85-86p.

Ahead today, the main release of note is US CPI data for April. This will be looked to for signs that US inflation may have peaked. The consensus is for the headline rate to slow from 8.5% to 8.1%.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0543	-0.29	-7.26
EUR/GBP	0.8546	-0.06	1.74
GBP/USD	1.2336	-0.23	-8.82
GBP/EUR	1.1698	0.06	-1.71
USD/JPY	130.29	-0.12	13.22
EUR/JPY	137.38	-0.43	4.97

* 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	2.43	2.89	2.95
EUR	0.00	-0.53	-0.40	0.26	0.95	1.53
GBP	1.00	0.97	1.24	2.02	2.33	2.31

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

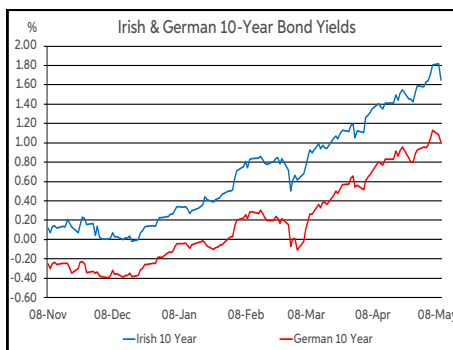
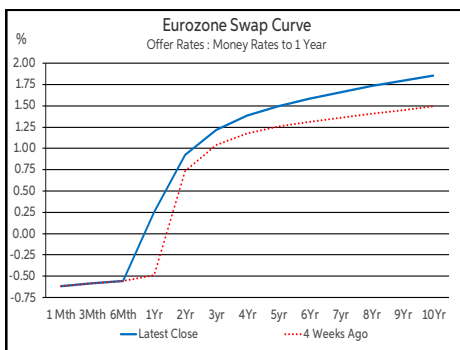
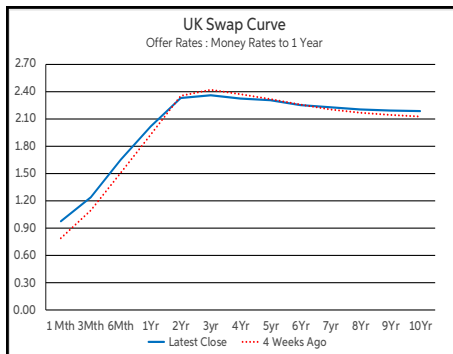
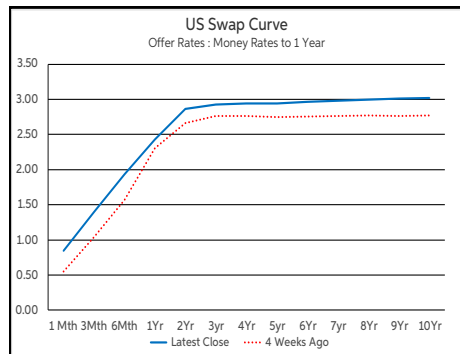
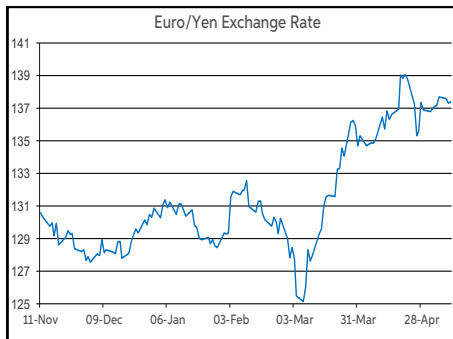
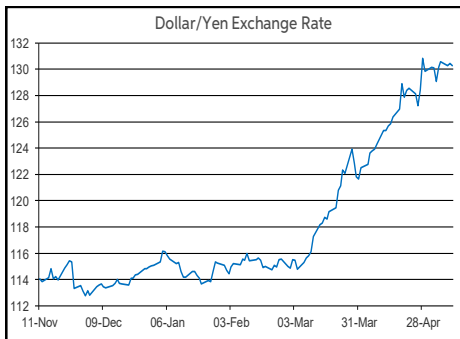
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Wednesday 11 May 2022
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8546	GBP/EUR	1.1698	USD/JPY	130.29
EUR/USD	1.0543	GBP/USD	1.2336	USD/CAD	1.3
EUR/JPY	137.38	GBP/CAD	1.6036	USD/CHF	0.9942
EUR/SEK	10.5767	GBP/NZD	1.9532	USD/CNY	6.7244
EUR/DKK	7.4382	GBP/JPY	160.73	USD/BRL	5.1323
EUR/NOK	10.2113	GBP/SEK	12.3737	USD/RUB	68.02
EUR/CHF	1.0484	GBP/DKK	8.7008	USD/INR	77.258
EUR/AUD	1.5126	GBP/NOK	11.9443	AUD/USD	0.697
EUR/HKD	8.2757	GBP/CHF	1.2266	NZD/USD	0.6314
EUR/CAD	1.3706	GBP/AUD	1.7698		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.99	-4	+26	+148
Germany	1.00	-9	+21	+118
UK	1.85	-11	+4	+88
Ireland	1.72	-11	+33	+147
Belgium	1.60	-9	+29	+142
France	1.55	-8	+25	+136
Italy	3.01	-13	+60	+183
Spain	2.11	-10	+39	+152
Portugal	2.17	-9	+50	+168
Greece	3.51	-14	+65	+219
5 Year Swap %				
US	2.95	-3	+24	+161
Eurozone	1.50	-8	+25	+149
UK	2.31	-2	-1	+103
2 Year Swap %				
US	2.87	+1	+24	+192
Eurozone	0.93	-8	+20	+123
UK	2.33	-3	-2	+114
10 Year Government Bond Spreads to Benchmark bps				
Ireland	72	-2	+11	+29
Belgium	59	-0	+8	+24
France	55	+1	+4	+17
Italy	201	-4	+39	+65
Spain	111	-1	+17	+33
Portugal	117	-0	+29	+50
Greece	250	-5	+44	+101

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	102.46	-3.28	-2.08	+31.73
West Texas Oil	99.74	-3.24	-0.78	+32.40
Gold \$	1838.1	-0.85	-6.53	+0.53

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