

Firmer dollar and sterling under pressure

There was a mixed tone to investor sentiment on equity markets yesterday. The Euro Stoxx 50 surged by 2.6%. In contrast, the S&P 500 fell by 1.6%, as US CPI inflation did not fall by as much as anticipated in April. Headline CPI declined to 8.3% from 8.5% (vs. 8.1% f'cast). The core rate fell to 6.2% from 6.5% (vs. 6.0% f'cast).

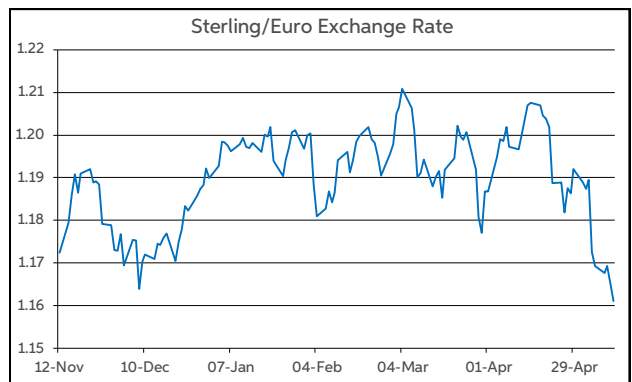
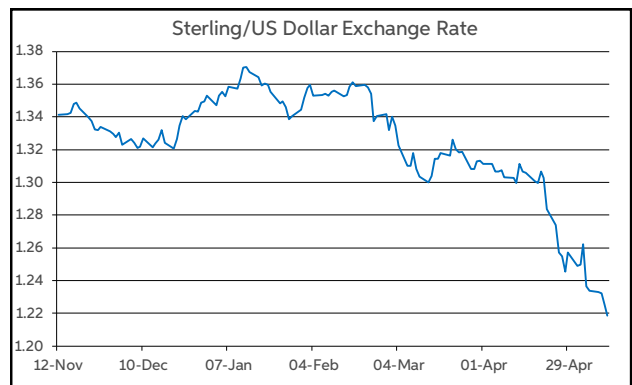
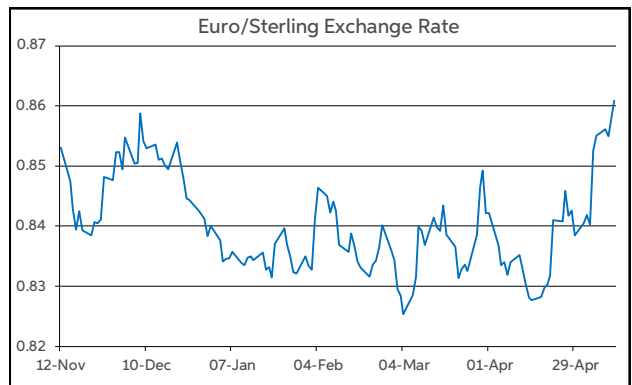
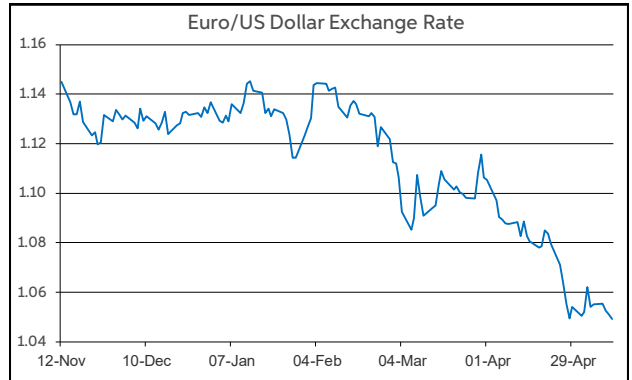
Elsewhere, ECB President Lagarde stated that net asset purchases "should be concluded early in the third quarter", echoing recent remarks from other Governing Council members. President Lagarde also reiterated that the ECB will hike rates "some time" after net asset purchases have ended, meaning a rate hike could be announced at the July meeting. The euro had a limited reaction to the remarks, as a first rate hike was already priced in for July.

On the currency front, the dollar experienced some volatility. It briefly rallied following the US CPI release, but handed back most of its gains before the close in Europe. Overnight though, the dollar regained the ascendancy as risk appetite waned. Meanwhile, sterling was under pressure on the exchanges. The currency has declined by circa 0.7% against the euro and by over 1% versus the dollar over the last 24 hours.

Already this morning, UK GDP has printed below the consensus. Output rose by 0.8% in Q1 (+1.0% f'cast). Worryingly, the monthly estimates of GDP suggest that almost all of the growth came in January, but since then, the economy has stagnated.

As European trading gets underway, the firmer dollar tone sees EUR/USD open near to the \$1.05 mark. Meantime, EUR/GBP opens just above the 86p threshold. GBP/USD is changing hands at \$1.22. There is a quiet data schedule ahead today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0496	-0.41	-7.67
EUR/GBP	0.8604	0.71	2.43
GBP/USD	1.2198	-1.12	-9.84
GBP/EUR	1.1615	-0.71	-2.37
USD/JPY	129.38	-0.73	12.43
EUR/JPY	135.82	-1.14	3.78

* 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	2.46	2.87	2.89
EUR	0.00	-0.55	-0.42	0.21	0.86	1.38
GBP	1.00	0.97	1.24	2.02	2.31	2.28

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

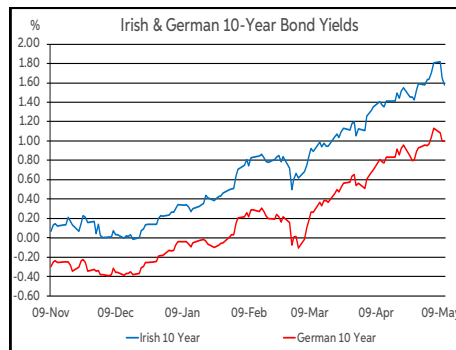
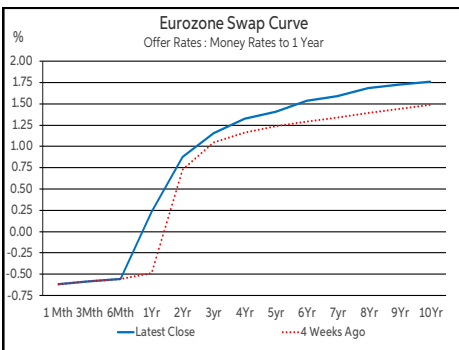
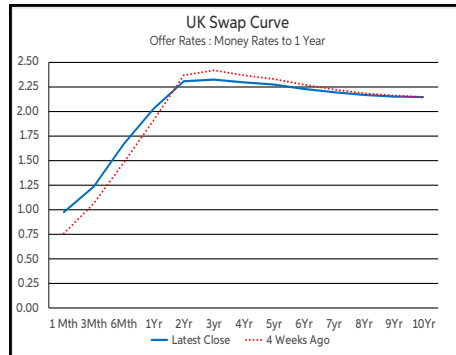
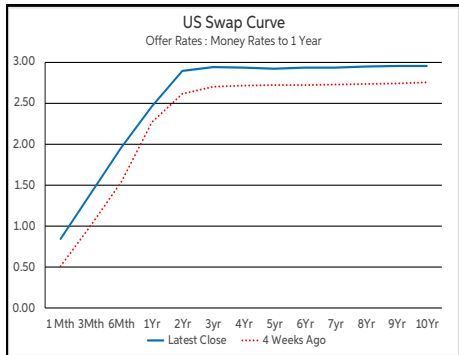
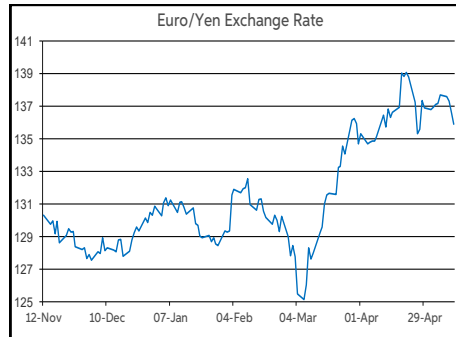
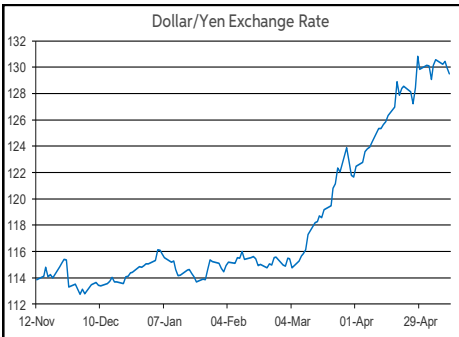
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 12 May 2022
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8604	GBP/EUR	1.1615	USD/JPY	129.38
EUR/USD	1.0496	GBP/USD	1.2198	USD/CAD	1.3024
EUR/JPY	135.82	GBP/CAD	1.5886	USD/CHF	0.9954
EUR/SEK	10.6231	GBP/NZD	1.9508	USD/CNY	6.7669
EUR/DKK	7.4402	GBP/JPY	157.79	USD/BRL	5.1375
EUR/NOK	10.2876	GBP/SEK	12.3431	USD/RUB	65.999
EUR/CHF	1.0449	GBP/DKK	8.6427	USD/INR	77.573
EUR/AUD	1.5231	GBP/NOK	11.9493	AUD/USD	0.6891
EUR/HKD	8.2403	GBP/CHF	1.2142	NZD/USD	0.6251
EUR/CAD	1.3672	GBP/AUD	1.7696		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.92	-6	+22	+141
Germany	1.00	+0	+23	+118
UK	1.83	-2	+3	+86
Ireland	1.62	-10	+25	+137
Belgium	1.56	-3	+27	+139
France	1.50	-5	+22	+130
Italy	2.89	-12	+51	+171
Spain	2.03	-8	+31	+143
Portugal	2.11	-6	+32	+163
Greece	3.52	+1	+66	+220
5 Year Swap %				
US	2.92	-2	+24	+159
Eurozone	1.41	-9	+18	+140
UK	2.27	-3	-5	+100
2 Year Swap %				
US	2.89	+4	+31	+195
Eurozone	0.88	-5	+16	+118
UK	2.30	-2	-6	+111
10 Year Government Bond Spreads to Benchmark bps				
Ireland	62	-10	+2	+19
Belgium	56	-3	+4	+20
France	49	-5	-1	+12
Italy	189	-12	+28	+52
Spain	102	-8	+8	+25
Portugal	111	-6	+10	+44
Greece	251	+1	+43	+102

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	107.51	+4.93	-1.17	+38.22
West Texas Oil	105.5	+5.78	+1.19	+40.05
Gold \$	1852.1	+0.76	-6.35	+1.30

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