

Risk appetite sours

Investor sentiment was back in a risk averse mood yesterday, after a brief reprieve on Tuesday. The Euro Stoxx 50 declined by 1.4%. Across the Atlantic, the S&P 500 fell by 4%, reversing all of its gains from the day before, and touching a new year to date low in the process. Concerns that the Fed may push the economy into recession by hiking rates aggressively to try and tame inflation weighed on sentiment. Disappointing earnings reports from a few large US retailers were also a headwind to risk appetite.

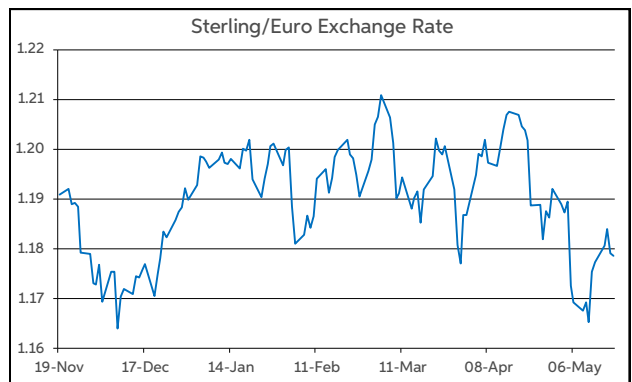
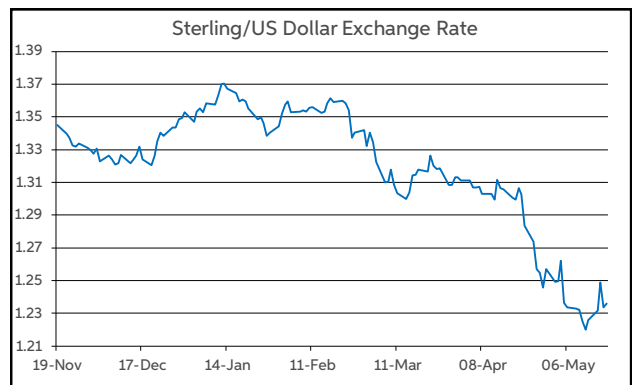
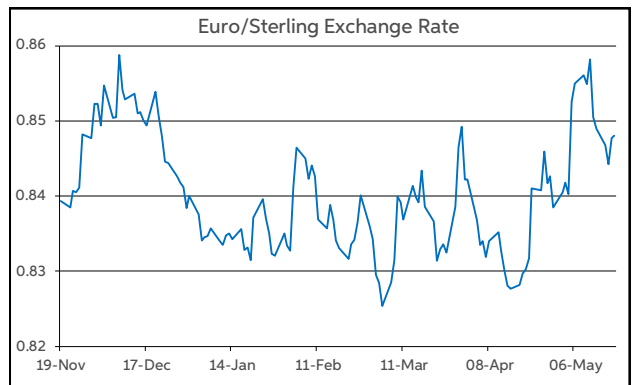
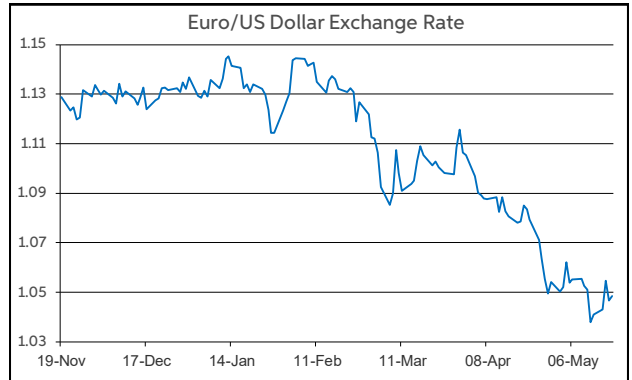
Amid the more risk averse mood on markets, benchmark sovereign bond yields declined in the US, Eurozone and UK. 10-year yields fell by 2-11bps, respectively. However, the policy sensitive 2-year German Bund yield rose by over 10bps following hawkish remarks from some ECB Governing Council members over the past few days. The market is now pricing in 100bps of rate hikes from the ECB before year end.

On currency markets, the action was less eventful. Safe havens held the upper hand amid the weaker tone to risk appetite. The dollar and the yen both registered some slight gains against the euro. Elsewhere, sterling came under downward pressure.

As trading gets underway this morning, the firmer tone to the dollar sees EUR/USD open back below the \$1.05 threshold. Meanwhile, GBP/USD is operating back near the midpoint of the \$1.23-1.24 range. EUR/GBP is changing hands up in the top half of the 84-85p corridor.

Turning to today, there is a sparse data schedule ahead. However, the release of the latest ECB monetary policy account will garner close attention on markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0486	-0.39	-7.76
EUR/GBP	0.8482	0.47	0.98
GBP/USD	1.236	-0.87	-8.64
GBP/EUR	1.1785	-0.47	-0.97
USD/JPY	128.64	-0.36	11.78
EUR/JPY	134.9	-0.76	3.08

* 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	0.93	1.45	2.56	2.96	2.95
EUR	0.00	-0.54	-0.38	0.38	0.99	1.42
GBP	1.00	0.98	1.32	2.16	2.45	2.36

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

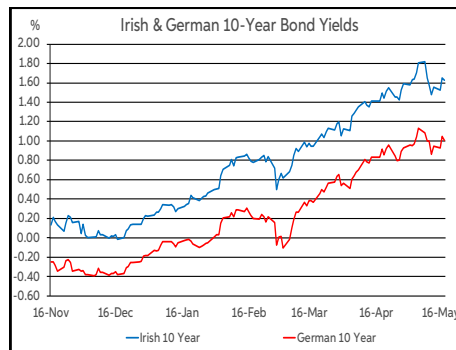
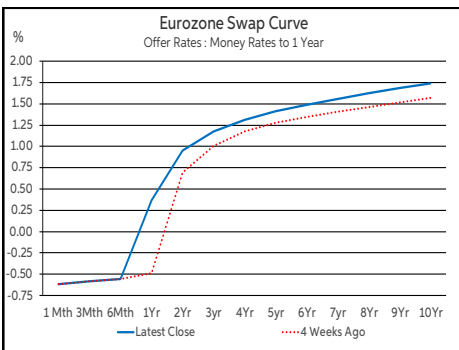
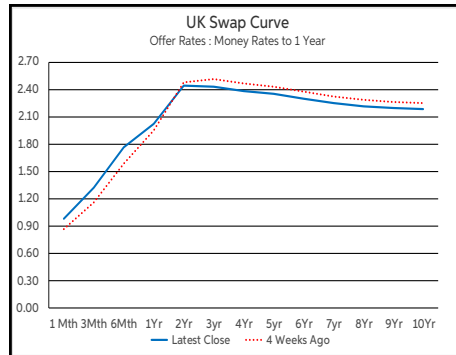
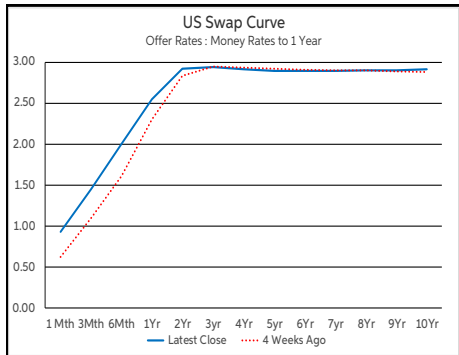
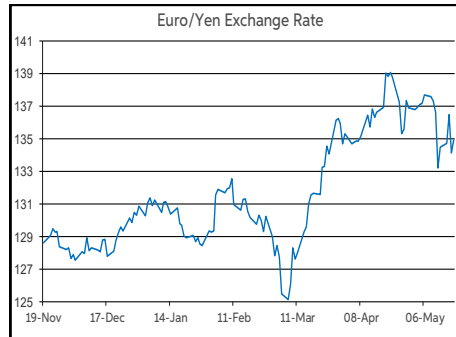
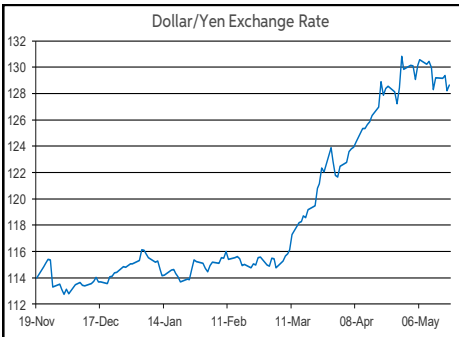
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Opening Levels

Thursday 19 May 2022
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8482	GBP/EUR	1.1785	USD/JPY	128.64
EUR/USD	1.0486	GBP/USD	1.236	USD/CAD	1.2842
EUR/JPY	134.9	GBP/CAD	1.5873	USD/CHF	0.9862
EUR/SEK	10.5088	GBP/NZD	1.9522	USD/CNY	6.7609
EUR/DKK	7.4412	GBP/JPY	159	USD/BRL	4.9685
EUR/NOK	10.334	GBP/SEK	12.383	USD/RUB	63.2
EUR/CHF	1.034	GBP/DKK	8.7691	USD/INR	77.685
EUR/AUD	1.5013	GBP/NOK	12.1751	AUD/USD	0.6984
EUR/HKD	8.2304	GBP/CHF	1.2188	NZD/USD	0.6328
EUR/CAD	1.3467	GBP/AUD	1.7694		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.88	-11	+5	+137
Germany	1.01	-4	+15	+119
UK	1.87	-2	-5	+90
5 Year Swap %				
US	2.89	-8	+1	+156
Eurozone	1.41	+0	+15	+140
UK	2.36	-4	-7	+108
2 Year Swap %				
US	2.92	-3	+13	+198
Eurozone	0.95	+2	+27	+125
UK	2.45	-4	-3	+125
10 Year Government Bond Spreads to Benchmark bps				
Ireland	63	+0	+3	+20
Belgium	59	+3	+7	+23
France	52	+3	+4	+14
Italy	194	+3	+30	+58
Spain	109	+3	+15	+32
Portugal	114	+1	+14	+48
Greece	259	+7	+57	+110

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	109.11	-2.52	+2.16	+40.28
West Texas Oil	109.67	-2.35	+6.93	+45.59
Gold \$	1815.6	+0.05	-7.24	-0.70

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