

Firmer tone to the dollar

Investor sentiment improved for a second day running yesterday. Reports of progress on the US debt ceiling impasse and better than expected US macro data was supportive of risk appetite. This was reflected in gains on the main equity indices on both sides of the Atlantic. In Europe, the Euro Stoxx 50 rose by 1.0%. At the closing bell on Wall Street last night, the S&P 500 was up by 0.9%.

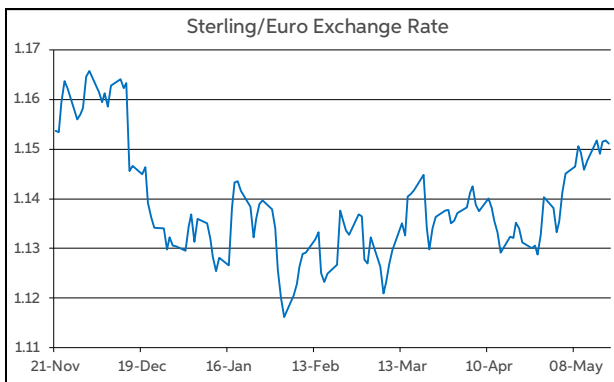
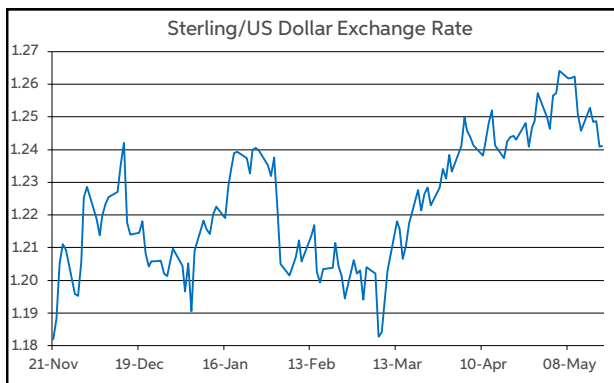
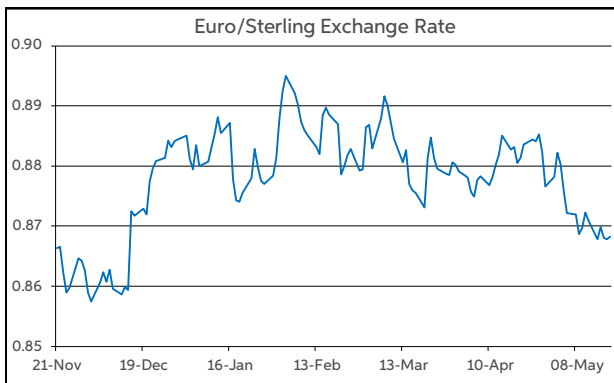
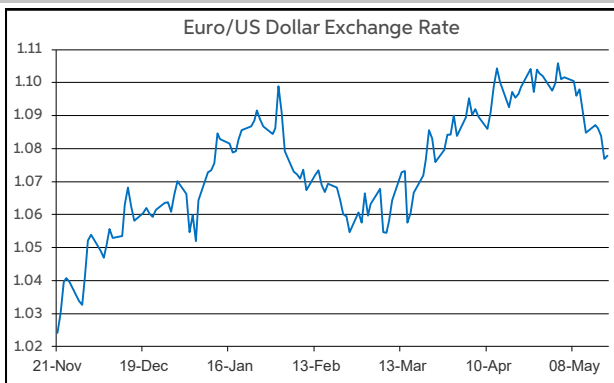
Meanwhile, on bond markets, the action was characterised by rising yields across geographies and along their respective curves. This was against the backdrop of the continued improvement in risk appetite, which has also coincided with some firming in market rate expectations. Policy sensitive 2-year yields were up between 8 -12bps in the Eurozone, UK and US.

On the currency front, the dollar was holding a firmer tone. The positive newsflow in relation to US debt ceiling negotiations and macro data provided the currency with some upward momentum. The dollar gained around 0.5% on the exchanges.

In level terms, this was reflected in EUR/USD falling below its 100-day moving average at \$1.08, trading to a low of \$1.076. Sterling also lost ground to the dollar, with GBP/USD moving down to nearer the \$1.24 mark. Meantime, EUR/GBP spent yesterday in a narrow range in the upper half of the 86-87p band.

Looking ahead to today, the week comes to a quiet close from the perspective of top tier data. There are no significant macro releases from either the European or US schedules. However, on the monetary front, a speech from Fed Chair Powell will warrant attention, as will developments in relation to the US debt ceiling talks.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.078	-0.47	0.73
EUR/GBP	0.8685	0.01	-1.80
GBP/USD	1.2413	-0.49	2.61
GBP/EUR	1.1509	-0.01	1.83
USD/JPY	138.16	0.41	5.38
EUR/JPY	148.98	-0.05	6.19

* 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	5.13	5.15	5.38	5.10	4.42	3.74
EUR	3.75	3.15	3.39	3.83	3.57	3.18
GBP	4.50	4.41	4.58	4.84	4.82	4.37

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

Friday 19 May 2023
07:14 am



Euro

EUR/GBP	0.8685
EUR/USD	1.078
EUR/JPY	148.98
EUR/SEK	11.3779
EUR/DKK	7.4473
EUR/NOK	11.7524
EUR/CHF	0.9738
EUR/AUD	1.6233
EUR/HKD	8.419
EUR/CAD	1.454

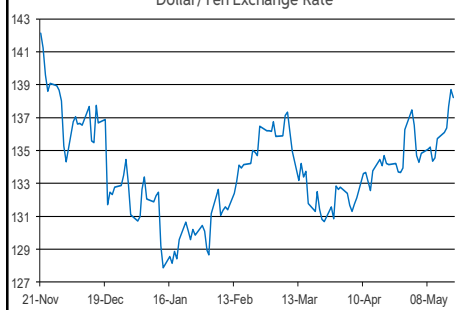
Sterling

GBP/EUR	1.1509
GBP/USD	1.2413
GBP/CAD	1.674
GBP/NZD	1.9865
GBP/JPY	171.47
GBP/SEK	13.1015
GBP/DKK	8.5717
GBP/NOK	13.525
GBP/CHF	1.1213
GBP/AUD	1.8687

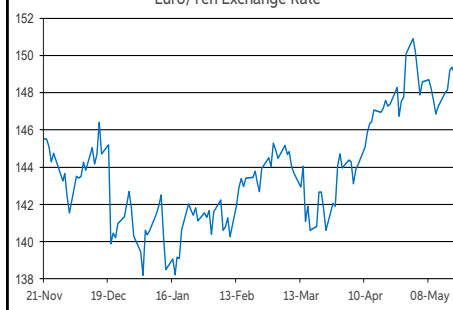
Dollar

USD/JPY	138.16
USD/CAD	1.3486
USD/CHF	0.9032
USD/CNY	7.0353
USD/BRL	4.9657
USD/RUB	80.1275
USD/INR	82.705
AUD/USD	0.6639
NZD/USD	0.6247

Dollar/Yen Exchange Rate

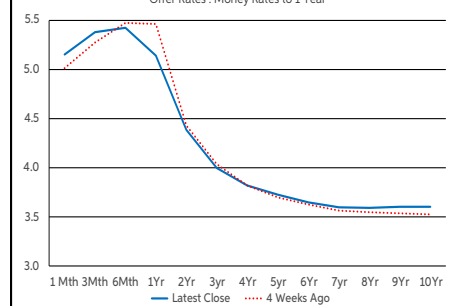


Euro/Yen Exchange Rate



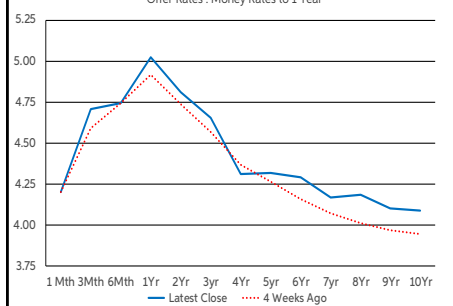
US Swap Curve

Offer Rates : Money Rates to 1 Year



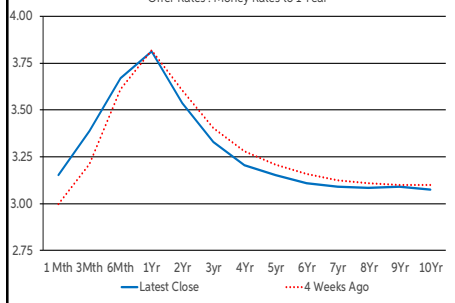
UK Swap Curve

Offer Rates : Money Rates to 1 Year

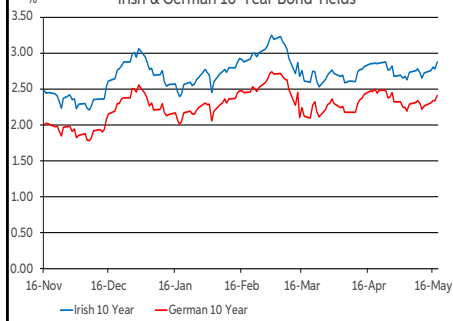


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.65	+8	+12	-23
Germany	2.41	+7	-3	-15
UK	3.96	+12	+20	+29
Ireland	2.90	+8	+2	-25
Belgium	3.16	+11	+3	-4
France	3.04	+12	+8	-8
Italy	4.31	+12	-0	-40
Spain	3.52	+12	+3	-14
Portugal	3.26	+10	-5	-34
Greece	4.04	+7	-28	-55
5 Year Swap %				
US	3.72	+12	+6	-27
Eurozone	3.15	+10	-5	-8
UK	4.32	+8	+6	+2
2 Year Swap %				
US	4.39	+11	-1	-29
Eurozone	3.54	+5	-6	+15
UK	4.81	+8	+8	+13
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+1	+6	-10
Belgium	74	+4	+6	+11
France	62	+4	+11	+7
Italy	190	+5	+3	-25
Spain	110	+4	+7	+1
Portugal	84	+3	-2	-19
Greece	163	-1	-25	-40

Commodities

	Close	% Change		
		Day	4 Weeks	End 22
Brent Oil	75.86	-1.43	-6.46	-11.70
West Texas Oil	71.82	-1.32	-7.05	-10.40
Gold \$	1958.1	-1.19	-2.31	+7.33

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