

## Euro boosted by Lagarde's comments

Investor sentiment started the week in a more positive mood. After posting further falls last week, the main equity indices registered healthy gains yesterday. In Europe, the Euro Stoxx 50 rose by 1.4% on the day. Meanwhile, at the close on Wall Street last night, the S&P 500 index was 1.9% higher.

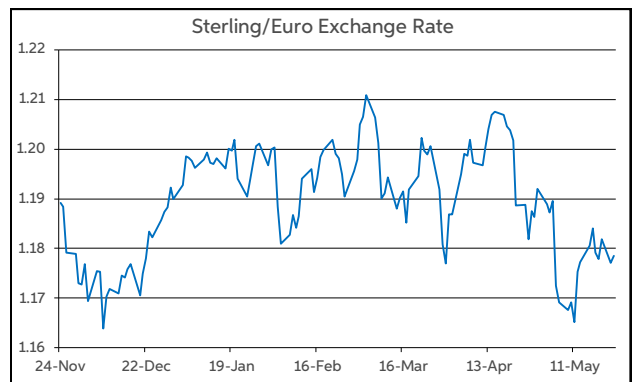
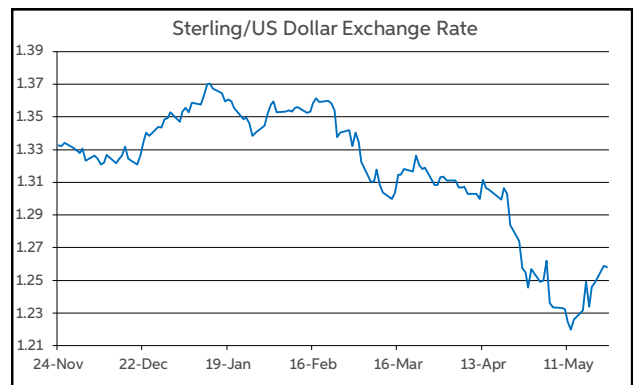
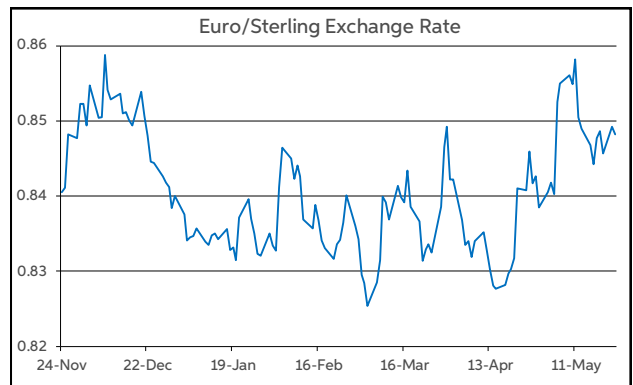
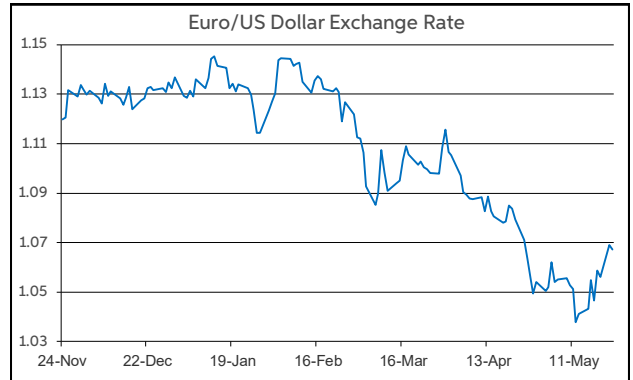
Data-wise, the macro schedule was quiet. Indeed, the only release of note was the German Ifo survey for May. While the headline number surprised to the upside of expectations, the overall details of the report were still consistent with a challenging outlook for the Eurozone's largest economy.

On the currency front, the euro strengthened yesterday. This came amid hawkish comments from ECB President Lagarde. She released a blog stating that she envisages the central bank will start to hike rates in July. The blog also noted that the Governing Council is "likely to be in a position to exit negative interest rates by the end of the third quarter". This updated policy guidance is in line with what futures contracts are currently pricing in for the timing of Eurozone rates turning positive.

In level terms, the firmer euro tone is reflected in EUR/USD opening this morning in the upper half of \$1.06-1.07. Meanwhile, EUR/GBP has moved up nearer to the 85p mark. Elsewhere, GBP/USD has been in a tight range in and around the midpoint of the \$1.25-1.26 band over the past 24 hours.

Looking ahead to today, the highlight of the macro diary will be the releases of the flash readings of the May PMIs from the US, Eurozone and UK. All three respective composite indices are expected to fall but remain well above the key 50 breakeven level.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.067	0.76	-6.14
EUR/GBP	0.848	0.47	0.95
GBP/USD	1.2577	0.25	-7.04
GBP/EUR	1.1783	-0.47	-0.94
USD/JPY	127.62	0.15	10.90
EUR/JPY	136.19	0.91	4.07

\* 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	1.01	1.52	2.55	2.90	2.87
EUR	0.00	-0.54	-0.35	0.40	0.97	1.42
GBP	1.00	1.05	1.38	2.19	2.52	2.44

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

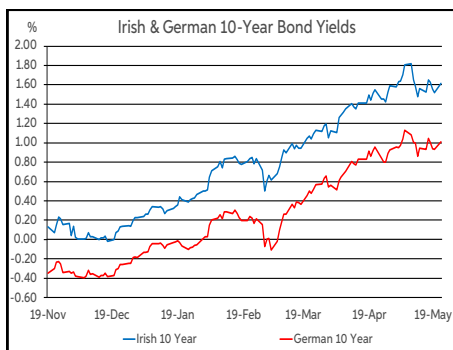
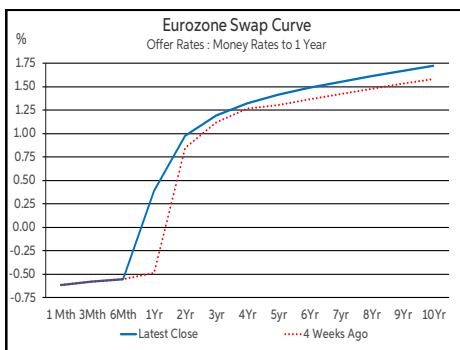
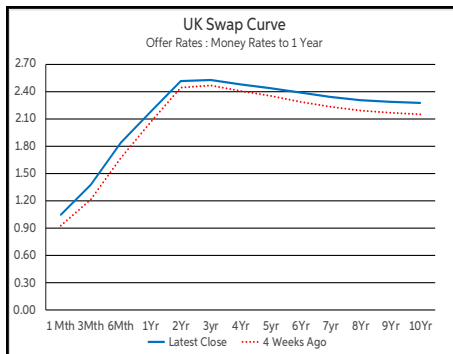
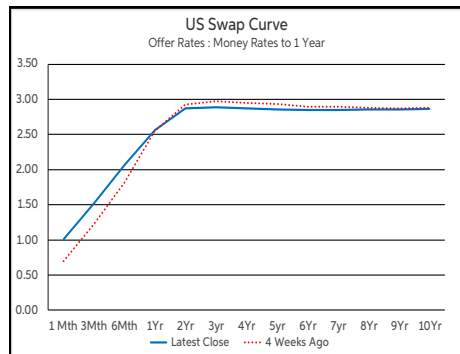
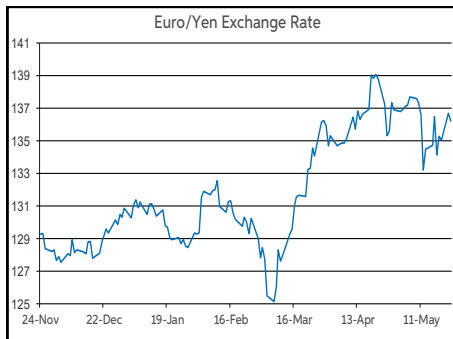
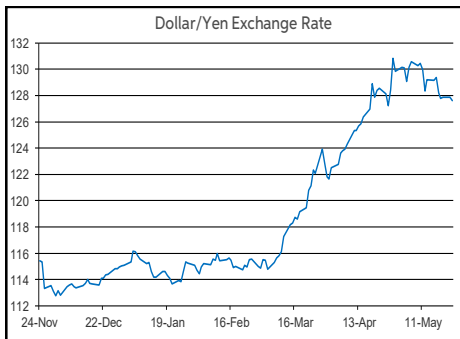
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Tuesday 24 May 2022  
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.848	GBP/EUR	1.1783	USD/JPY	127.62
EUR/USD	1.067	GBP/USD	1.2577	USD/CAD	1.2801
EUR/JPY	136.19	GBP/CAD	1.6102	USD/CHF	0.966
EUR/SEK	10.4981	GBP/NZD	1.9526	USD/CNY	6.6704
EUR/DKK	7.4403	GBP/JPY	160.51	USD/BRL	4.8149
EUR/NOK	10.2715	GBP/SEK	12.3738	USD/RUB	57.5
EUR/CHF	1.0307	GBP/DKK	8.7677	USD/INR	77.62
EUR/AUD	1.5064	GBP/NOK	12.1061	AUD/USD	0.7082
EUR/HKD	8.3753	GBP/CHF	1.215	NZD/USD	0.644
EUR/CAD	1.3659	GBP/AUD	1.7758		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	2.86	+7	+4	+135
Germany	1.02	+8	+17	+120
UK	1.97	+8	+13	+100
<b>5 Year Swap %</b>				
US	2.86	+6	-4	+152
Eurozone	1.42	+6	+12	+141
UK	2.44	+6	+9	+116
<b>2 Year Swap %</b>				
US	2.88	+6	-1	+193
Eurozone	0.98	+6	+14	+128
UK	2.52	+5	+8	+132
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	63	+2	+1	+20
Belgium	60	+0	+9	+25
France	52	-1	+6	+14
Italy	201	-3	+28	+65
Spain	111	-3	+14	+34
Portugal	117	-2	+12	+51
Greece	271	-7	+61	+122

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	113.42	+0.77	+10.85	+45.82
West Texas Oil	110.32	-2.05	+10.76	+46.45
Gold \$	1853.2	+0.41	-2.34	+1.36

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