

Trade risks back in focus

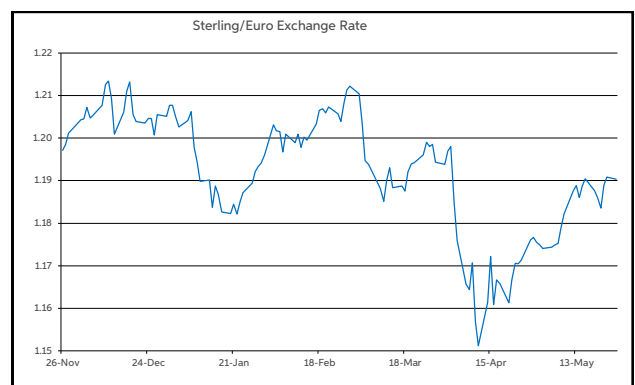
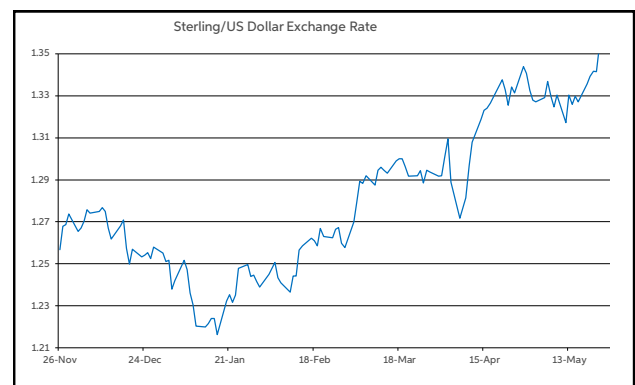
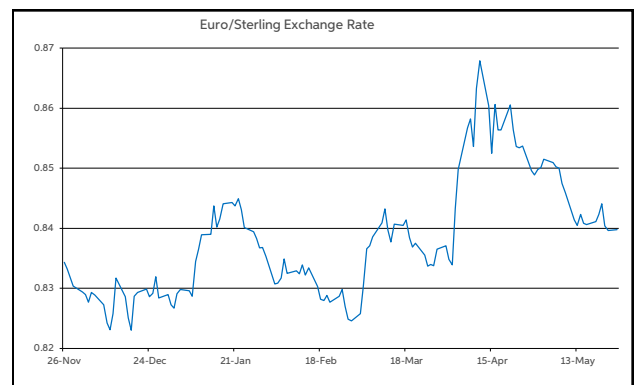
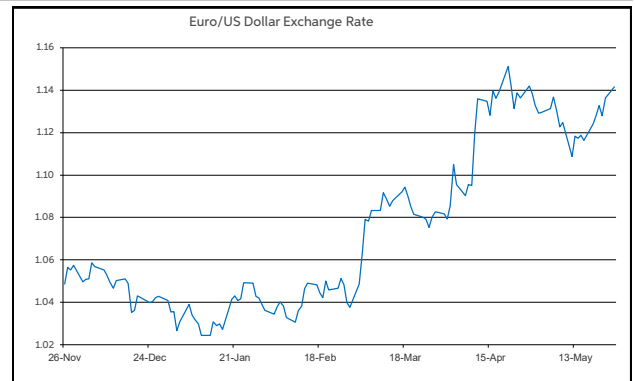
The market action last week saw a risk averse mood dominate. For much of the week, this stemmed from nervousness on the sustainability of US debt and the potential for debt levels to rise substantially over the coming years if the current tax/spending bill going through Congress gets enacted. Then on Friday, a threat from US President Trump, of a 50% tariff on EU imports (initially from June 1st but extended to July 9th) saw equity investors on the back foot heading into the weekend. The Euro Stoxx fell by 1.8% on Friday, finishing the week 1.9% lower. Meanwhile, by the closing bell on Wall Street, the S&P 500 was down 2.6% on the week.

In terms of macro data last week, attention was on the flash PMIs for May. The US survey results printed ahead of expectations with strong performance from both the manufacturing and services sectors. The results suggest that the US economy continues to perform well despite all the trade policy related uncertainty. In contrast, the Eurozone PMIs disappointed versus forecasts, with the headline number falling back into contractionary territory.

Currency-wise, the dollar found itself on the defensive. Initially this was amid the concerns over US debt. Then Friday's tariff newsflow put further downward pressure on the greenback. In level terms, the weaker dollar is evident in EUR/USD opening this morning back above \$1.14, having started last Monday just below \$1.12. Meantime, GBP/USD commences this week posting a fresh YTD high at \$1.359. Elsewhere, the EUR/GBP pair is straddling the 84p handle, similar to where it spent much of last week.

Ahead this week, given last Friday's '50% tariff threat', trade related news/developments will warrant close attention and therefore a potential source of market volatility. Data-wise, we get some important inflation updates. This includes US core-PCE (April) and the flash May readings of German, French, and Italian HICP inflation.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1416	0.87	10.27
EUR/GBP	0.8398	-0.17	1.51
GBP/USD	1.3589	1.03	8.62
GBP/EUR	1.19	0.17	-1.49
USD/JPY	142.5	-0.66	-9.34
EUR/JPY	162.69	0.21	-0.04

* 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	4.38	4.32	4.32	4.08	4.05	3.97
EUR	2.40	2.09	2.04	2.00	1.96	2.23
GBP	4.25	4.20	4.18	3.98	4.11	4.13

All rates quoted are indicative market rates

See Next Page For More Rates &

FX Spot	Karl Cooke Shane Gargan	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

Monday 26 May 2025
06:57 am



Euro

EUR/GBP	0.8398
EUR/USD	1.1416
EUR/JPY	162.69
EUR/SEK	10.8208
EUR/DKK	7.459
EUR/NOK	11.4858
EUR/CHF	0.9362
EUR/AUD	1.7487
EUR/HKD	8.9474
EUR/CAD	1.5636

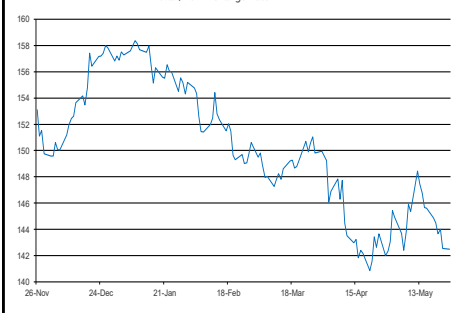
Sterling

GBP/EUR	1.19
GBP/USD	1.3589
GBP/CAD	1.861
GBP/NZD	2.2522
GBP/JPY	193.61
GBP/SEK	12.8809
GBP/DKK	8.8742
GBP/NOK	13.6725
GBP/CHF	1.1138
GBP/AUD	2.0811

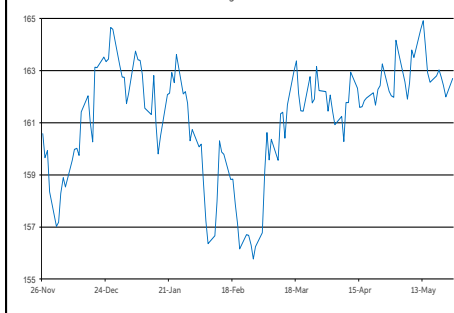
Dollar

USD/JPY	142.5
USD/CAD	1.3697
USD/CHF	0.8197
USD/CNY	7.1722
USD/BRL	5.6463
USD/RUB	79.75
USD/INR	84.8825
AUD/USD	0.6526
NZD/USD	0.6028

Dollar/Yen Exchange Rate

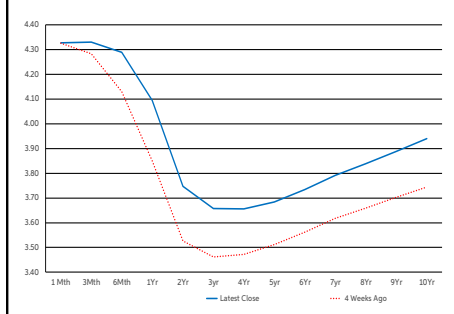


Euro/Yen Exchange Rate



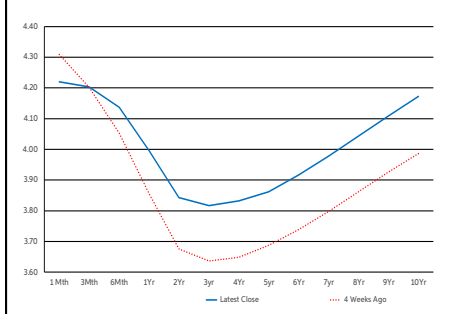
US Swap Curve

Offer Rates - Money Rates to 1 Year



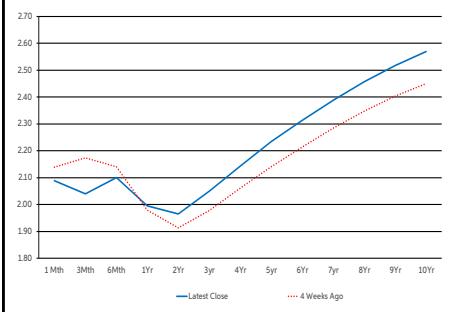
UK Swap Curve

Offer Rates - Money Rates to 1 Year

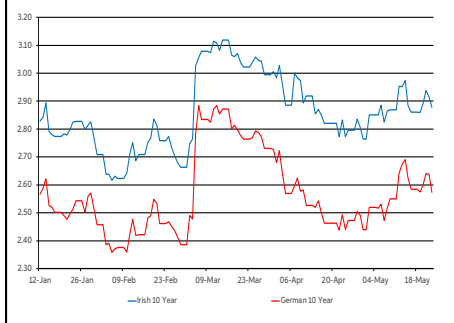


Eurozone Swap Curve

Offer Rates - Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.51	-4	+25	-7
Germany	2.57	-6	+10	+21
UK	4.68	-7	+20	+11
Ireland	2.91	-5	+8	+26
Belgium	3.12	-5	+5	+14
France	3.27	-4	+8	+8
Italy	3.61	-5	+3	+9
Spain	3.20	-5	+7	+14
Portugal	3.09	-5	+8	+24
Greece	3.34	-8	-1	+9
5 Year Swap %				
US	3.93	-5	+18	-36
Eurozone	2.23	-4	+9	-1
UK	4.08	-7	+17	-20
2 Year Swap %				
US	4.01	-1	+25	-32
Eurozone	1.96	-4	+5	-23
UK	4.07	-2	+16	-42
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+2	-2	+5
Belgium	54	+1	-5	-8
France	70	+2	-2	-14
Italy	104	+2	-7	-12
Spain	63	+2	-3	-7
Portugal	52	+2	-2	+3
Greece	77	-2	-11	-12

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	64.78	+0.53	-3.13	-13.21
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3357.0	+1.91	+1.17	+27.94

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