

EUR/USD back above \$1.07

Investor sentiment continued to hold a more positive tone on financial markets yesterday. The Euro Stoxx 50 finished up 1.7%, while the S&P 500 rose by 2%. On bond markets, yield curves moved higher and steeper, but stayed within recent ranges. Meanwhile, in the UK, the Government announced a fiscal package to alleviate the cost of living squeeze on households.

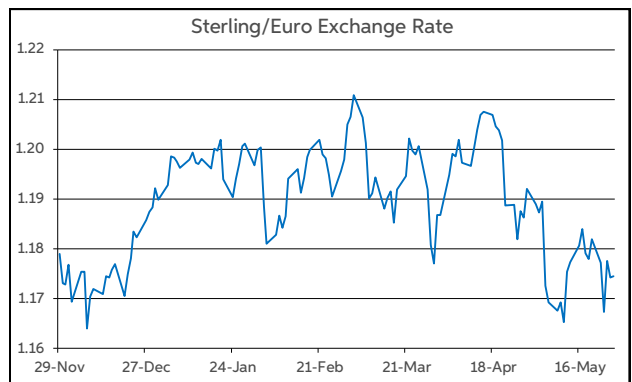
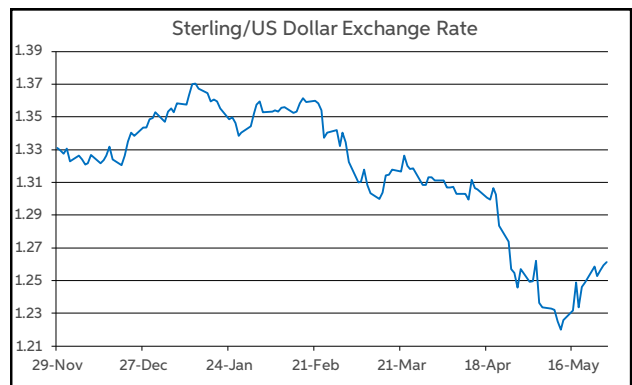
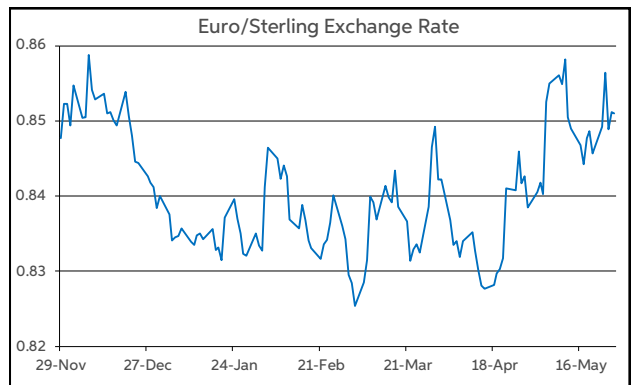
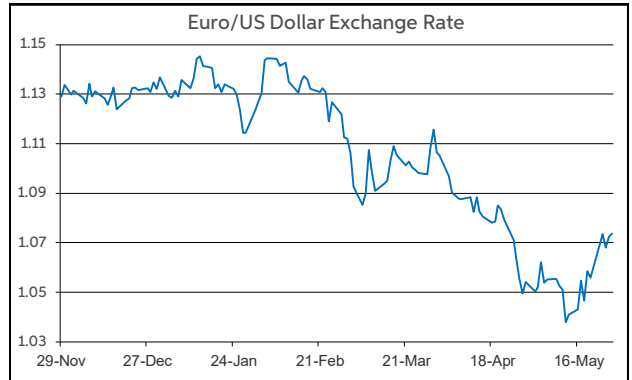
On the currency front, the main pairs continued to operate in relatively tight ranges. A market holiday for many European countries and a quiet data schedule may have contributed to the limited amount of price action. The only release of note, the second reading of US GDP showed the economy contracted by 1.5% in annualised terms in Q1 (vs. -1.4% previously). However, the underlying details in the report remained strong.

Of the limited moves to register on the exchanges, the dollar was holding a slightly softer tone, as it has done throughout the week. Elsewhere, the euro moved slightly higher. As a result the single currency regained the \$1.07 handle versus the greenback.

As trading gets underway this morning, EUR/USD opens in the lower half of the \$1.07-1.08 corridor. Meanwhile, EUR/GBP is operating just above the 85p mark. GBP/USD is changing hands up above the \$1.26 threshold.

Turning to today, the latest reading of US core-PCE inflation will garner close attention. The consensus is for core-PCE to ease back to 4.9% in April from 5.2%, indicating inflation may have peaked in the US. Elsewhere, US consumption and income data for April will also be of interest, but are unlikely to impact the dollar.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2021 |
| EUR/USD | 1.0741 | 0.57 | -5.52 |
| EUR/GBP | 0.851 | 0.15 | 1.31 |
| GBP/USD | 1.2616 | 0.39 | -6.75 |
| GBP/EUR | 1.1743 | -0.15 | -1.29 |
| USD/JPY | 126.99 | -0.27 | 10.35 |
| EUR/JPY | 136.39 | 0.26 | 4.22 |

* 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 | 1.02 | 1.55 | 2.47 | 2.77 | 2.76 |
| EUR | 0.00 | -0.55 | -0.35 | 0.40 | 0.93 | 1.39 |
| GBP | 1.00 | 1.07 | 1.35 | 2.19 | 2.46 | 2.43 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

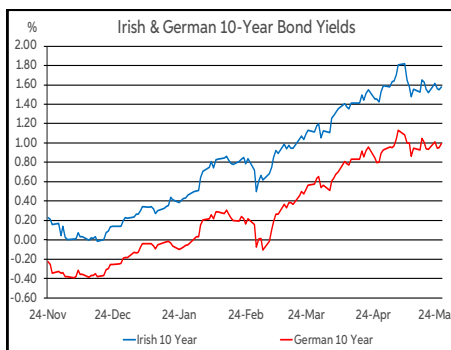
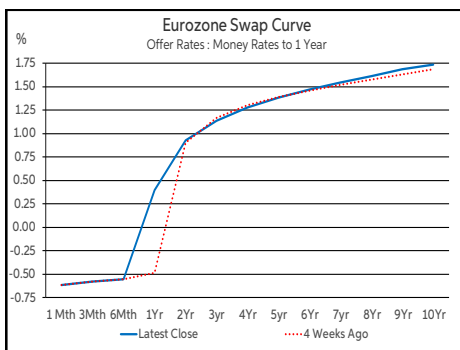
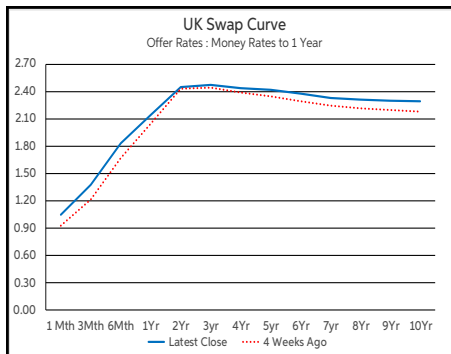
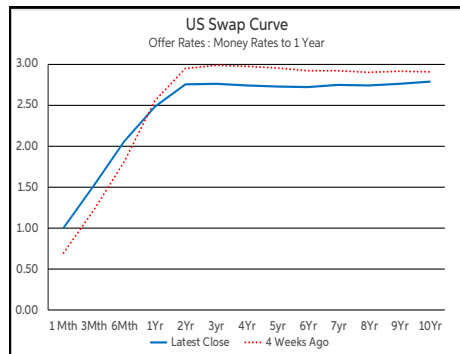
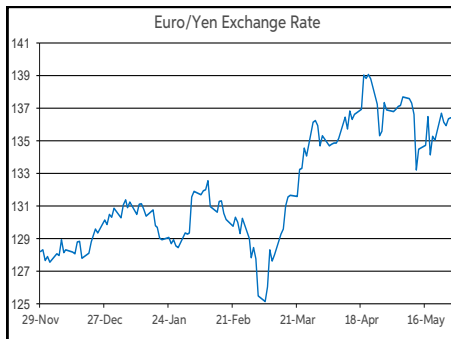
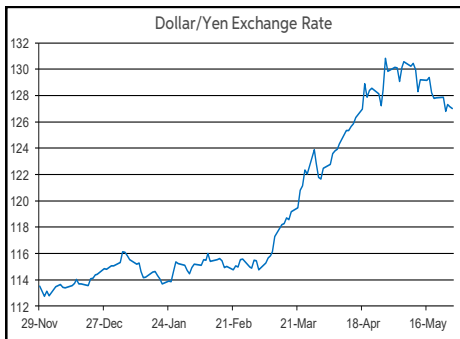
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|---------|---|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Ian Burke | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

Friday 27 May 2022
07:50 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|--------|
| EUR/GBP | 0.851 | GBP/EUR | 1.1744 | USD/JPY | 126.97 |
| EUR/USD | 1.0739 | GBP/USD | 1.2618 | USD/CAD | 1.2758 |
| EUR/JPY | 136.4 | GBP/CAD | 1.61 | USD/CHF | 0.9596 |
| EUR/SEK | 10.5511 | GBP/NZD | 1.9397 | USD/CNY | 6.7392 |
| EUR/DKK | 7.4389 | GBP/JPY | 160.24 | USD/BRL | 4.7695 |
| EUR/NOK | 10.222 | GBP/SEK | 12.3954 | USD/RUB | 64.5 |
| EUR/CHF | 1.0306 | GBP/DKK | 8.7385 | USD/INR | 77.672 |
| EUR/AUD | 1.507 | GBP/NOK | 12.0086 | | |
| EUR/HKD | 8.4297 | GBP/CHF | 1.211 | AUD/USD | 0.7127 |
| EUR/CAD | 1.3703 | GBP/AUD | 1.7704 | NZD/USD | 0.6503 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 21 |
| 10 Year Yield % | | | | |
| US | 2.74 | -1 | -9 | +123 |
| Germany | 1.00 | +4 | +10 | +118 |
| UK | 1.97 | +6 | +9 | +100 |
| Ireland | 1.61 | +3 | +4 | +136 |
| Belgium | 1.59 | +3 | +14 | +141 |
| France | 1.51 | +3 | +11 | +132 |
| Italy | 2.90 | -4 | +19 | +172 |
| Spain | 2.06 | +0 | +15 | +147 |
| Portugal | 2.12 | +2 | +17 | +164 |
| Greece | 3.54 | -4 | +38 | +222 |
| 5 Year Swap % | | | | |
| US | 2.73 | +1 | -18 | +140 |
| Eurozone | 1.38 | +2 | +0 | +137 |
| UK | 2.42 | +5 | +8 | +114 |
| 2 Year Swap % | | | | |
| US | 2.76 | +2 | -15 | +181 |
| Eurozone | 0.92 | +1 | +3 | +122 |
| UK | 2.45 | +4 | +2 | +126 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 61 | -1 | -6 | +18 |
| Belgium | 59 | -2 | +3 | +24 |
| France | 51 | -1 | +1 | +14 |
| Italy | 190 | -9 | +8 | +54 |
| Spain | 106 | -4 | +5 | +29 |
| Portugal | 113 | -3 | +6 | +46 |
| Greece | 254 | -8 | +28 | +105 |

| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 21 |
| Brent Oil | 117.4 | +2.96 | +9.12 | +50.94 |
| West Texas Oil | 116.19 | +2.93 | +10.16 | +54.24 |
| Gold \$ | 1850.0 | -0.15 | -2.34 | +1.18 |

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