

## Inflation data in focus this week

There was a cautious tone to investor sentiment throughout last week, as economic data and remarks from central bank officials impacted markets. Overall, this led to a hardening in market rate expectations across the board. Against this backdrop, the Euro Stoxx 50 fell by 0.6%, while the S&P 500 finished flat on the week.

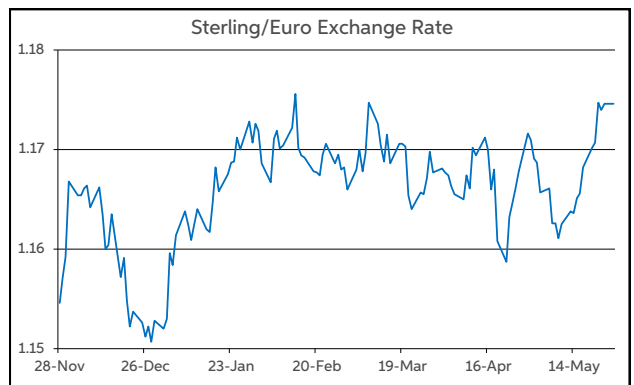
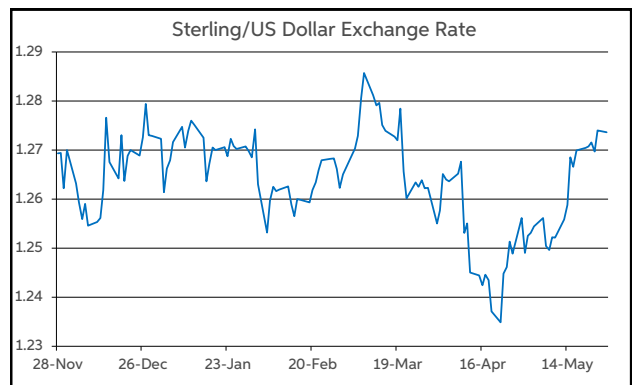
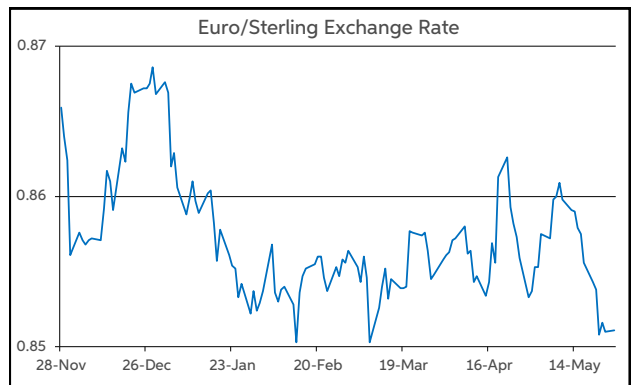
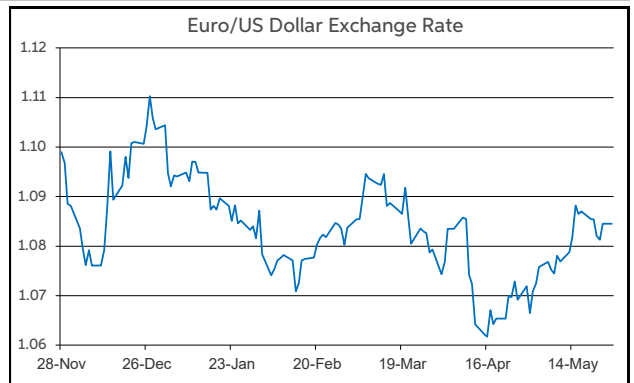
In the UK, futures pricing now indicates rate cuts of circa 35bps by year end compared to 55bps previously, as CPI inflation fell by less than the consensus in April. Similarly, US futures firmed last week, as the flash PMIs for showed that inflationary pressures accelerated. Comments from Fed speakers struck a somewhat hawkish tone also. In the Eurozone, market pricing remains consistent with a first rate cut in June, despite a slight increase in Q1 negotiated wages. However, market pricing now suggests just 55bps of easing by year end, compared to 65bps last Monday.

On the currency front, sterling was on the front foot last week, as UK rate expectations hardened by more than elsewhere. However, for the most part, the main FX pairs continued to trade in narrow ranges. Thus, the pound gained around 0.6% versus the euro and 0.3% against the dollar.

In level terms, EUR/GBP opens this morning in the lower half of the 85-86p range. GBP/USD is operating in the bottom half of the \$1.27-1.28 corridor. Elsewhere, EUR/USD is changing hands near the midpoint of the \$1.08-1.09 trading band.

Turning to the week ahead, the main releases of note will be US core-PCE (April) and Eurozone flash HICP inflation (May). However, there may be a quiet start to the week, as both the US and UK markets are closed for holidays.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0845	0.35	-1.73
EUR/GBP	0.8511	-0.05	-1.81
GBP/USD	1.2736	0.36	0.05
GBP/EUR	1.1743	0.05	1.84
USD/JPY	156.83	-0.15	11.18
EUR/JPY	170.09	0.18	9.29

\* 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	5.38	5.44	5.60	5.48	5.13	4.57
EUR	4.50	3.79	3.81	3.70	3.41	2.97
GBP	5.25	5.19	5.18	5.05	4.99	4.41

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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 27 May 2024  
07:23 am



## Euro

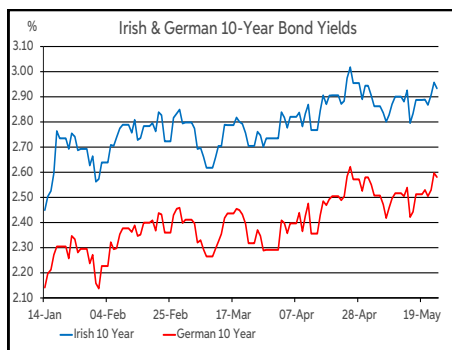
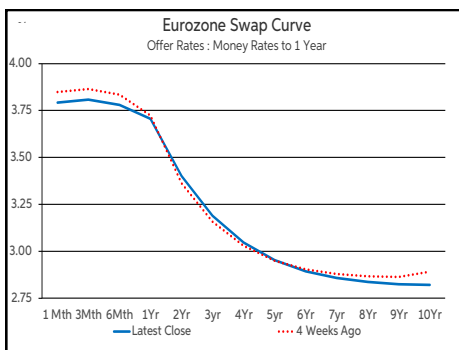
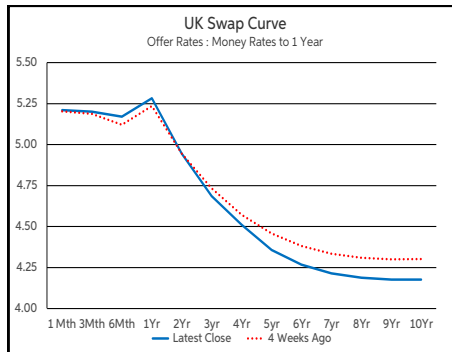
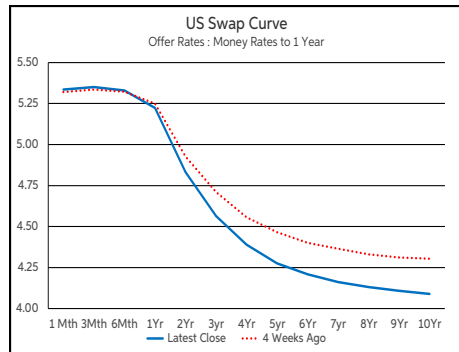
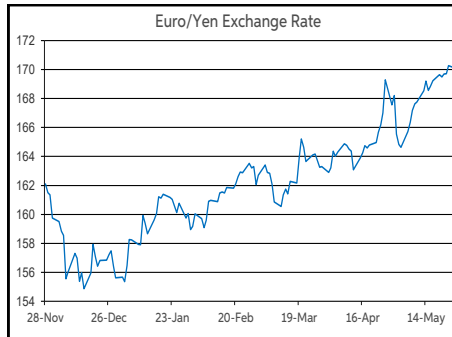
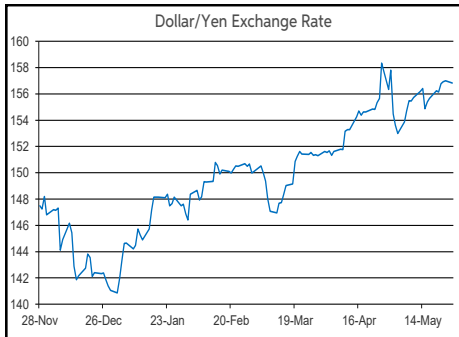
EUR/GBP	0.8511
EUR/USD	1.0845
EUR/JPY	170.09
EUR/SEK	11.559
EUR/DKK	7.4606
EUR/NOK	11.4623
EUR/CHF	0.9921
EUR/AUD	1.6348
EUR/HKD	8.4703
EUR/CAD	1.4816

## Sterling

GBP/EUR	1.1743
GBP/USD	1.2736
GBP/CAD	1.7404
GBP/NZD	2.0793
GBP/JPY	199.74
GBP/SEK	13.574
GBP/DKK	8.7608
GBP/NOK	13.4679
GBP/CHF	1.1652
GBP/AUD	1.9206

## Dollar

USD/JPY	156.83
USD/CAD	1.3661
USD/CHF	0.9146
USD/CNY	7.2451
USD/BRL	5.1707
USD/RUB	89.4475
USD/INR	83.075
AUD/USD	0.663
NZD/USD	0.6124



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.47	-0	-20	+61
Germany	2.58	-2	+1	+56
UK	4.26	-0	-6	+73
<b>5 Year Swap %</b>				
US	4.53	-1	-18	+74
Eurozone	2.95	-0	+1	+53
UK	4.36	-2	-10	+70
<b>2 Year Swap %</b>				
US	5.09	+1	-9	+76
Eurozone	3.40	+1	+5	+61
UK	4.95	-0	+1	+68
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	+1	-2	+5
Belgium	52	+0	-2	-14
France	49	+1	+1	-4
Italy	131	+2	-0	-36
Spain	77	+1	-2	-20
Portugal	64	+1	-0	-12
Greece	104	+6	+14	-1

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.12	+0.93	-8.25	+6.59
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2333.8	+0.23	-0.17	+13.15

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