

## Dollar lower as sentiment improves

There was a more positive tone to investor sentiment throughout last week on financial markets. The S&P 500 recorded its first weekly gain in eight weeks, rising by circa 6%. The Euro Stoxx 50 gained around 4% also. On bond markets, US Treasury and UK Gilt yields continued to decline, led lower by the front end of the curve. In contrast, long dated German Bund yields moved higher.

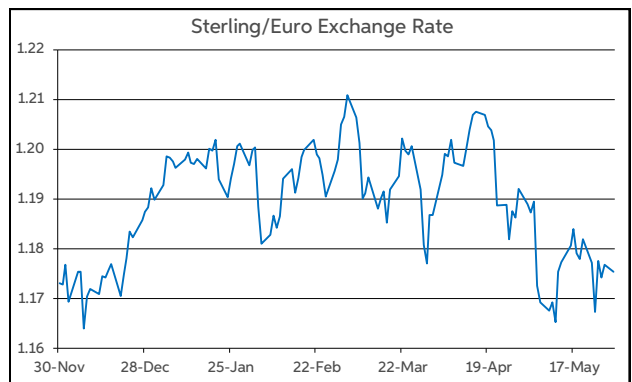
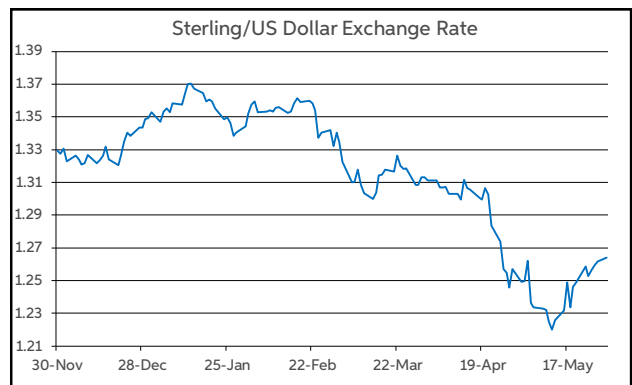
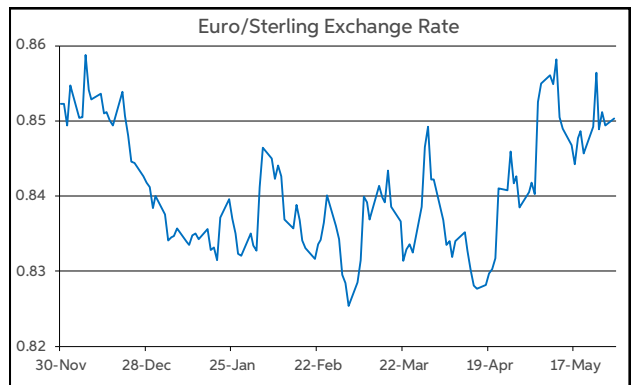
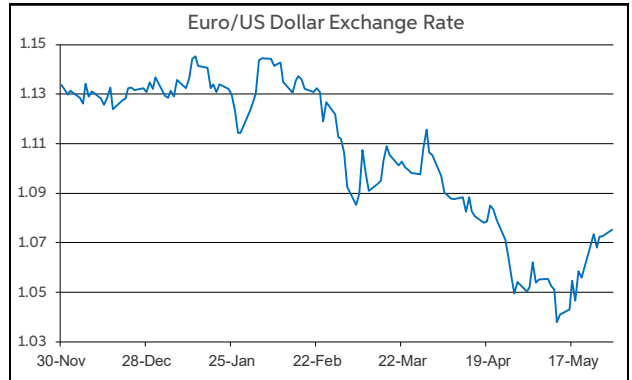
Currency-wise, the euro enjoyed some support last week. A blog post on Monday from ECB President Lagarde outlined a roadmap for ending net asset purchases and raising rates in Q3. The post suggests the ECB may hike rates by 25bps in July and September. This would bring negative interest rates to an end in the Eurozone. Comments from other ECB officials suggest a consensus is forming in line with President Lagarde's proposed timeline.

Elsewhere on forex markets, the recent dollar rally continued to fade. The greenback declined for the second week running as risk appetite improved and US bond yields continued to decline, erasing some of the currency's interest rate differential advantage.

As trading gets underway this morning, the firmer euro and softer dollar tones see EUR/USD start the week at the midpoint of the \$1.07-1.08 range. EUR/GBP continues to straddle the 85p mark. GBP/USD is operating up above the \$1.26 threshold.

This week, a busy Eurozone data docket includes, HICP inflation and the EC sentiment indices for May, as well as, the April reading of unemployment and retail sales. In the US, the main release of the month, the US labour market report for May is due. Barring any major surprises though, currency markets may settle in to tight ranges, ahead of some key central bank meetings in June.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0752	-0.02	-5.42
EUR/GBP	0.8505	0.08	1.25
GBP/USD	1.2641	-0.08	-6.56
GBP/EUR	1.1753	-0.08	-1.23
USD/JPY	127.07	0.21	10.42
EUR/JPY	136.66	0.21	4.42

\* 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	1.06	1.60	2.51	2.83	2.76
EUR	0.00	-0.55	-0.37	0.41	0.99	1.43
GBP	1.00	1.08	1.38	2.18	2.48	2.41

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

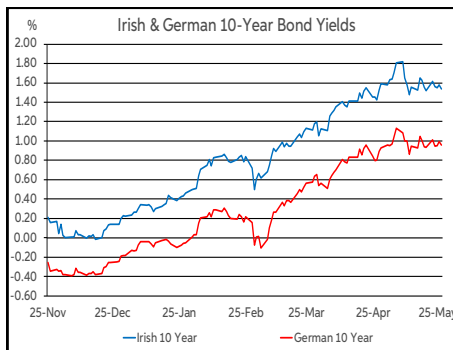
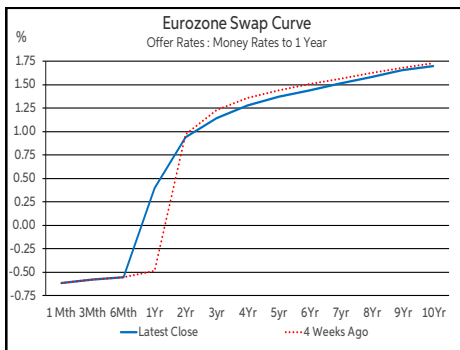
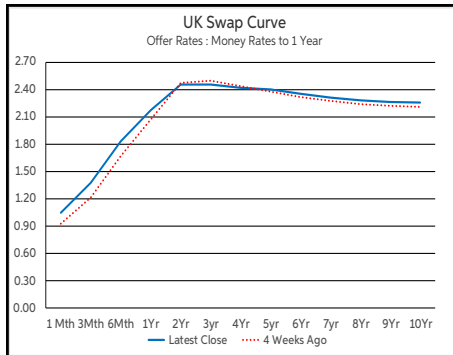
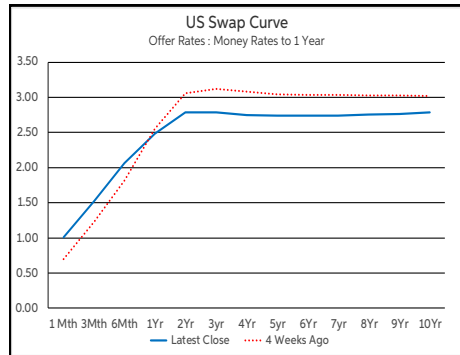
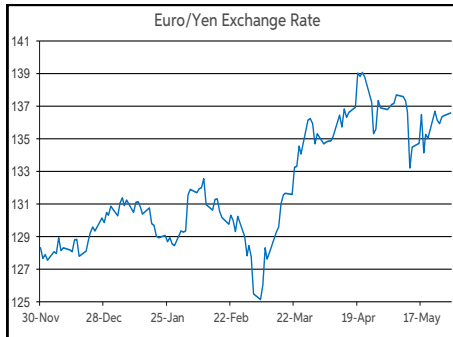
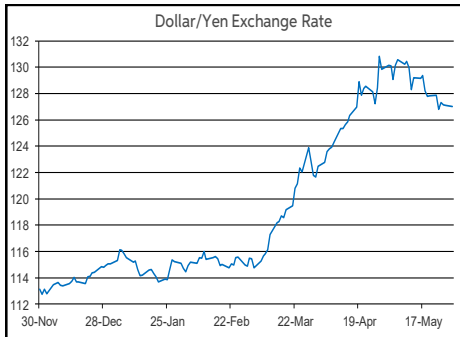
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Monday 30 May 2022  
07:02 am



Euro		Sterling		Dollar	
EUR/GBP	0.8505	GBP/EUR	1.1753	USD/JPY	127.07
EUR/USD	1.0752	GBP/USD	1.2641	USD/CAD	1.2698
EUR/JPY	136.66	GBP/CAD	1.6053	USD/CHF	0.9567
EUR/SEK	10.5433	GBP/NZD	1.9297	USD/CNY	6.6491
EUR/DKK	7.4383	GBP/JPY	160.63	USD/BRL	4.7295
EUR/NOK	10.1442	GBP/SEK	12.3881	USD/RUB	66
EUR/CHF	1.0288	GBP/DKK	8.7421	USD/INR	77.511
EUR/AUD	1.4974	GBP/NOK	11.9126		
EUR/HKD	8.438	GBP/CHF	1.2094	AUD/USD	0.7181
EUR/CAD	1.3656	GBP/AUD	1.76	NZD/USD	0.6548



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	2.74	+0	-19	+123
Germany	0.96	-4	+3	+114
UK	1.92	-5	+1	+94
Ireland	1.57	-4	-5	+132
Belgium	1.56	-3	+4	+138
France	1.48	-3	+2	+129
Italy	2.89	-1	+12	+171
Spain	2.03	-3	+5	+144
Portugal	2.08	-4	+6	+160
Greece	3.50	-4	+17	+219
<b>5 Year Swap %</b>				
US	2.74	+1	-27	+140
Eurozone	1.37	-1	-6	+136
UK	2.40	-2	+4	+113
<b>2 Year Swap %</b>				
US	2.79	+3	-23	+184
Eurozone	0.94	+1	-2	+124
UK	2.45	+1	-1	+126
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	60	-1	-8	+18
Belgium	59	+0	+1	+24
France	52	+0	-1	+14
Italy	193	+3	+9	+57
Spain	107	+1	+2	+30
Portugal	112	-0	+3	+46
Greece	254	-0	+14	+104

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	119.43	+1.73	+9.23	+53.55
West Texas Oil	114.96	-1.06	+9.91	+52.61
Gold \$	1852.7	+0.15	-2.30	+1.33

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