

Quiet start to the week

There was a quiet start to the week on financial markets yesterday. A market holiday in the US likely contributed to the muted action. The Euro Stoxx 50 rose by 0.9%. Currency-wise, the main pairs remained in relatively tight ranges. Of the limited moves to note, the euro was holding a slightly firmer tone. Overnight though, the dollar regained support. Meanwhile, oil prices moved higher following an EU agreement to ban some Russian oil imports.

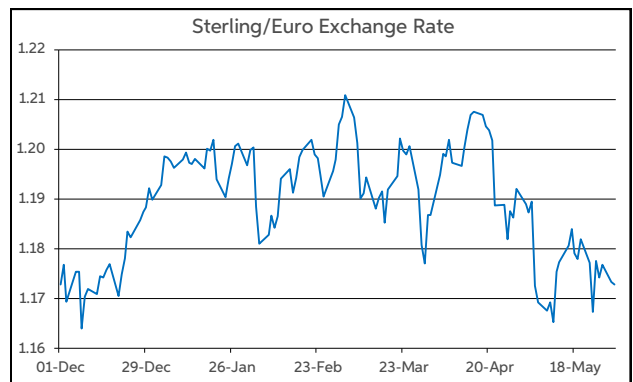
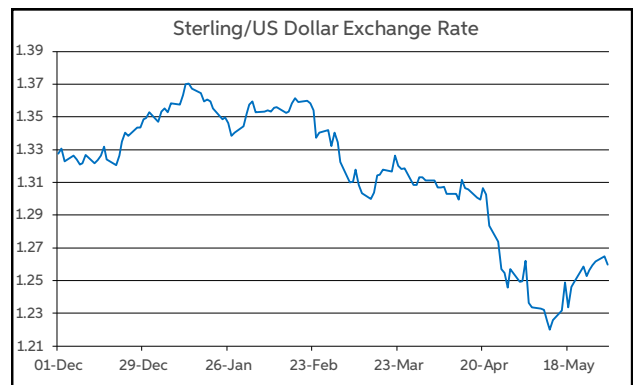
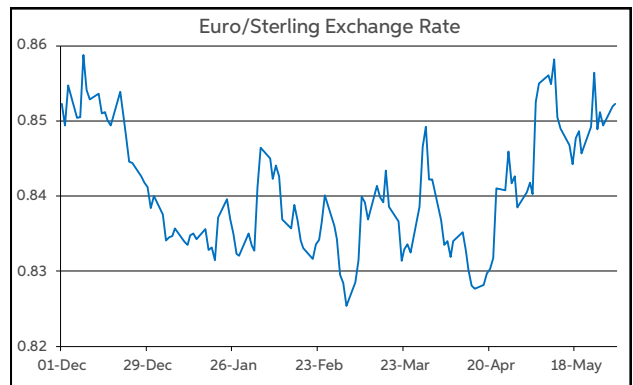
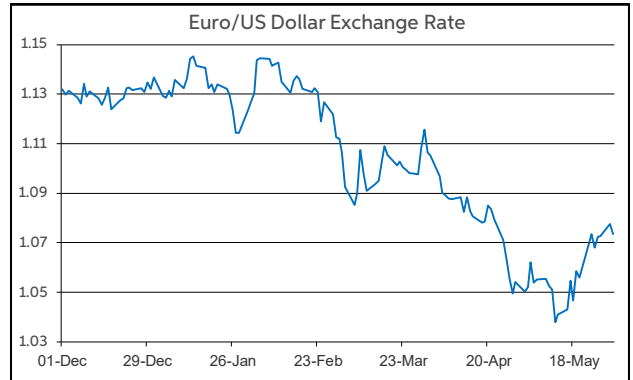
Nevertheless, the single currency has been on the front foot since a blog post published by ECB President Lagarde last week laid out a roadmap for bringing the deposit rate out of negative territory by the end of Q3, by hiking rates by 25bps in July and September. An interview by ECB Chief Economist Lane yesterday provided further support for raising rates twice in the third quarter.

Lane though, pushed back on the need to hike rates by 50bps in July, stating that the ECB will take a “gradual approach” to normalising policy. However, the spike in German inflation in May to near 50-year highs of 8.7%, reported yesterday also, will add to pressure from some quarters for a 50bps hike.

In level terms, EUR/USD opens this morning in the lower half of the \$1.07-1.08 range. EUR/GBP is changing hands above the 85p mark. GBP/USD is operating just below the \$1.26 handle.

Turning to the day ahead, the main release will be Eurozone flash HICP inflation for May. The consensus is for the headline rate to rise to 7.7% from 7.5%, although, there are upside risks attached to this forecast. In the US, consumer confidence is projected to move lower in May. Barring any major surprises though, range trading may be the order of the day once again on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0736	-0.19	-5.56
EUR/GBP	0.8523	0.21	1.46
GBP/USD	1.2596	-0.40	-6.90
GBP/EUR	1.1728	-0.21	-1.44
USD/JPY	127.98	0.79	11.21
EUR/JPY	137.42	0.59	5.00

* 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	2.58	2.91	2.88
EUR	0.00	-0.55	-0.37	0.44	1.05	1.47
GBP	1.00	1.08	1.38	2.23	2.58	2.47

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

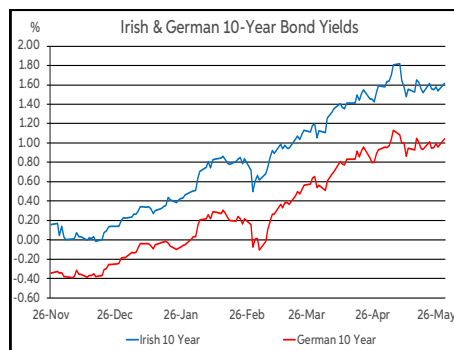
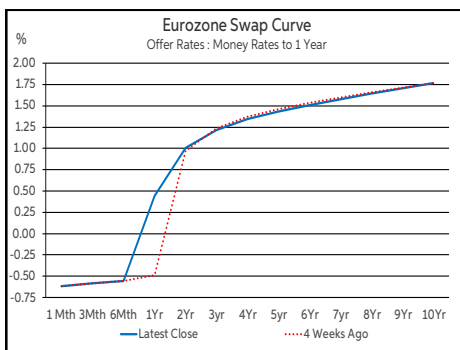
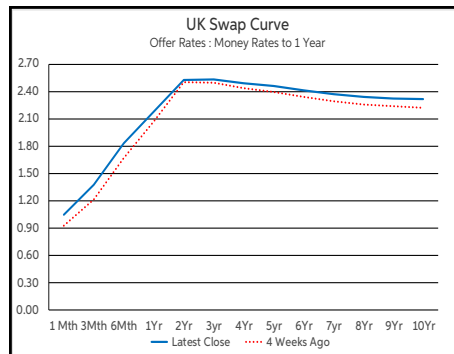
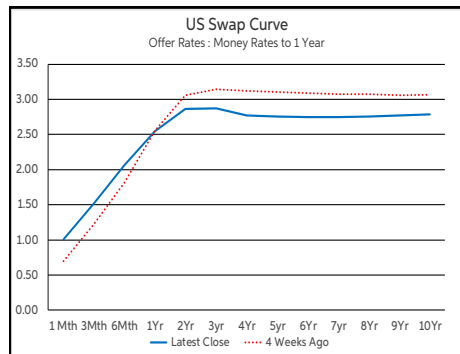
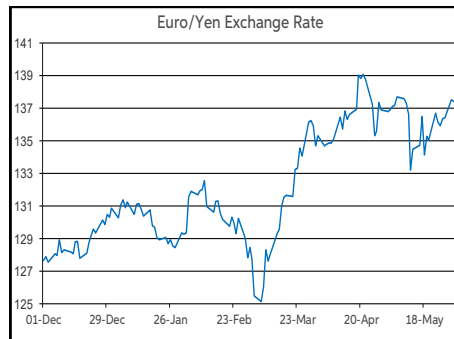
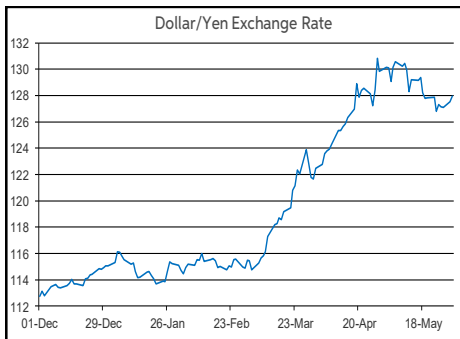
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Tuesday 31 May 2022
07:43 am



Euro		Sterling		Dollar	
EUR/GBP	0.8523	GBP/EUR	1.1728	USD/JPY	127.98
EUR/USD	1.0736	GBP/USD	1.2596	USD/CAD	1.2663
EUR/JPY	137.42	GBP/CAD	1.5953	USD/CHF	0.9603
EUR/SEK	10.5122	GBP/NZD	1.928	USD/CNY	6.658
EUR/DKK	7.4393	GBP/JPY	161.19	USD/BRL	4.7535
EUR/NOK	10.1257	GBP/SEK	12.3266	USD/RUB	61.5
EUR/CHF	1.0311	GBP/DKK	8.7237	USD/INR	77.67
EUR/AUD	1.4942	GBP/NOK	11.877		
EUR/HKD	8.4274	GBP/CHF	1.2094	AUD/USD	0.7183
EUR/CAD	1.3597	GBP/AUD	1.7532	NZD/USD	0.6531



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.74	+0	-23	+123
Germany	1.04	+8	+8	+122
UK	1.99	+7	+8	+102
5 Year Swap %				
US	2.75	+1	-31	+142
Eurozone	1.44	+8	-2	+142
UK	2.46	+6	+12	+119
2 Year Swap %				
US	2.87	+9	-16	+192
Eurozone	1.01	+8	+5	+131
UK	2.53	+7	+6	+133
10 Year Government Bond Spreads to Benchmark bps				
Ireland	60	-0	-6	+17
Belgium	60	+0	+1	+24
France	52	+0	-2	+15
Italy	195	+2	+5	+58
Spain	108	+1	+2	+30
Portugal	113	+1	+2	+46
Greece	250	-4	+8	+101

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	121.67	+1.88	+13.10	+56.43
West Texas Oil	114.96	-1.06	+9.30	+52.61
Gold \$	1856.2	+0.19	-0.35	+1.52

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