

Dollar supported by its safe haven appeal

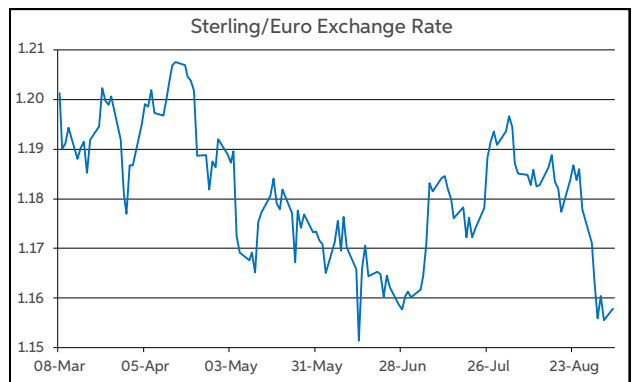
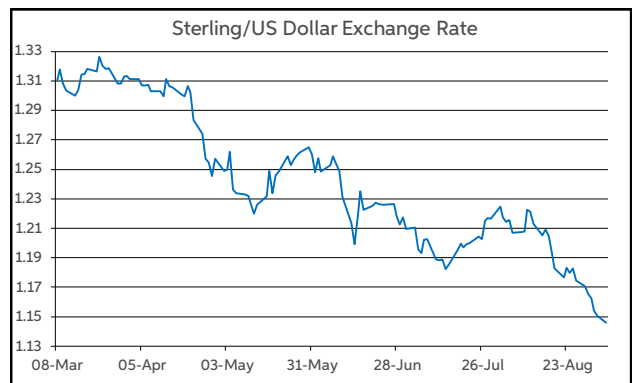
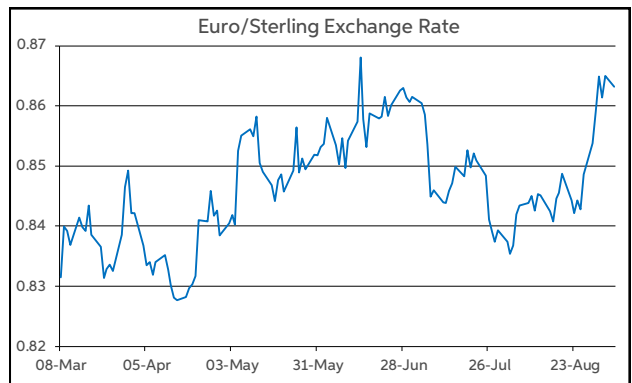
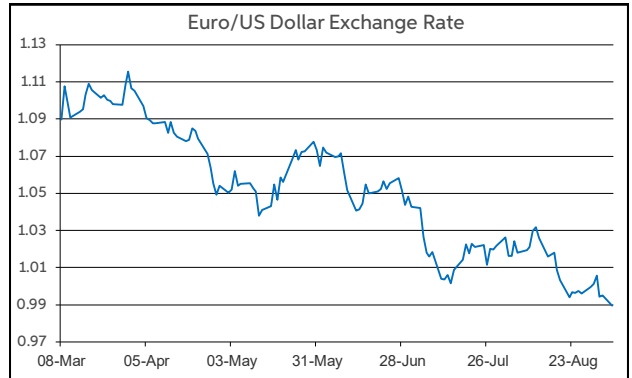
A risk averse mood dominated market sentiment last week. Investors were contemplating a myriad of risks facing the global economy. This included continued aggressive rate hikes, further elevated inflation readings, as well as concerns over the impact on global growth/supply chains from regional lockdowns in China. All the main equity indices registered losses on the week. On Wall Street, the S&P 500 posted a 3.3% weekly loss. Meanwhile, the risk averse backdrop and firming in rate expectations saw bond yields rise sharply, especially in the UK. The 10-year UK gilt yield rose by 30bps to near 2.9%, the US 10-year Treasury yield rose above 3.2% while the German equivalent moved up to 1.5%.

However, as has been the case over recent weeks, rising UK yields/swap rates have not been able to prevent sterling from weakening. Instead, the dollar continued to be supported by its safe haven appeal. Meantime, the euro had managed to move up off its lows against the dollar last week. However, weekend developments in relation to European gas supplies from Russia have weighed on the euro in overnight trading.

In level terms, this is reflected in EUR/USD opening this morning below the \$0.99 mark, a new year to date low. Elsewhere, EUR/GBP starts today in the lower half of 86-87p, which compares to last Monday's open of 85p. The combination of a firmer dollar/weaker sterling sees GBP/USD trading below the \$1.15 threshold, at near 40-year lows.

Ahead this week, the September round of central bank decisions get underway with the ECB meeting. Market pricing is indicating it is a close call between a 50 or 75bps rate hike. From a currency viewpoint, the meeting entails some event risk for the euro.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9896	-0.69	-12.95
EUR/GBP	0.8632	0.06	2.76
GBP/USD	1.1462	-0.76	-15.28
GBP/EUR	1.158	-0.06	-2.69
USD/JPY	140.39	0.04	21.99
EUR/JPY	138.97	-0.64	6.19

* 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	2.375	2.66	3.85	3.77	3.35	
EUR	0.50	0.31	1.81	2.13	2.22	
GBP	1.75	2.11	3.91	4.18	3.71	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

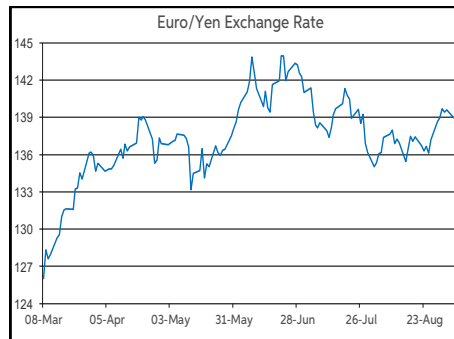
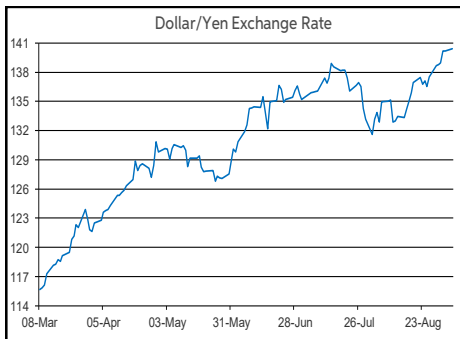
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	---	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

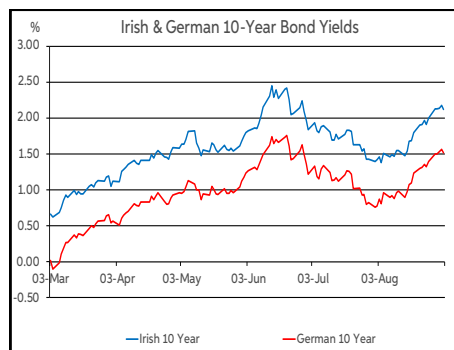
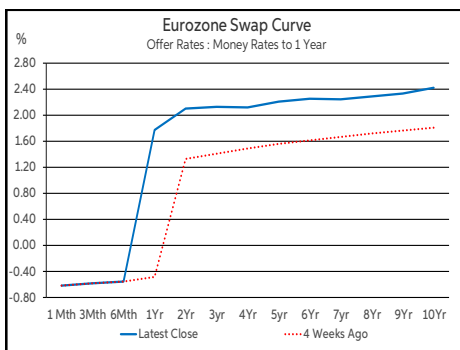
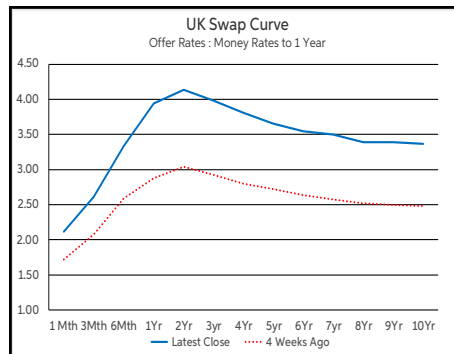
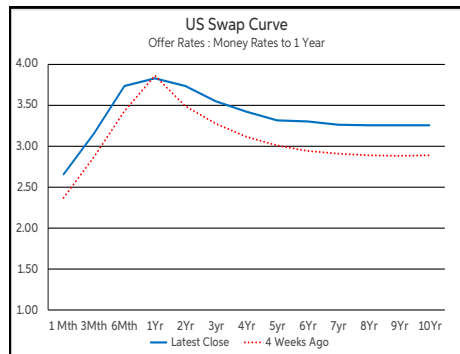
Monday 05 September 2022
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8632	GBP/EUR	1.158	USD/JPY	140.39
EUR/USD	0.9896	GBP/USD	1.1462	USD/CAD	1.315
EUR/JPY	138.97	GBP/CAD	1.5074	USD/CHF	0.9825
EUR/SEK	10.742	GBP/NZD	1.8817	USD/CNY	6.9346
EUR/DKK	7.4365	GBP/JPY	160.92	USD/BRL	5.1654
EUR/NOK	9.9421	GBP/SEK	12.4418	USD/RUB	60.5
EUR/CHF	0.9725	GBP/DKK	8.6106	USD/INR	79.9
EUR/AUD	1.4576	GBP/NOK	11.5104	AUD/USD	0.6789
EUR/HKD	7.7685	GBP/CHF	1.1262	NZD/USD	0.6089
EUR/CAD	1.3015	GBP/AUD	1.688		



Debt Markets				
	Close	Day	4 Weeks	End 21
10 Year Yield %				
US	3.20	-6	+37	+168
Germany	1.52	-5	+56	+170
UK	2.92	+4	+87	+195
5 Year Swap %				
US	3.32	-12	+35	+198
Eurozone	2.21	-3	+66	+220
UK	3.66	+1	+94	+238
2 Year Swap %				
US	3.73	-10	+28	+279
Eurozone	2.11	-4	+78	+241
UK	4.14	-3	+110	+295
10 Year Government Bond Spreads to Benchmark bps				
Ireland	64	-1	+6	+21
Belgium	67	+3	+10	+31
France	64	+2	+10	+26
Italy	232	-6	+26	+96
Spain	121	+0	+13	+44
Portugal	111	-1	+10	+44
Greece	269	+3	+66	+120



Commodities				
	Close	Day	4 Weeks	End 21
Brent Oil	93.02	+0.71	-2.00	+19.59
West Texas Oil	87.29	+0.23	-4.88	+15.88
Gold \$	1711.4	+0.91	-3.53	-6.40

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.