

## EUR/USD opens in the top half of \$1.08-1.09

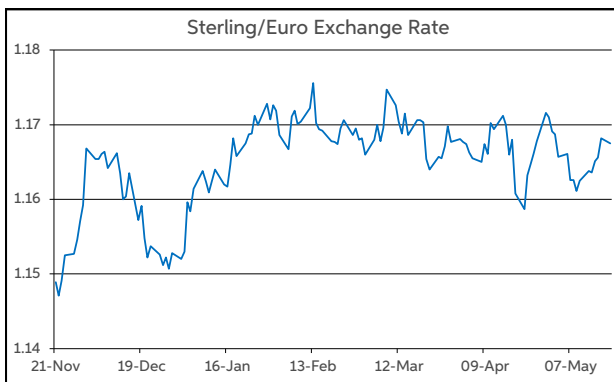
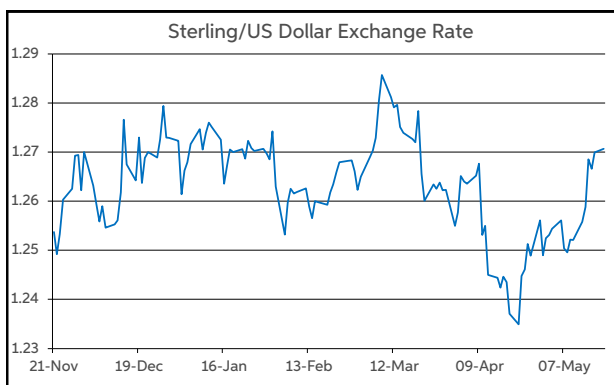
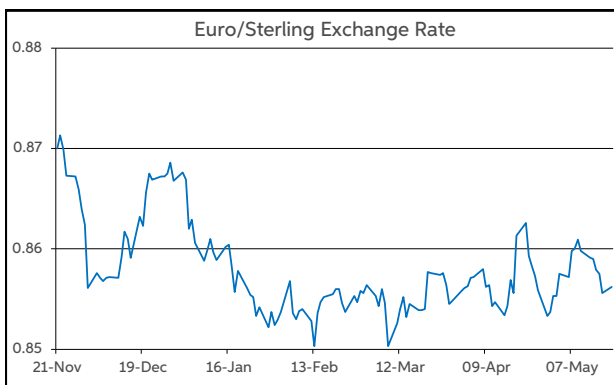
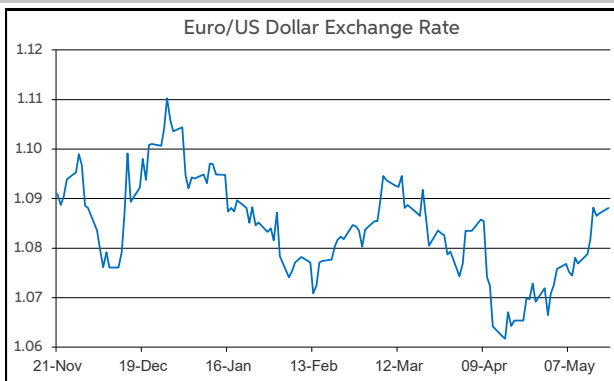
There was a mixed tone to investor sentiment last week. The S&P 500 registered a 1.4% gain, supported in part by some strong earnings data and a modest softening in US futures contracts. Meantime, the Euro Stoxx 50 fell by 0.4% on the week. On bond markets, US Treasury and UK Gilt yields fell by 4-8bps, while German Bund were little changed.

US futures contracts softened by circa 5bps last week, as CPI inflation fell in line with expectations and activity data printed below the consensus. Markets are currently pricing in circa 45bps of rate cuts in the US by year end. Meantime, remarks from ECB official Schnabel suggest the ECB will cut rates in June, but it will lower rates cautiously thereafter to avoid “easing prematurely”. From a UK perspective, BoE MPC member Greene noted that the Bank should wait for more conclusive data showing that inflation persistence has dissipated before cutting rates. Against this backdrop, UK futures contracts firmed by circa 5bps.

Currency-wise, the dollar was under some downward pressure, amid the unfavourable moves in US rates. Overall the greenback shed around 1.5% versus sterling and 1% against the euro. In level terms, this sees EUR/USD open this morning in the top half of \$1.08-1.09. Meantime, GBP/USD is operating up above the \$1.27 handle. Elsewhere, EUR/GBP is changing hands north of the midpoint of the 85-86p range.

Looking to the week ahead, the main data highlight will be the May reading of the flash PMIs for the main advanced economies. In the UK, CPI inflation for April will also be in focus. On the monetary policy front, remarks from a raft of central bank officials and the release of the latest Fed FOMC meeting minutes will be of interest.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0881	0.25	-1.40
EUR/GBP	0.8562	-0.17	-1.22
GBP/USD	1.2707	0.41	-0.17
GBP/EUR	1.1674	0.18	1.24
USD/JPY	155.7	-0.06	10.38
EUR/JPY	169.45	0.18	8.88

\* 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	5.43	5.59	5.40	5.03	4.51
EUR	4.50	3.80	3.83	3.65	3.32	2.91
GBP	5.25	5.20	5.12	4.87	4.78	4.25

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 20 May 2024  
07:03 am



## Euro

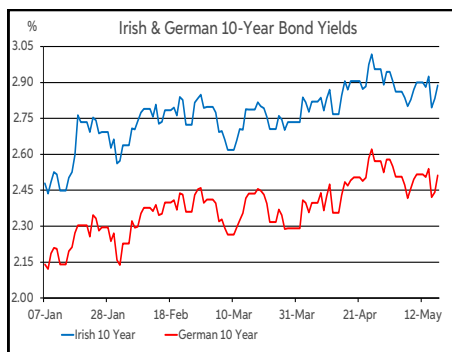
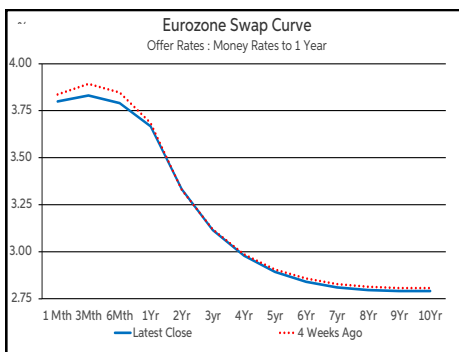
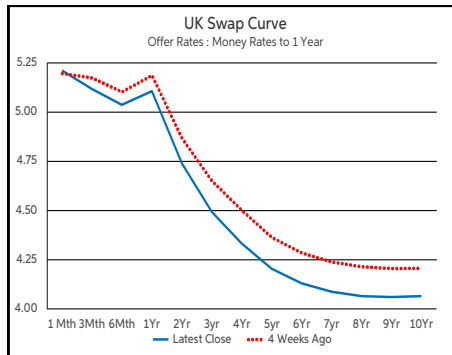
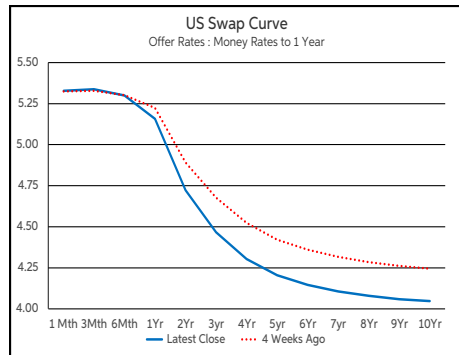
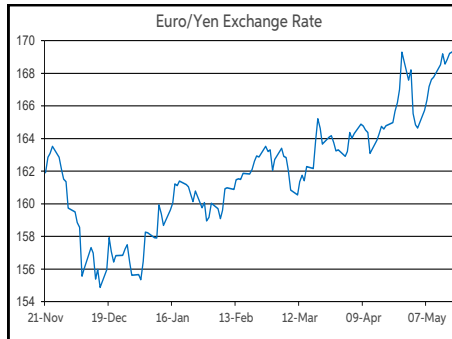
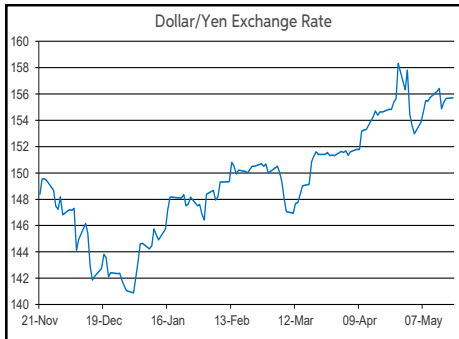
EUR/GBP	0.8562
EUR/USD	1.0881
EUR/JPY	169.45
EUR/SEK	11.6515
EUR/DKK	7.4607
EUR/NOK	11.6025
EUR/CHF	0.989
EUR/AUD	1.6235
EUR/HKD	8.4879
EUR/CAD	1.4805

## Sterling

GBP/EUR	1.1674
GBP/USD	1.2707
GBP/CAD	1.7287
GBP/NZD	2.0721
GBP/JPY	197.85
GBP/SEK	13.6012
GBP/DKK	8.7099
GBP/NOK	13.547
GBP/CHF	1.1548
GBP/AUD	1.8957

## Dollar

USD/JPY	155.7
USD/CAD	1.3603
USD/CHF	0.9087
USD/CNY	7.2304
USD/BRL	5.1029
USD/RUB	91.08
USD/INR	83.269
AUD/USD	0.6702
NZD/USD	0.613



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.42	+4	-20	+56
Germany	2.52	+7	+1	+49
UK	4.13	+5	-10	+59
<b>5 Year Swap %</b>				
US	4.47	+5	-21	+67
Eurozone	2.89	+6	-0	+47
UK	4.20	+2	-16	+55
<b>2 Year Swap %</b>				
US	4.98	+2	-17	+65
Eurozone	3.33	+6	+1	+54
UK	4.74	+3	-12	+47
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-1	-3	+6
Belgium	53	-1	-3	-13
France	50	-1	-1	-3
Italy	130	-1	-9	-37
Spain	76	-1	-4	-21
Portugal	62	-0	-5	-14
Greece	99	-2	+1	-5

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	83.98	+0.85	-3.79	+9.01
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2414.9	+1.62	+1.02	+17.08

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