

## Euro continues to feel post-election pressure

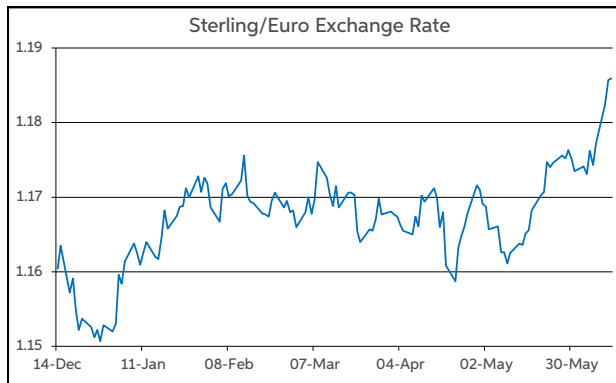
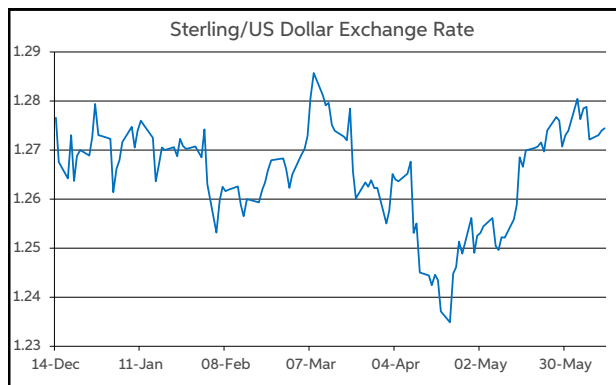
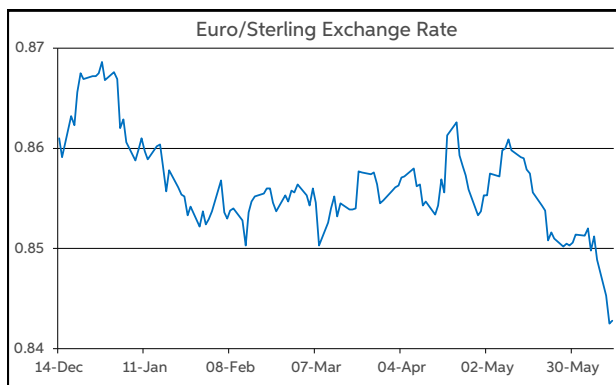
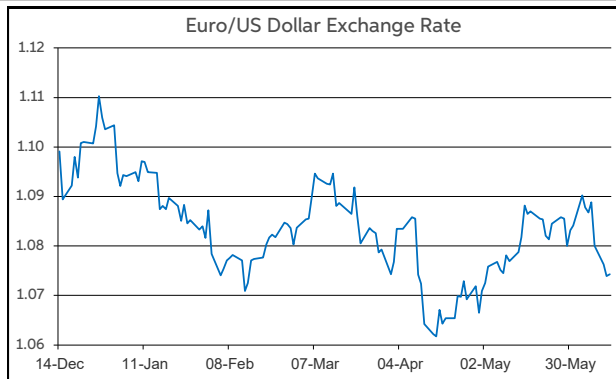
The risk averse mood that was evident on European equity markets on Monday remained a feature yesterday. This was against the backdrop of investors continuing to contemplate the fallout from the weekend EU election results. This has included the announcement of parliamentary elections in France at the end of the month, which entails some additional political risk/uncertainty.

The 'risk off' mood was reflected in the Euro Stoxx 50 declining by 1.0%, which followed a 0.7% fall on Monday. On Wall Street, risk appetite was also subdued. Although, at the closing bell last night, the S&P 500 managed to eke out a modest 0.3% gain on the day. On bond markets, in contrast to the previous day, some Eurozone yields fell. The German 10-year bund declined by 5bps to near 2.6%. However, the French 10-year yield remained above 3.20%

On the currency front, the downward pressure on the euro persisted amid the heightened political risks facing the region. This was evident in the euro losing further ground to the dollar and sterling. In level terms, EUR/USD is below the midpoint of \$1.07-1.08. At the same time, EUR/GBP is trading in the lower half of 84-85p, having fallen to a new YTD low of 84.19p yesterday.

Aside from this morning's UK GDP (which printed as expected at 0.0% m/m for April), today's macro agenda is very much centred on the US. As a result, it provides the possibility of some volatility for the dollar. The Fed will conclude its two-day FOMC meeting (after European close). No rate changes are expected. Therefore, the focus will be on the updated 'dot plot' and Chair Powell's press conference for insight on the US rate outlook. Before then, we get the key US data release of the week with CPI inflation numbers for May due. Core inflation is forecast to edge slightly lower to 3.5%.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0743	-0.21	-2.65
EUR/GBP	0.8428	-0.31	-2.77
GBP/USD	1.2746	0.09	0.13
GBP/EUR	1.186	0.31	2.85
USD/JPY	157.2	-0.04	11.44
EUR/JPY	168.91	-0.26	8.53

\* 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	5.45	5.61	5.40	4.98	4.46
EUR	4.50	3.65	3.74	3.63	3.36	2.96
GBP	5.25	5.18	5.16	5.00	4.91	4.39

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

# Opening Levels

Wednesday 12 June 2024  
07:23 am



## Euro

EUR/GBP	0.8428
EUR/USD	1.0743
EUR/JPY	168.91
EUR/SEK	11.2543
EUR/DKK	7.4587
EUR/NOK	11.4782
EUR/CHF	0.9639
EUR/AUD	1.6234
EUR/HKD	8.391
EUR/CAD	1.4768

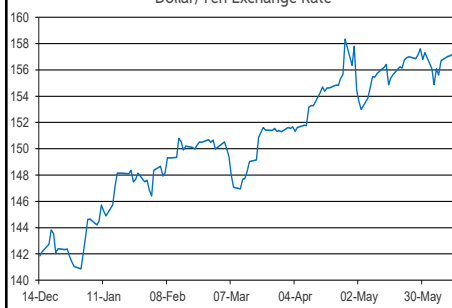
## Sterling

GBP/EUR	1.186
GBP/USD	1.2746
GBP/CAD	1.7516
GBP/NZD	2.0731
GBP/JPY	200.37
GBP/SEK	13.3462
GBP/DKK	8.8454
GBP/NOK	13.61
GBP/CHF	1.1434
GBP/AUD	1.9255

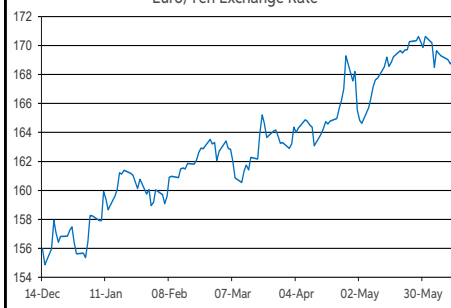
## Dollar

USD/JPY	157.2
USD/CAD	1.3741
USD/CHF	0.8971
USD/CNY	7.2535
USD/BRL	5.3658
USD/RUB	89.1
USD/INR	83.5575
AUD/USD	0.6618
NZD/USD	0.6145

Dollar/Yen Exchange Rate

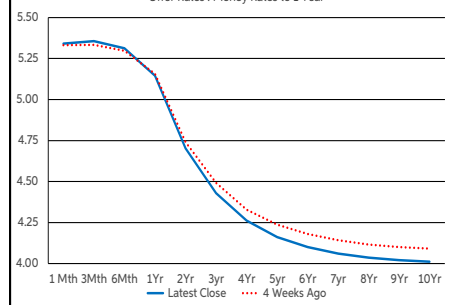


Euro/Yen Exchange Rate



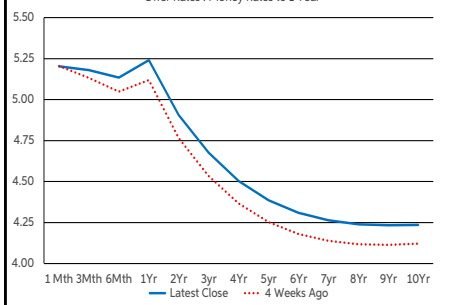
US Swap Curve

Offer Rates : Money Rates to 1 Year



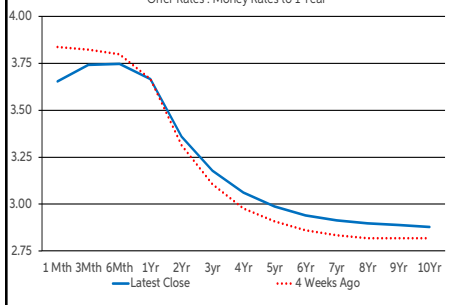
UK Swap Curve

Offer Rates : Money Rates to 1 Year

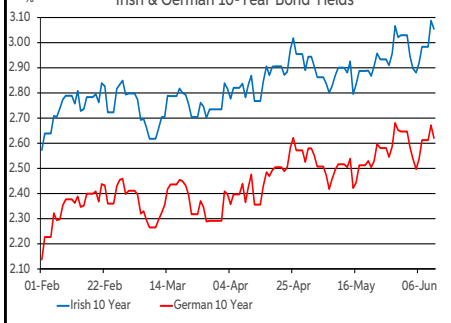


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.40	-7	-4	+54
Germany	2.62	-5	+8	+59
UK	4.27	-5	+10	+73
Ireland	3.07	-4	+12	+70
Belgium	3.22	-5	+14	+53
France	3.24	+0	+18	+68
Italy	4.07	-1	+17	+37
Spain	3.46	-4	+12	+47
Portugal	3.28	-4	+10	+50
Greece	3.80	+4	+24	+72
5 Year Swap %				
US	4.42	-7	-5	+63
Eurozone	2.99	-3	+9	+56
UK	4.39	-5	+14	+73
2 Year Swap %				
US	4.95	-6	-3	+62
Eurozone	3.36	-4	+5	+57
UK	4.91	-4	+15	+64
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	+1	+3	+11
Belgium	60	+0	+5	-6
France	62	+5	+10	+9
Italy	145	+4	+9	-23
Spain	83	+2	+4	-13
Portugal	66	+1	+2	-10
Greece	118	+9	+16	+13

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	81.92	+0.36	-0.56	+6.33
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2316.3	+0.25	-1.77	+12.30

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.