

Flash PMIs due today

There was a cautious mood on markets yesterday. A somewhat hawkish tone to the Fed FOMC meeting minutes and a hotter than anticipated UK CPI inflation report for April weighed on sentiment. The S&P 500 declined by 0.3%, while the Euro Stoxx 50 lost 0.4%.

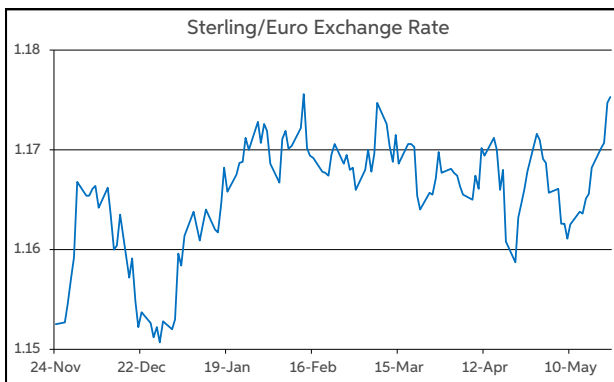
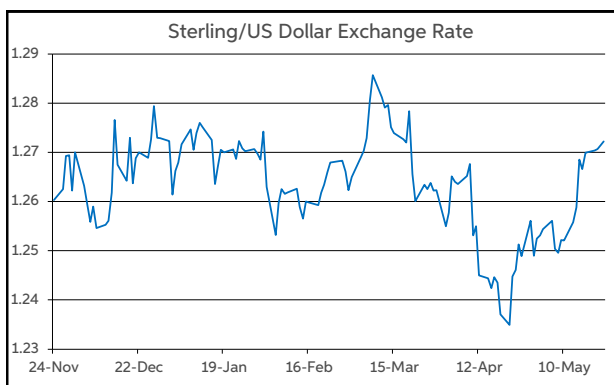
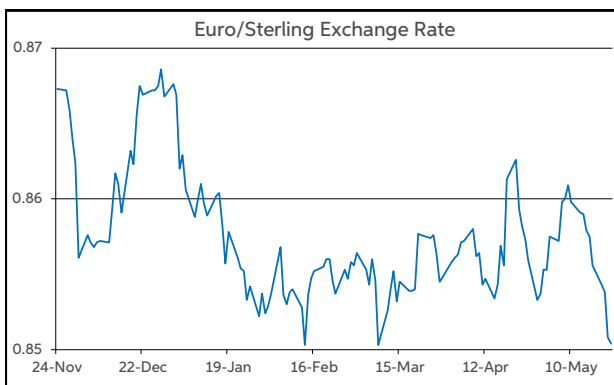
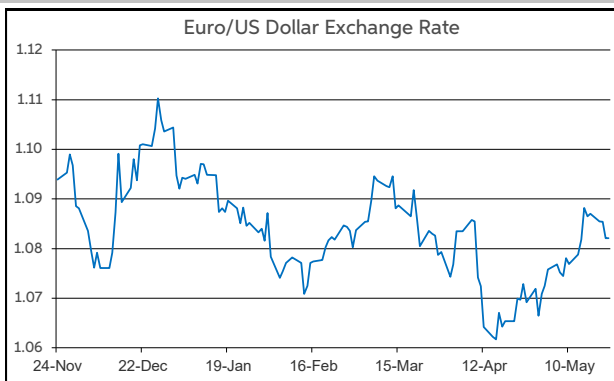
Following the above consensus UK CPI print, futures contracts hardened. The first UK rate cut is now not fully priced in until November, with a total of just 35bps of policy easing expected by year end, compared to 60bps before the release. Meantime, the Fed meeting minutes from May showed that “many” officials were concerned that policy may not be restrictive enough to return inflation to 2%.

On the currency front, sterling was holding a firmer tone throughout the early part of the European session. The pound registered a fresh two-month high of \$1.276 against the dollar, while EUR/GBP moved down towards the 85p handle. However, sterling drifted lower as the day progressed. UK PM Sunak’s announcement that there will be a general election in July did not impact sterling. Elsewhere, the dollar was holding a firmer tone overnight following the release of the Fed meeting minutes.

In level terms EUR/USD opens this morning in the lower half of the \$1.08-1.09 range. EUR/GBP is operating back near the 85p threshold. Meanwhile, GBP/USD is changing hands in the bottom half of the \$1.27-1.28 trading band.

Today, the flash PMIs in the Eurozone, UK and US for May are due. The data are expected to indicate an increase in overall economic activity for all three regions in the month. Eurozone negotiated wage data for Q1 will also be released.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0821	-0.29	-1.95
EUR/GBP	0.8505	-0.37	-1.88
GBP/USD	1.2721	0.09	-0.06
GBP/EUR	1.1755	0.38	1.92
USD/JPY	156.69	0.22	11.08
EUR/JPY	169.57	-0.06	8.96

* 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	5.44	5.59	5.42	5.05	4.53
EUR	4.50	3.79	3.82	3.66	3.35	2.92
GBP	5.25	5.19	5.17	5.02	4.91	4.35

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

Thursday 23 May 2024
07:11 am



Euro

EUR/GBP	0.8505
EUR/USD	1.0821
EUR/JPY	169.57
EUR/SEK	11.6165
EUR/DKK	7.4619
EUR/NOK	11.5893
EUR/CHF	0.9904
EUR/AUD	1.6339
EUR/HKD	8.4478
EUR/CAD	1.4807

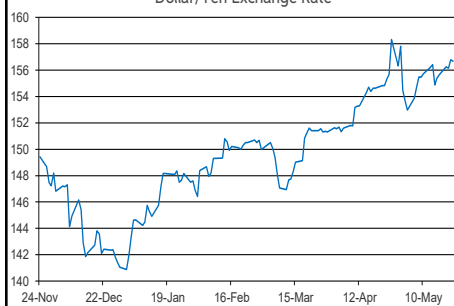
Sterling

GBP/EUR	1.1755
GBP/USD	1.2721
GBP/CAD	1.7407
GBP/NZD	2.0803
GBP/JPY	199.34
GBP/SEK	13.6532
GBP/DKK	8.7704
GBP/NOK	13.616
GBP/CHF	1.1644
GBP/AUD	1.9206

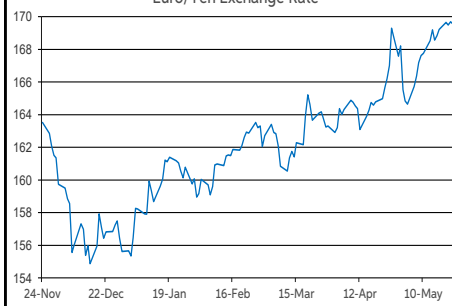
Dollar

USD/JPY	156.69
USD/CAD	1.3682
USD/CHF	0.9151
USD/CNY	7.2442
USD/BRL	5.1531
USD/RUB	90.24
USD/INR	83.267
AUD/USD	0.6622
NZD/USD	0.6113

Dollar/Yen Exchange Rate

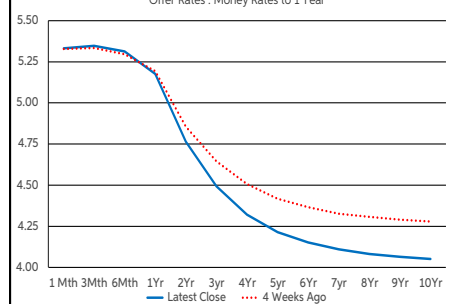


Euro/Yen Exchange Rate



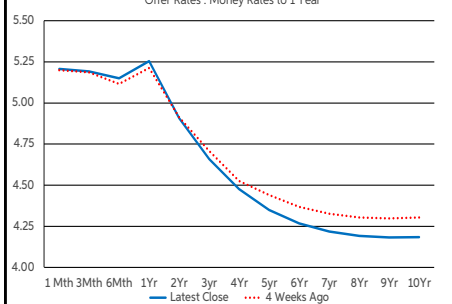
US Swap Curve

Offer Rates : Money Rates to 1 Year



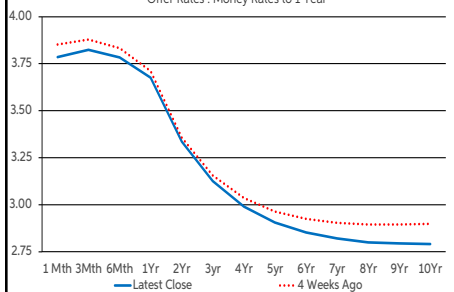
UK Swap Curve

Offer Rates : Money Rates to 1 Year

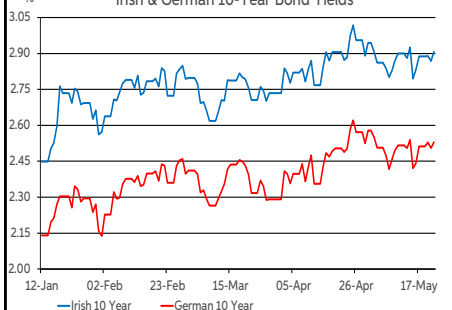


Eurozone Swap Curve

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	4.43	+2	-22	+57
Germany	2.53	+3	-5	+51
UK	4.24	+10	-10	+70
5 Year Swap %				
US	4.48	+3	-19	+68
Eurozone	2.91	+4	-5	+48
UK	4.35	+12	-9	+70
2 Year Swap %				
US	5.01	+2	-10	+67
Eurozone	3.34	+4	-2	+54
UK	4.91	+17	-0	+64
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+1	-2	+6
Belgium	53	-2	-3	-13
France	50	+1	-0	-3
Italy	130	+1	-7	-37
Spain	77	+1	-3	-19
Portugal	64	-0	-2	-12
Greece	99	+0	+4	-6

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	81.9	-1.18	-6.95	+6.31
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2378.2	-1.79	+2.70	+15.30

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