

## Inflation data in focus this week

There was a cautious tone to investor sentiment throughout last week, as economic data and remarks from central bank officials impacted markets. Overall, this led to a hardening in market rate expectations across the board. Against this backdrop, the Euro Stoxx 50 fell by 0.6%, while the S&P 500 finished flat on the week.

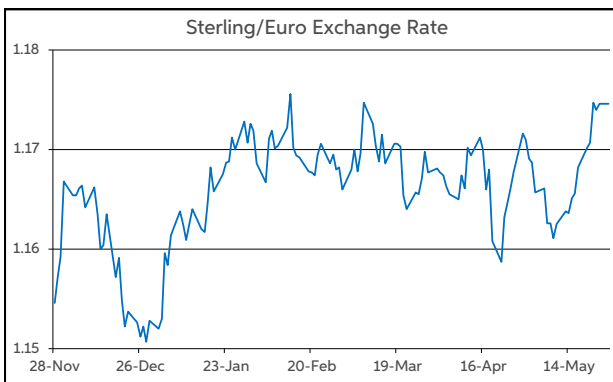
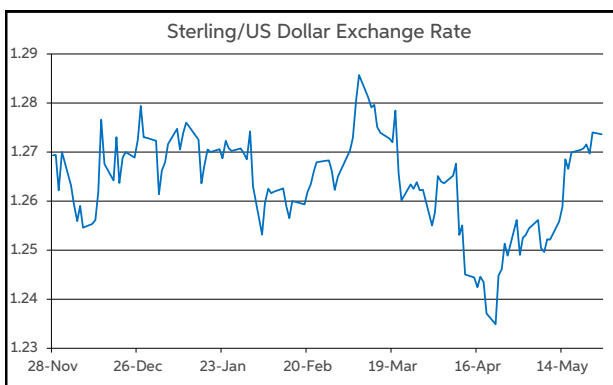
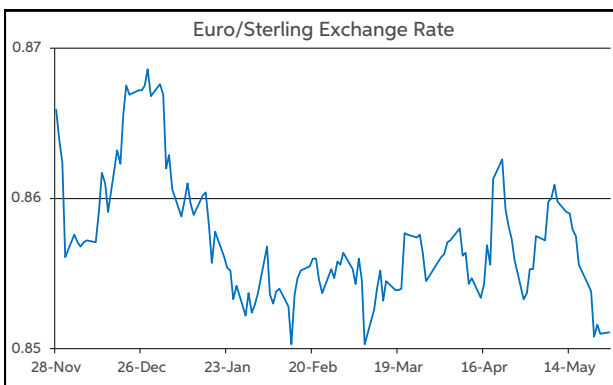
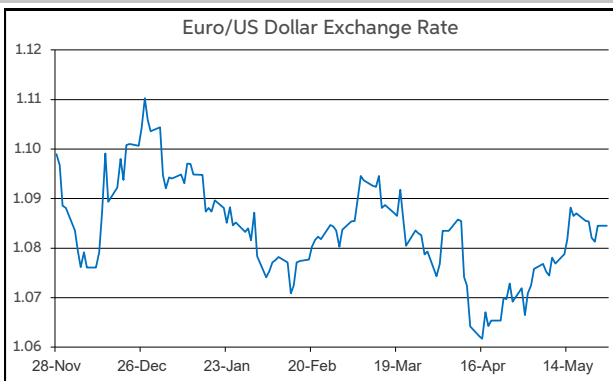
In the UK, futures pricing now indicates rate cuts of circa 35bps by year end compared to 55bps previously, as CPI inflation fell by less than the consensus in April. Similarly, US futures firmed last week, as the flash PMIs for showed that inflationary pressures accelerated. Comments from Fed speakers struck a somewhat hawkish tone also. In the Eurozone, market pricing remains consistent with a first rate cut in June, despite a slight increase in Q1 negotiated wages. However, market pricing now suggests just 55bps of easing by year end, compared to 65bps last Monday.

On the currency front, sterling was on the front foot last week, as UK rate expectations hardened by more than elsewhere. However, for the most part, the main FX pairs continued to trade in narrow ranges. Thus, the pound gained around 0.6% versus the euro and 0.3% against the dollar.

In level terms, EUR/GBP opens this morning in the lower half of the 85-86p range. GBP/USD is operating in the bottom half of the \$1.27-1.28 corridor. Elsewhere, EUR/USD is changing hands near the midpoint of the \$1.08-1.09 trading band.

Turning to the week ahead, the main releases of note will be US core-PCE (April) and Eurozone flash HICP inflation (May). However, there may be a quiet start to the week, as both the US and UK markets are closed for holidays.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0845	0.35	-1.73
EUR/GBP	0.8511	-0.05	-1.81
GBP/USD	1.2736	0.36	0.05
GBP/EUR	1.1743	0.05	1.84
USD/JPY	156.83	-0.15	11.18
EUR/JPY	170.09	0.18	9.29

\* 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	5.60	5.48	5.13	4.57
EUR	4.50	3.79	3.81	3.70	3.41	2.97
GBP	5.25	5.19	5.18	5.05	4.99	4.41

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

Monday 27 May 2024  
07:23 am



## Euro

EUR/GBP	0.8511
EUR/USD	1.0845
EUR/JPY	170.09
EUR/SEK	11.559
EUR/DKK	7.4606
EUR/NOK	11.4623
EUR/CHF	0.9921
EUR/AUD	1.6348
EUR/HKD	8.4703
EUR/CAD	1.4816

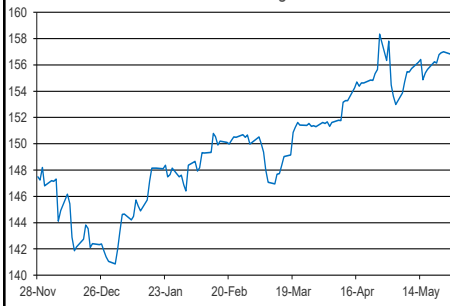
## Sterling

GBP/EUR	1.1743
GBP/USD	1.2736
GBP/CAD	1.7404
GBP/NZD	2.0793
GBP/JPY	199.74
GBP/SEK	13.574
GBP/DKK	8.7608
GBP/NOK	13.4679
GBP/CHF	1.1652
GBP/AUD	1.9206

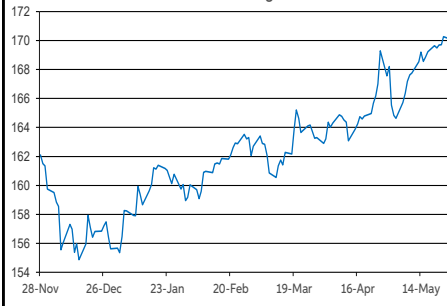
## Dollar

USD/JPY	156.83
USD/CAD	1.3661
USD/CHF	0.9146
USD/CNY	7.2451
USD/BRL	5.1707
USD/RUB	89.4475
USD/INR	83.075
AUD/USD	0.663
NZD/USD	0.6124

Dollar/Yen Exchange Rate

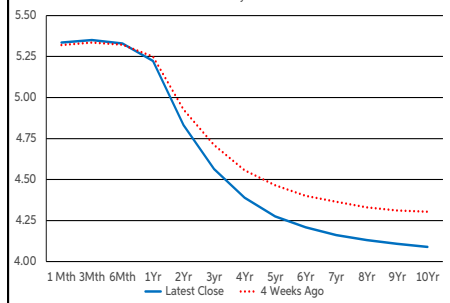


Euro/Yen Exchange Rate



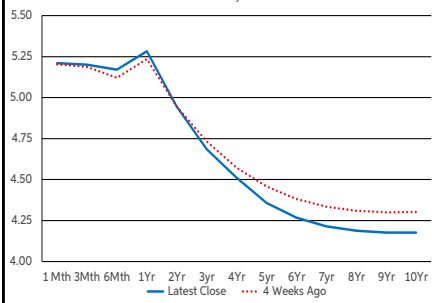
US Swap Curve

Offer Rates : Money Rates to 1 Year



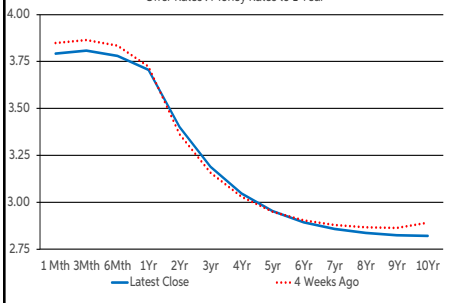
UK Swap Curve

Offer Rates : Money Rates to 1 Year

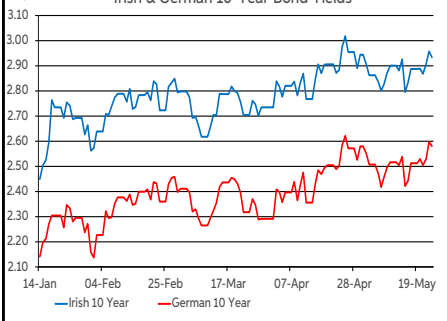


Eurozone Swap Curve

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	4.47	-0	-20	+61
Germany	2.58	-2	+1	+56
UK	4.26	-0	-6	+73
Ireland	2.97	-1	-1	+61
Belgium	3.11	-2	-1	+42
France	3.08	-0	+2	+52
Italy	3.90	+0	+1	+20
Spain	3.35	-0	-1	+36
Portugal	3.22	-1	+1	+44
Greece	3.62	+5	+14	+54
5 Year Swap %				
US	4.53	-1	-18	+74
Eurozone	2.95	-0	+1	+53
UK	4.36	-2	-10	+70
2 Year Swap %				
US	5.09	+1	-9	+76
Eurozone	3.40	+1	+5	+61
UK	4.95	-0	+1	+68
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-2	+5
Belgium	52	+0	-2	-14
France	49	+1	+1	-4
Italy	131	+2	-0	-36
Spain	77	+1	-2	-20
Portugal	64	+1	-0	-12
Greece	104	+6	+14	-1

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	82.12	+0.93	-8.25	+6.59
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2333.8	+0.23	-0.17	+13.15

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.