

Risk-off mood on markets

Yesterday, the flash reading of German flash HICP inflation printed above the consensus, rising to 2.8% in May, from 2.4% (and vs. 2.7% f'cast). However, the increase was almost solely driven by base effects from reduced public transport costs last year. Nevertheless, Eurozone futures contracts firmed modestly, with market expectations now for 60bps of policy easing by year end.

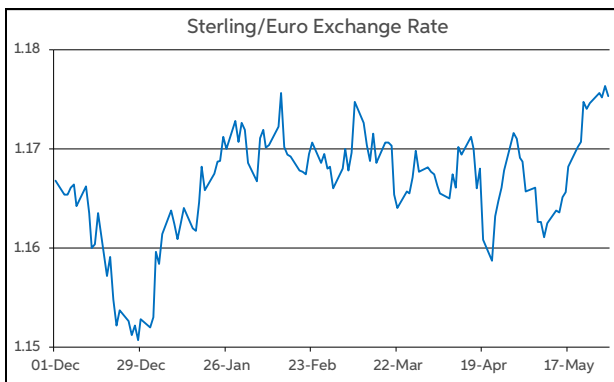
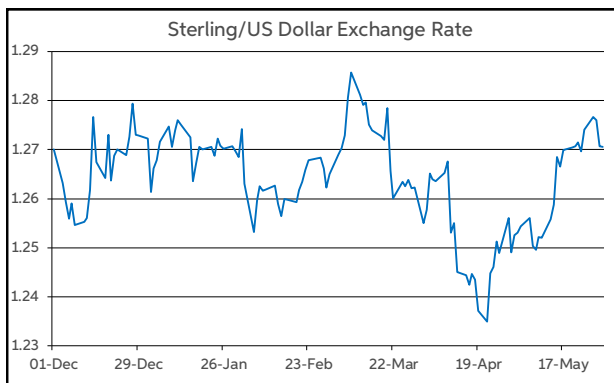
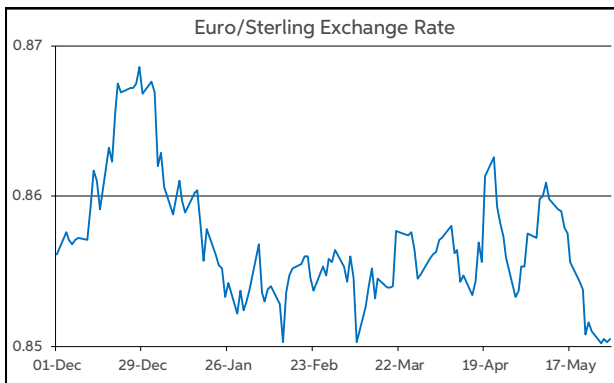
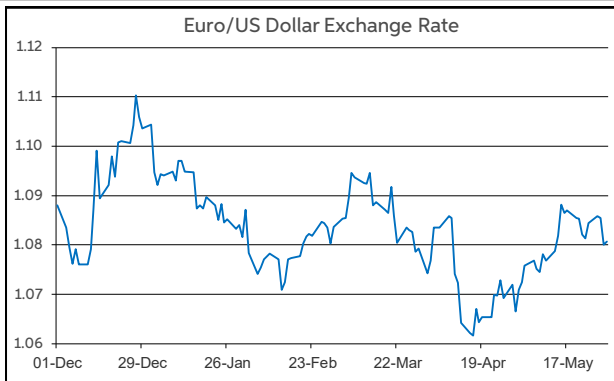
Meantime, in the US, for a second time this week, Minneapolis Fed President Kashkari refused to rule out hiking rates this year (albeit he thinks a further rate hike is unlikely).

Against this backdrop, there was a risk-off mood on markets. Bond yields rose across the board. 10 year US Treasury, German Bund and UK Gilt yields moving 8-11bps higher. On equity markets, the Euro Stoxx 50 shed 1.2%, while the S&P 500 fell by 0.7%.

Currency-wise, the dollar was in the driving seat in the latter part of the European session, supported by the softer tone to risk appetite and the hawkish Fed rhetoric. The greenback gained circa 0.3% against the euro, dollar and yen. Elsewhere, EUR/GBP briefly traded at its lowest level since August 2022, falling below 84.9p. However, the move was not sustained. Indeed, in trading this morning, EUR/GBP is changing hands above the 85p threshold. Meanwhile, GBP/USD is down near the \$1.27 mark. EUR/USD is operating in the lower half of the \$1.08-1.09 band.

Already this morning Spanish inflation data was slightly above consensus at 3.8% in May on the HICP measure. A busier data schedule today includes the EC sentiment indices for May in the Eurozone. Across the Atlantic, the second reading of US GDP for Q1 and the latest initial jobless claims figures will feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0807	-0.36	-2.08
EUR/GBP	0.8505	0.00	-1.88
GBP/USD	1.2705	-0.35	-0.19
GBP/EUR	1.1752	0.00	1.92
USD/JPY	156.96	-0.18	11.27
EUR/JPY	169.66	-0.53	9.01

* 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	5.61	5.47	5.13	4.66
EUR	4.50	3.76	3.79	3.65	3.40	3.01
GBP	5.25	5.20	5.19	5.07	4.99	4.47

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 30 May 2024
08:56 am



Euro

EUR/GBP	0.8505
EUR/USD	1.0807
EUR/JPY	169.66
EUR/SEK	11.5215
EUR/DKK	7.46
EUR/NOK	11.4261
EUR/CHF	0.9834
EUR/AUD	1.6356
EUR/HKD	8.45
EUR/CAD	1.483

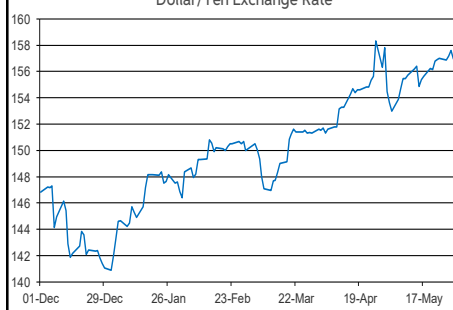
Sterling

GBP/EUR	1.1752
GBP/USD	1.2705
GBP/CAD	1.7432
GBP/NZD	2.0821
GBP/JPY	199.42
GBP/SEK	13.5424
GBP/DKK	8.7676
GBP/NOK	13.425
GBP/CHF	1.1561
GBP/AUD	1.9226

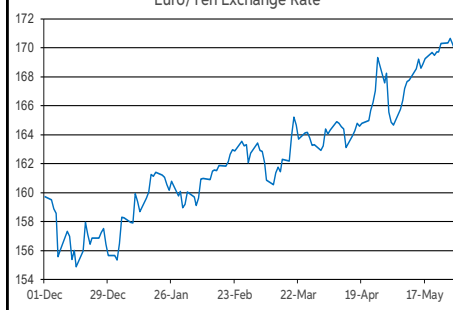
Dollar

USD/JPY	156.96
USD/CAD	1.3718
USD/CHF	0.9098
USD/CNY	7.2464
USD/BRL	5.2018
USD/RUB	89.76
USD/INR	83.3725
AUD/USD	0.6607
NZD/USD	0.61

Dollar/Yen Exchange Rate

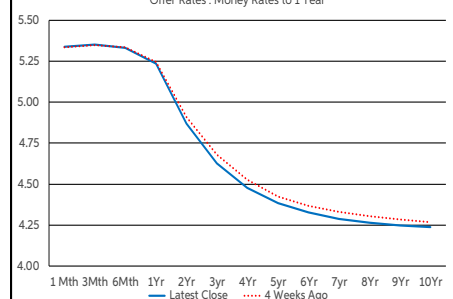


Euro/Yen Exchange Rate



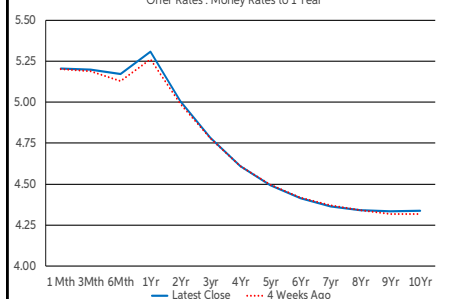
US Swap Curve

Offer Rates : Money Rates to 1 Year



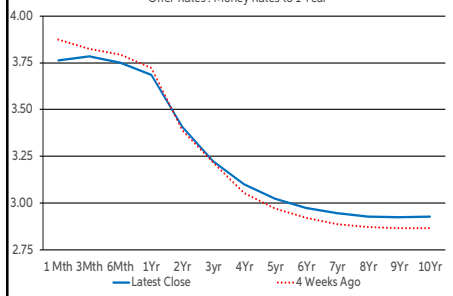
UK Swap Curve

Offer Rates : Money Rates to 1 Year

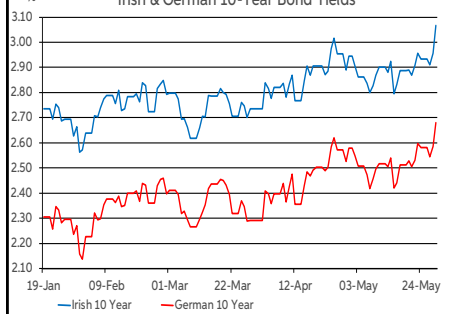


Eurozone Swap Curve

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	4.62	+8	+3	+76
Germany	2.68	+9	+10	+66
UK	4.40	+11	+3	+86
Ireland	3.08	+10	+11	+71
Belgium	3.22	+10	+12	+53
France	3.18	+9	+10	+62
Italy	4.02	+12	+14	+32
Spain	3.44	+9	+9	+45
Portugal	3.30	+8	+10	+51
Greece	3.67	+11	+20	+60
5 Year Swap %				
US	4.65	+4	-3	+86
Eurozone	3.02	+7	+6	+60
UK	4.49	+10	-0	+84
2 Year Swap %				
US	5.12	-1	-4	+78
Eurozone	3.41	+3	+3	+61
UK	5.01	+5	+2	+74
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	+1	+6
Belgium	54	+0	+2	-12
France	50	+0	-0	-3
Italy	133	+2	+4	-34
Spain	75	-1	-2	-21
Portugal	61	-1	-0	-15
Greece	99	+1	+10	-6

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	83.6	-0.74	+0.19	+8.52
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2338.8	-0.94	+0.90	+13.39

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