Morning Comment

AIB Treasury Economic Research Unit



Tuesday 07 May 2024 07:03 am

EUR/USD at the midpoint of \$1.07-1.08

Investor sentiment was holding a positive tone yesterday, amid a relatively quiet start to the week on financial markets. The Euro Stoxx 50 gained 0.7%. Meantime, on Wall Street the S&P 500 rose by 1.0%. In terms of fixed income, benchmark sovereign yields were little changed across the board.

Data-wise, a scant macro calendar failed to provide any directional impact for markets. Of the limited releases to note, Eurozone producer price inflation printed at -7.8% in March, broadly in-line with expectations for a -7.7% reading. Meanwhile, the EU sentix index improved to -3.6 in May, above the consensus of -5.0.

On the currency front, the main FX pairs were confined to tight trading ranges. The price action was muted amid the quiet macro calendar. A bank holiday in the UK also likely contributed to the limited moves on the exchanges. Meantime, overnight the yen was under some modest downward pressure.

As trading gets underway this morning, EUR/USD opens at the midpoint of the \$1.07-1.08 trading band. GBP/USD is operating in the lower half of the \$1.25-1.26 corridor. Elsewhere, EUR/GBP is in the upper half of the 85-86p range. USD/JPY is at the halfway mark of \$154-155.

Turning to the day ahead, the data calendar is rather sparse once again on both sides of the Atlantic. Thus, range trading may remain the order of the day on currency markets. However, remarks from Fed official Kashkari will garner some interest from a dollar perspective. Investors will also be paying attention to newsflow in relation to the Israel-Hamas war.

Daniel Noonan, Economist, AIB

| Today's Opening FX Rates | | | | |
|----------------------------------|--------|----------|----------|--|
| | | % Change | | |
| | | Day * | End 2023 | |
| EUR/USD | 1.0754 | -0.07 | -2.56 | |
| EUR/GBP | 0.8578 | -0.01 | -1.04 | |
| GBP/USD | 1.2535 | -0.06 | -1.52 | |
| GBP/EUR | 1.1652 | 0.01 | 1.05 | |
| USD/JPY | 154.56 | 0.41 | 9.57 | |
| EUR/JPY | 166.25 | 0.35 | 6.82 | |
| * v Previous Day's European Open | | | | |
| See Next Page for More Rates | | | | |

| Opening Interest Rates | | | | | | |
|------------------------|-----------|-------|--------|------------|------|------|
| | | Money | Market | Swap Rates | | |
| | Base Rate | 1-Mth | 3-Mth | 1-Yr | 2-Yr | 5-Yr |
| USD | 5.38 | 5.44 | 5.59 | 5.41 | 5.02 | 4.54 |
| EUR | 4.50 | 3.87 | 3.83 | 3.63 | 3.26 | 2.83 |
| GBP | 5.25 | 5.18 | 5.15 | 4.93 | 4.82 | 4.32 |









All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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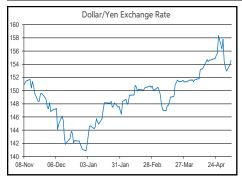
Opening Levels



| 0.8578 |
|--------|
| 1.0754 |
| 166.25 |
| 11.658 |
| 7.4587 |
| 1.6819 |
| 0.9758 |
| 1.6317 |
| 8.4127 |
| 1.4721 |
| |

| Sterling | | | |
|----------|--|--|--|
| 1.1652 | | | |
| 1.2535 | | | |
| 1.7157 | | | |
| 2.0875 | | | |
| 193.74 | | | |
| 13.5824 | | | |
| 8.6928 | | | |
| 13.6163 | | | |
| 1.1376 | | | |
| 1.9017 | | | |
| | | | |

| Dollar | | | | |
|---------|--------|--|--|--|
| USD/JPY | 154.56 | | | |
| USD/CAD | 1.3685 | | | |
| USD/CHF | 0.9072 | | | |
| USD/CNY | 7.2175 | | | |
| USD/BRL | 5.0758 | | | |
| USD/RUB | 91.25 | | | |
| USD/INR | 83.504 | | | |
| | | | | |
| AUD/USD | 0.6591 | | | |
| NZD/USD | 0.6003 | | | |



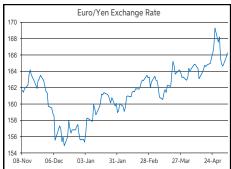
US Swap Curve Offer Rates : Money Rates to 1 Year

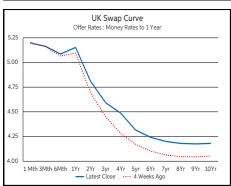
6.25

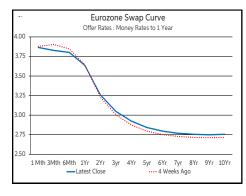
5.75 5.50

5.25

4.50 4.25







1 Mth 3Mth 6Mth 1Yr 2Yr 3yr 4Yr 5yr 6Yr 7yr 8Yr 9Yr 10Yr
Latest Close ···· 4 Weeks Ago



| | Debt | Markets | | | | |
|----------------------|----------------|-------------|--------------|--------|--|--|
| | | | Change bps | | | |
| | Close | Day | 4 Weeks | End 23 | | |
| 10 Year Yield % | | | | | | |
| US | 4.49 | -1 | +6 | +63 | | |
| Germany | 2.48 | -3 | +4 | +45 | | |
| UK | 4.23 | -6 | +14 | +69 | | |
| Ireland | 2.86 | -2 | -1 | +50 | | |
| Belgium | 3.02 | -3 | +1 | +33 | | |
| France | 3.00 | -5 | +7 | +44 | | |
| Italy | 3.80 | -2 | +0 | +10 | | |
| Spain | 3.25 | -2 | -0 | +26 | | |
| Portugal | 3.12 | -3 | +1 | +33 | | |
| Greece | 3.56 | +9 | +18 | +48 | | |
| 5 Year Swap % | | | | | | |
| US | 4.51 | -1 | +8 | +72 | | |
| Eurozone | 2.84 | -2 | +6 | +42 | | |
| UK | 4.32 | -0 | +15 | +66 | | |
| 2 Year Swap % | | | | | | |
| US | 4.99 | -1 | +4 | +65 | | |
| Eurozone | 3.26 | -2 | +4 | +47 | | |
| UK | 4.81 | -1 | +12 | +55 | | |
| 10 Year Governme | nt Bond Spread | s to Benchn | nark bps | | | |
| Ireland | 38 | +1 | -5 | +5 | | |
| Belgium | 54 | +0 | -2 | -12 | | |
| France | 52 | -1 | +3 | -1 | | |
| Italy | 133 | +2 | -3 | -35 | | |
| Spain | 77 | +2 | -4 | -19 | | |
| Portugal | 64 | +0 | -3 | -12 | | |
| Greece | 108 | +12 | +14 | +4 | | |

| Commodities | | | | | |
|----------------|-----------------------|----------|-------|--------|--|
| | | % Change | | | |
| | Close Day 4 Weeks End | | | | |
| Brent Oil | 83.33 | +0.45 | -7.80 | +8.16 | |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 | |
| Gold \$ | 2323.6 | +0.96 | -0.66 | +12.65 | |

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