

## Trade risks back in focus

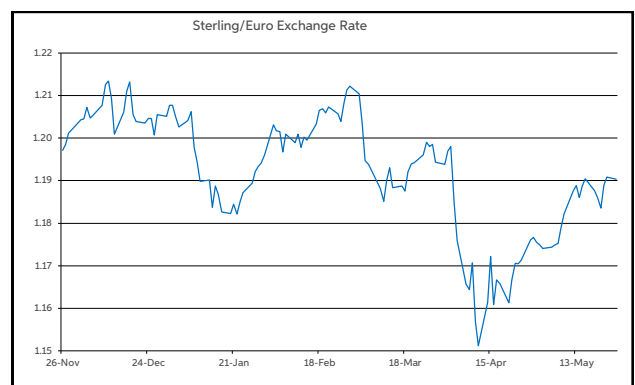
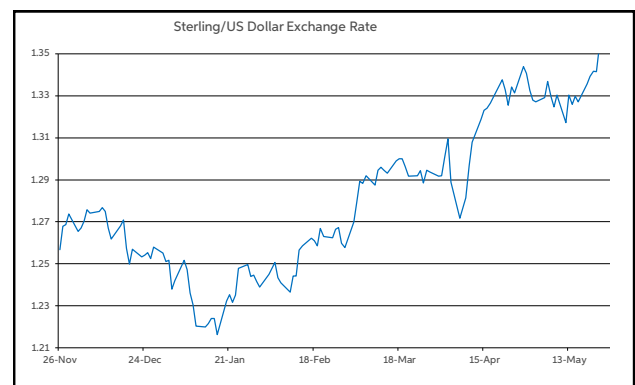
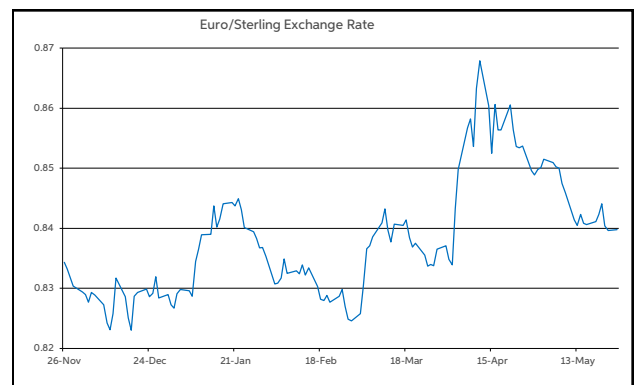
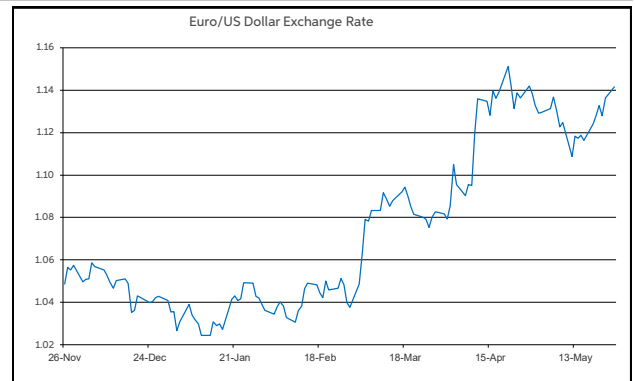
The market action last week saw a risk averse mood dominate. For much of the week, this stemmed from nervousness on the sustainability of US debt and the potential for debt levels to rise substantially over the coming years if the current tax/spending bill going through Congress gets enacted. Then on Friday, a threat from US President Trump, of a 50% tariff on EU imports (initially from June 1st but extended to July 9th) saw equity investors on the back foot heading into the weekend. The Euro Stoxx fell by 1.8% on Friday, finishing the week 1.9% lower. Meanwhile, by the closing bell on Wall Street, the S&P 500 was down 2.6% on the week.

In terms of macro data last week, attention was on the flash PMIs for May. The US survey results printed ahead of expectations with strong performance from both the manufacturing and services sectors. The results suggest that the US economy continues to perform well despite all the trade policy related uncertainty. In contrast, the Eurozone PMIs disappointed versus forecasts, with the headline number falling back into contractionary territory.

Currency-wise, the dollar found itself on the defensive. Initially this was amid the concerns over US debt. Then Friday's tariff newsflow put further downward pressure on the greenback. In level terms, the weaker dollar is evident in EUR/USD opening this morning back above \$1.14, having started last Monday just below \$1.12. Meantime, GBP/USD commences this week posting a fresh YTD high at \$1.359. Elsewhere, the EUR/GBP pair is straddling the 84p handle, similar to where it spent much of last week.

Ahead this week, given last Friday's '50% tariff threat', trade related news/developments will warrant close attention and therefore a potential source of market volatility. Data-wise, we get some important inflation updates. This includes US core-PCE (April) and the flash May readings of German, French, and Italian HICP inflation.

**John Fahey, Senior Economist, AIB**



| Today's Opening FX Rates         |        |          |          |
|----------------------------------|--------|----------|----------|
|                                  |        | % Change |          |
|                                  |        | Day *    | End 2024 |
| EUR/USD                          | 1.1416 | 0.87     | 10.27    |
| EUR/GBP                          | 0.8398 | -0.17    | 1.51     |
| GBP/USD                          | 1.3589 | 1.03     | 8.62     |
| GBP/EUR                          | 1.19   | 0.17     | -1.49    |
| USD/JPY                          | 142.5  | -0.66    | -9.34    |
| EUR/JPY                          | 162.69 | 0.21     | -0.04    |
| * 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                    | 4.38         | 4.32  | 4.32 | 4.08       | 4.05 | 3.97 |
| EUR                    | 2.40         | 2.09  | 2.04 | 2.00       | 1.96 | 2.23 |
| GBP                    | 4.25         | 4.20  | 4.18 | 3.98       | 4.11 | 4.13 |

All rates quoted are indicative market rates

See Next Page For More Rates &

### CONTACTS

**AIB Customer Treasury Services**  
business.treasury@aib.ie  
aib.corporate@treasury@aib.ie  
aib.ie/fxcentre

**Customer Treasury Services GB**  
treasury.gb@aib.ie  
  
aibgb.co.uk/fxcentre

**Customer Treasury Services NI**  
TreasuryNI@aib.ie  
  
aibni.co.uk/fxcentre

# Opening Levels

Monday 26 May 2025  
06:57 am



## Euro

|         |         |
|---------|---------|
| EUR/GBP | 0.8398  |
| EUR/USD | 1.1416  |
| EUR/JPY | 162.69  |
| EUR/SEK | 10.8208 |
| EUR/DKK | 7.459   |
| EUR/NOK | 11.4858 |
| EUR/CHF | 0.9362  |
| EUR/AUD | 1.7487  |
| EUR/HKD | 8.9474  |
| EUR/CAD | 1.5636  |

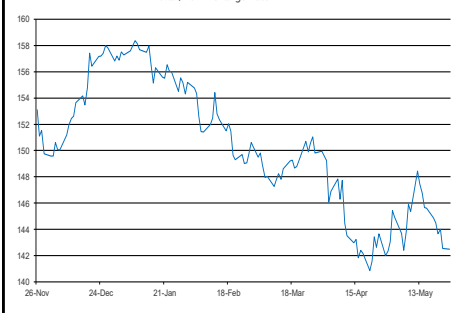
## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.19    |
| GBP/USD | 1.3589  |
| GBP/CAD | 1.861   |
| GBP/NZD | 2.2522  |
| GBP/JPY | 193.61  |
| GBP/SEK | 12.8809 |
| GBP/DKK | 8.8742  |
| GBP/NOK | 13.6725 |
| GBP/CHF | 1.1138  |
| GBP/AUD | 2.0811  |

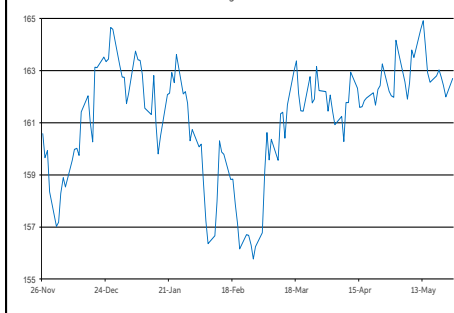
## Dollar

|         |         |
|---------|---------|
| USD/JPY | 142.5   |
| USD/CAD | 1.3697  |
| USD/CHF | 0.8197  |
| USD/CNY | 7.1722  |
| USD/BRL | 5.6463  |
| USD/RUB | 79.75   |
| USD/INR | 84.8825 |
| AUD/USD | 0.6526  |
| NZD/USD | 0.6028  |

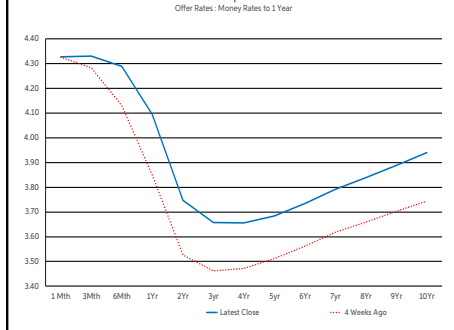
Dollar/Yen Exchange Rate



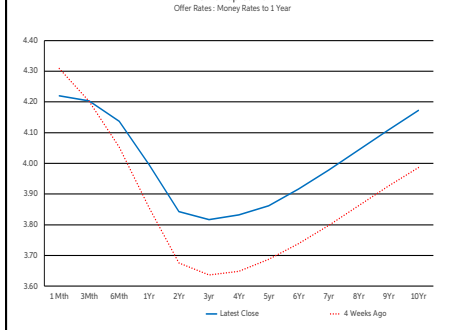
Euro/Yen Exchange Rate



US Swap Curve



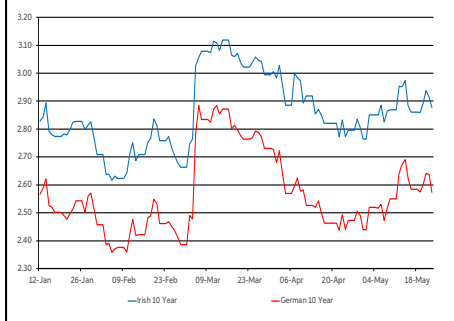
UK Swap Curve



Eurozone Swap Curve



Irish & German 10-Year Bond Yields



## Debt Markets

|                                                  | Close | Change bps |         |        |
|--------------------------------------------------|-------|------------|---------|--------|
|                                                  |       | Day        | 4 Weeks | End 24 |
| 10 Year Yield %                                  |       |            |         |        |
| US                                               | 4.51  | -4         | +25     | -7     |
| Germany                                          | 2.57  | -6         | +10     | +21    |
| UK                                               | 4.68  | -7         | +20     | +11    |
| Ireland                                          | 2.91  | -5         | +8      | +26    |
| Belgium                                          | 3.12  | -5         | +5      | +14    |
| France                                           | 3.27  | -4         | +8      | +8     |
| Italy                                            | 3.61  | -5         | +3      | +9     |
| Spain                                            | 3.20  | -5         | +7      | +14    |
| Portugal                                         | 3.09  | -5         | +8      | +24    |
| Greece                                           | 3.34  | -8         | -1      | +9     |
| 5 Year Swap %                                    |       |            |         |        |
| US                                               | 3.93  | -5         | +18     | -36    |
| Eurozone                                         | 2.23  | -4         | +9      | -1     |
| UK                                               | 4.08  | -7         | +17     | -20    |
| 2 Year Swap %                                    |       |            |         |        |
| US                                               | 4.01  | -1         | +25     | -32    |
| Eurozone                                         | 1.96  | -4         | +5      | -23    |
| UK                                               | 4.07  | -2         | +16     | -42    |
| 10 Year Government Bond Spreads to Benchmark bps |       |            |         |        |
| Ireland                                          | 33    | +2         | -2      | +5     |
| Belgium                                          | 54    | +1         | -5      | -8     |
| France                                           | 70    | +2         | -2      | -14    |
| Italy                                            | 104   | +2         | -7      | -12    |
| Spain                                            | 63    | +2         | -3      | -7     |
| Portugal                                         | 52    | +2         | -2      | +3     |
| Greece                                           | 77    | -2         | -11     | -12    |

## Commodities

|                | % Change |       |         |        |
|----------------|----------|-------|---------|--------|
|                | Close    | Day   | 4 Weeks | End 24 |
| Brent Oil      | 64.78    | +0.53 | -3.13   | -13.21 |
| West Texas Oil | 71.65    | -0.17 | -1.90   | -1.27  |
| Gold \$        | 3357.0   | +1.91 | +1.17   | +27.94 |

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.