

## US debt concerns impacting markets

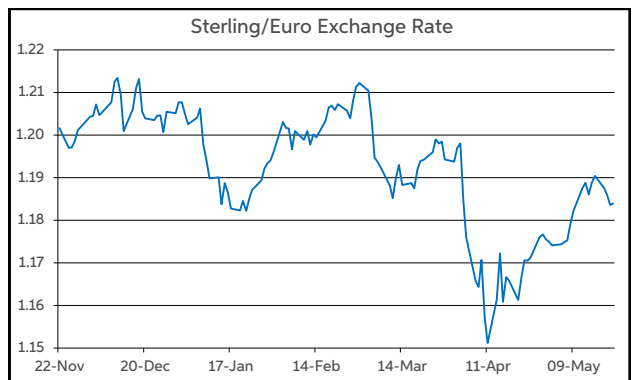
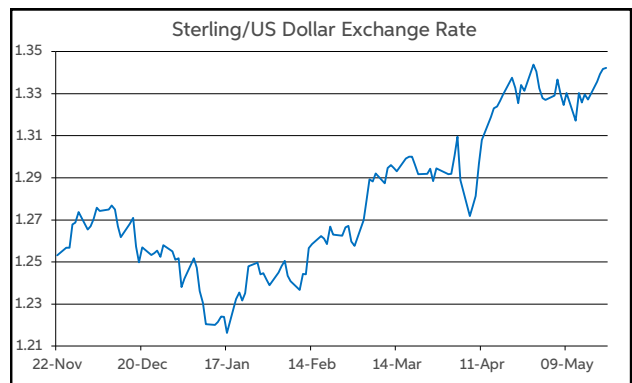
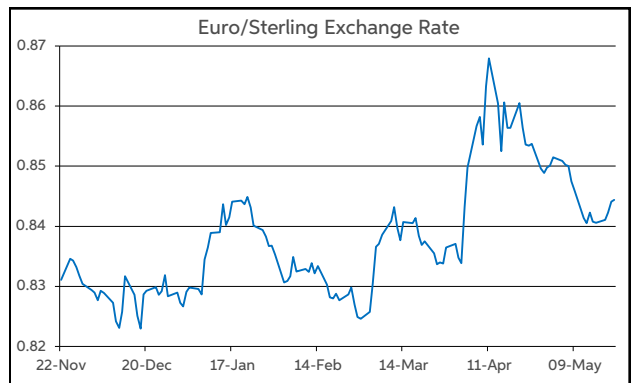
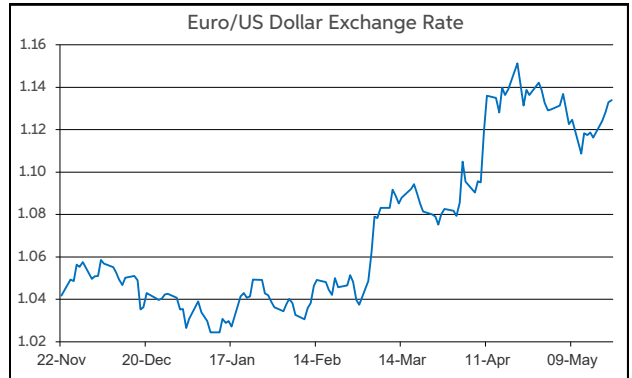
The market action yesterday was very much derived from US related developments. It centred around the issue of US debt sustainability. This was in the context of relatively soft demand for a 20-year US Treasury bond auction, while at the same time, the US government was working on a tax and spending bill that could significantly increase an already very high US deficit.

US Treasury yields moved higher, especially at the longer end of the curve. The 30-year yield rose above the 5% threshold, while the 10-year US yield moved up to the 4.6% level. The move higher in yields was not just confined to the US, with European rates also rising, albeit not to the same extent. Against this backdrop of concerns over US debt, investor sentiment was in a risk averse mood. At the closing bell on Wall Street last night, the S&P 500 was 1.6% lower on the day.

Currency-wise, the action was more muted. The majors were confined to fairly narrow ranges. This subdued FX trading has continued overnight during Asia-Pacific markets. As a result, most of the main pairs start this morning broadly similar to their opening levels from 24 hours earlier. This also means that the dollar has retained its softer tone from Tuesday. In level terms, EUR/USD remains near to the midpoint of the \$1.13-1.14 range, while GBP/USD continues to operate above \$1.34. Meantime, the USD/JPY pair is pinned down below the ¥144 threshold. Elsewhere, on the exchanges, EUR/GBP remains in the lower end of the 84-85pg band.

Looking ahead to today, we get the main releases of the week, with the flash PMIs for May due from the Eurozone, US and UK. The survey data will be assessed to see if trade tensions/tariff uncertainty is impacting business activity. On the monetary policy front, the ECB account from their April meeting (when they cut rates by 25bps) will be published.

**John Fahey, Senior Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2024 |
| EUR/USD                  | 1.1339 | 0.11     | 9.52     |
| EUR/GBP                  | 0.8444 | 0.13     | 2.07     |
| GBP/USD                  | 1.3425 | -0.01    | 7.31     |
| GBP/EUR                  | 1.1835 | -0.13    | -2.03    |
| USD/JPY                  | 143.2  | -0.38    | -8.89    |
| EUR/JPY                  | 162.38 | -0.29    | -0.23    |

\* 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 | 4.06       | 4.06 | 4.05 |
| EUR                    | 2.40         | 2.06  | 2.06 | 2.03       | 2.03 | 2.30 |
| GBP                    | 4.25         | 4.20  | 4.19 | 4.01       | 4.12 | 4.18 |

All rates quoted are indicative market rates

See Next Page For More Rates &

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# Opening Levels

Thursday 22 May 2025  
07:21 am



## Euro

|         |         |
|---------|---------|
| EUR/GBP | 0.8444  |
| EUR/USD | 1.1339  |
| EUR/JPY | 162.38  |
| EUR/SEK | 10.8438 |
| EUR/DKK | 7.46    |
| EUR/NOK | 11.5197 |
| EUR/CHF | 0.935   |
| EUR/AUD | 1.7594  |
| EUR/HKD | 8.8736  |
| EUR/CAD | 1.5703  |

## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1835  |
| GBP/USD | 1.3425  |
| GBP/CAD | 1.8588  |
| GBP/NZD | 2.2651  |
| GBP/JPY | 192.19  |
| GBP/SEK | 12.8362 |
| GBP/DKK | 8.8317  |
| GBP/NOK | 13.6388 |
| GBP/CHF | 1.1067  |
| GBP/AUD | 2.0822  |

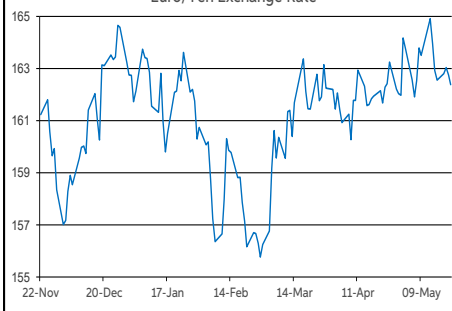
## Dollar

|         |        |
|---------|--------|
| USD/JPY | 143.2  |
| USD/CAD | 1.3851 |
| USD/CHF | 0.8245 |
| USD/CNY | 7.2035 |
| USD/BRL | 5.6451 |
| USD/RUB | 79.7   |
| USD/INR | 85.648 |
| AUD/USD | 0.6444 |
| NZD/USD | 0.5922 |

Dollar/Yen Exchange Rate

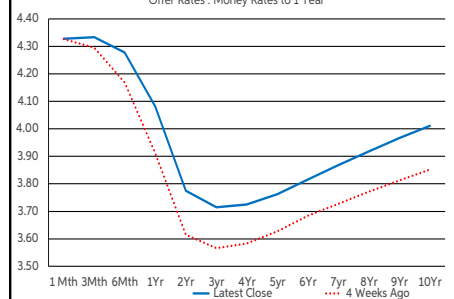


Euro/Yen Exchange Rate



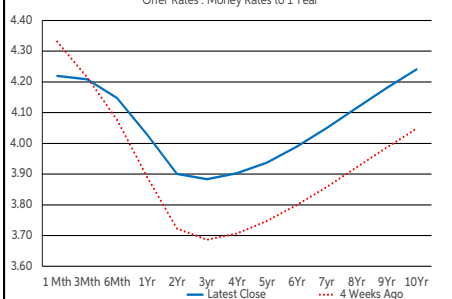
US Swap Curve

Offer Rates : Money Rates to 1 Year



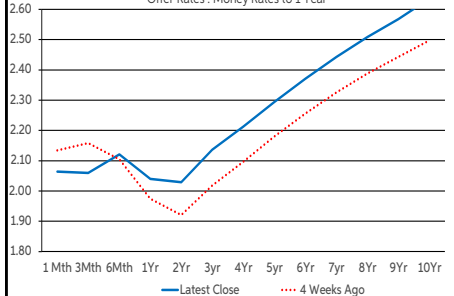
UK Swap Curve

Offer Rates : Money Rates to 1 Year

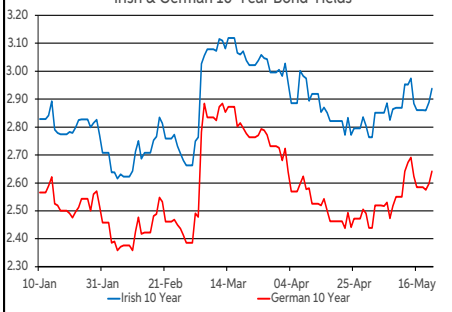


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

|                                                  | Close | Change bps |         |        |
|--------------------------------------------------|-------|------------|---------|--------|
|                                                  |       | Day        | 4 Weeks | End 24 |
| 10 Year Yield %                                  |       |            |         |        |
| US                                               | 4.60  | +12        | +21     | +2     |
| Germany                                          | 2.64  | +4         | +15     | +28    |
| UK                                               | 4.76  | +5         | +19     | +18    |
|                                                  |       |            |         |        |
| Ireland                                          | 2.97  | +5         | +11     | +32    |
| Belgium                                          | 3.17  | +3         | +7      | +18    |
| France                                           | 3.31  | +5         | +7      | +11    |
| Italy                                            | 3.65  | +4         | +2      | +13    |
| Spain                                            | 3.26  | +4         | +9      | +19    |
|                                                  |       |            |         |        |
| Portugal                                         | 3.14  | +4         | +9      | +29    |
| Greece                                           | 3.41  | +2         | +3      | +17    |
| -----                                            |       |            |         |        |
| 5 Year Swap %                                    |       |            |         |        |
| US                                               | 4.03  | +7         | +11     | -26    |
| Eurozone                                         | 2.29  | +4         | +11     | +5     |
| UK                                               | 4.18  | +4         | +18     | -11    |
| -----                                            |       |            |         |        |
| 2 Year Swap %                                    |       |            |         |        |
| US                                               | 4.02  | +2         | +14     | -31    |
| Eurozone                                         | 2.02  | +3         | +11     | -17    |
| UK                                               | 4.12  | +3         | +17     | -37    |
| -----                                            |       |            |         |        |
| 10 Year Government Bond Spreads to Benchmark bps |       |            |         |        |
| Ireland                                          | 32    | +1         | -4      | +4     |
|                                                  |       |            |         |        |
| Belgium                                          | 52    | -1         | -8      | -10    |
| France                                           | 66    | +1         | -8      | -17    |
| Italy                                            | 101   | -0         | -13     | -15    |
| Spain                                            | 61    | +0         | -5      | -9     |
|                                                  |       |            |         |        |
| Portugal                                         | 50    | +0         | -6      | +1     |
| Greece                                           | 77    | -2         | -12     | -11    |

## Commodities

|                | % Change |       |         |        |
|----------------|----------|-------|---------|--------|
|                | Close    | Day   | 4 Weeks | End 24 |
| Brent Oil      | 64.91    | -0.72 | -1.83   | -13.04 |
| West Texas Oil | 71.65    | -0.17 | -1.90   | -1.27  |
| Gold \$        | 3313.9   | +0.76 | +0.80   | +26.30 |

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