

## Ad-hoc ECB, Fed as expected, BoE ahead

Monetary policy was very much in focus yesterday. The ECB convened an ad-hoc meeting, to discuss current market conditions. It announced that PEPP proceeds will be applied flexibly and that a “new anti-fragmentation” tool will also be developed. Both initiatives will aim to contain the spread between core-periphery Eurozone bond yields. 10yr German Bund yields declined by 10bps yesterday, while the spread between Italian BTPs and German Bunds narrowed by circa 25bps.

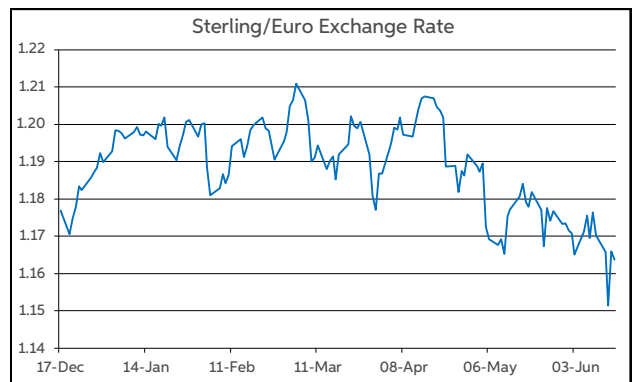
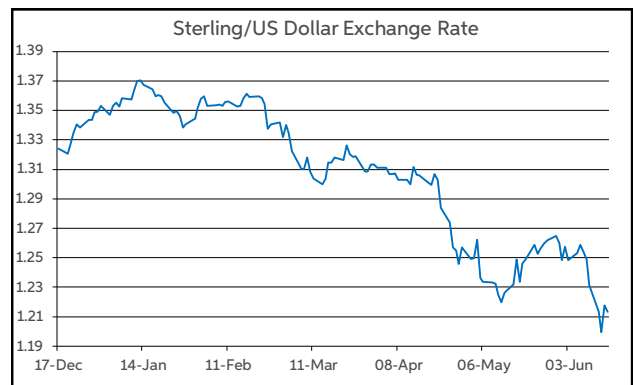
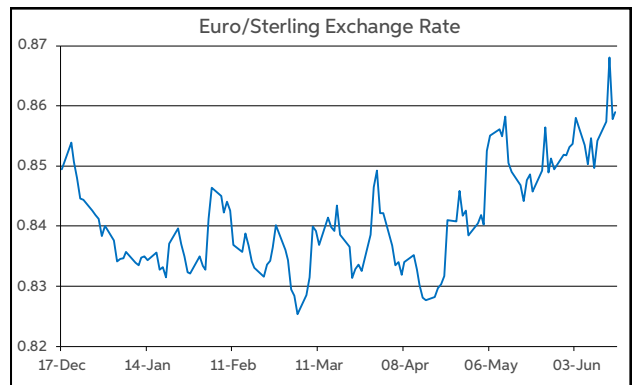
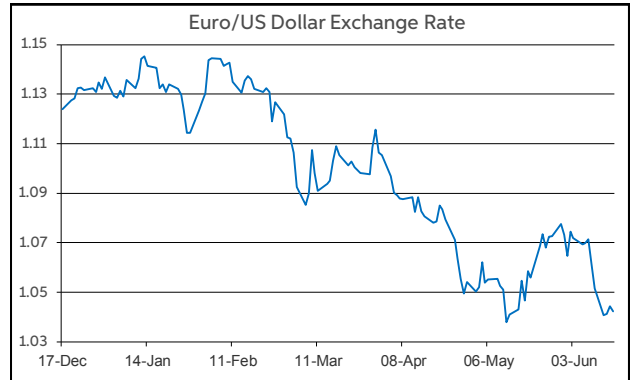
The euro, which had been on the defensive recently briefly rose above \$1.05 against the dollar. However, the move could not be sustained. Indeed, the single currency finished the day on the back-foot. Elsewhere, sterling reversed its losses from the day before.

Overnight, the focus shifted to the US Fed. As had been speculated earlier in the week, the central bank hiked interest rates by 75bps. The latest interest rate dotplot shows that the Fed now expects rates to rise to 3.4% before year end as it tries to rein in inflation. There was a relatively limited reaction from the dollar to the Fed meeting.

Overall, EUR/USD opens this morning broadly unchanged from 24hrs earlier, down in the lower half of \$1.04-1.05. The firmer tone to sterling sees GBP/USD back above the \$1.21 threshold, and EUR/GBP back down below 86p.

Today, all eyes will be on the latest BoE meeting. The BoE is expected to hike by 25bps again, although, the MPC appears divided on the outlook. Therefore, the markets attention is likely to centre on the BoE’s forward guidance regarding further rate hikes. As a result, there could be some volatility for sterling today.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.042	-0.05	-8.34
EUR/GBP	0.8587	-1.14	2.23
GBP/USD	1.2132	1.09	-10.33
GBP/EUR	1.164	1.15	-2.18
USD/JPY	134.32	-0.54	16.72
EUR/JPY	139.98	-0.60	6.96

\* 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	0.875	1.51	2.00	3.40	3.65	3.44
EUR	0.00	-0.51	-0.24	1.01	1.77	2.16
GBP	1.00	1.29	1.60	2.78	3.06	2.99

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

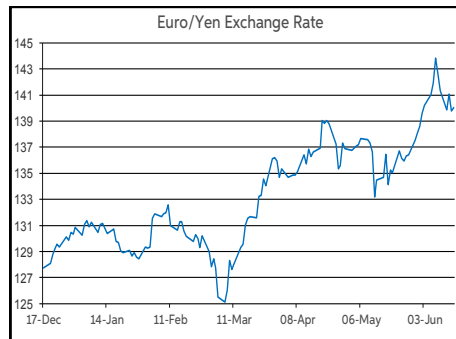
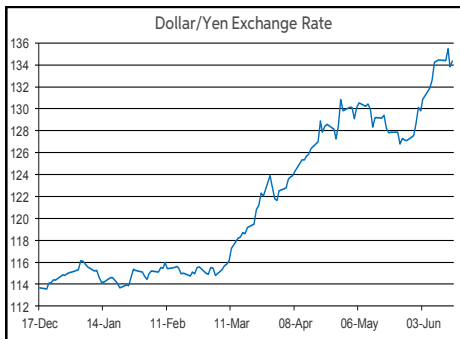
CONTACTS		
<b>AIB Customer Treasury Services</b> business.treasury@aib.ie aib.corporatetreasury@aib.ie aib.ie/fxcentre	<b>Customer Treasury Services GB</b> treasury.gb@aib.ie  aibgb.co.uk/fxcentre	<b>Customer Treasury Services NI</b> TreasuryNI@aib.ie  aibni.co.uk/fxcentre

# Opening Levels

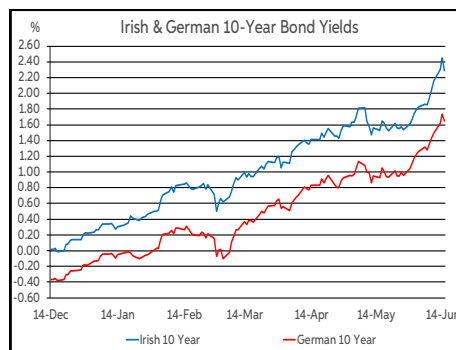
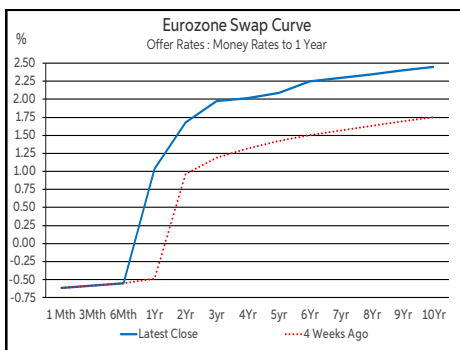
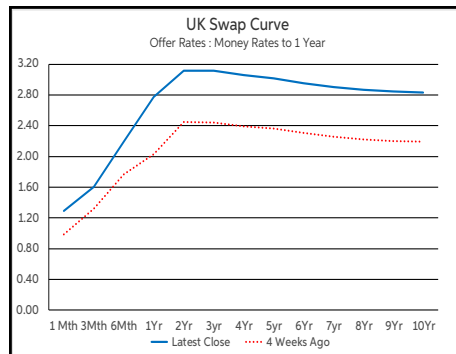
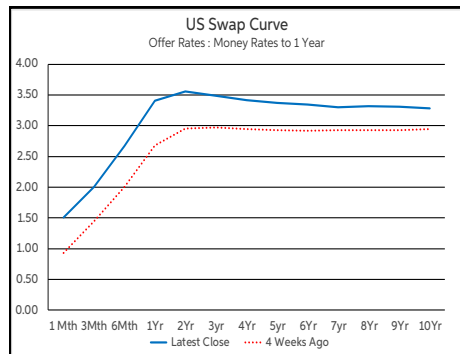
Thursday 16 June 2022  
07:37 am



Euro		Sterling		Dollar	
EUR/GBP	0.8589	GBP/EUR	1.1641	USD/JPY	134.31
EUR/USD	1.0419	GBP/USD	1.213	USD/CAD	1.2915
EUR/JPY	139.96	GBP/CAD	1.5669	USD/CHF	0.9965
EUR/SEK	10.645	GBP/NZD	1.9339	USD/CNY	6.7021
EUR/DKK	7.4385	GBP/JPY	162.93	USD/BRL	5.0534
EUR/NOK	10.4278	GBP/SEK	12.3919	USD/RUB	56.9
EUR/CHF	1.0385	GBP/DKK	8.6587	USD/INR	78.0825
EUR/AUD	1.4912	GBP/NOK	12.1376	AUD/USD	0.6987
EUR/HKD	8.1803	GBP/CHF	1.2091	NZD/USD	0.6271
EUR/CAD	1.3459	GBP/AUD	1.7361		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.29	-19	+41	+178
Germany	1.65	-10	+64	+183
UK	2.47	-13	+60	+149
<b>Ireland</b>				
Ireland	2.32	-18	+68	+207
Belgium	2.31	-18	+70	+213
France	2.23	-17	+70	+203
Italy	3.92	-35	+96	+273
Spain	2.88	-24	+78	+229
Portugal	2.87	-23	+72	+239
Greece	4.23	-43	+63	+291
<b>5 Year Swap %</b>				
US	3.37	-24	+48	+204
Eurozone	2.09	-25	+68	+208
UK	3.02	-10	+66	+174
<b>2 Year Swap %</b>				
US	3.56	-21	+64	+262
Eurozone	1.68	-29	+73	+198
UK	3.12	-10	+67	+193
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	66	-8	+4	+24
Belgium	65	-8	+6	+30
France	57	-7	+6	+20
Italy	227	-25	+32	+90
Spain	123	-15	+14	+46
Portugal	122	-14	+8	+55
Greece	258	-33	-1	+108



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	118.51	-2.20	+8.62	+52.37
West Texas Oil	115.32	-3.03	+5.15	+53.09
Gold \$	1833.4	+1.40	+0.98	+0.27

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