

## ECB hikes by 75bps

Yesterday, the ECB hiked its key interest rates by 75bps for the first time ever. The deposit rate was raised to 0.75% and the refi rate to 1.25%. It was a close call between a 50 or 75bps hike, but the central bank opted for the latter to “frontload”, its move away from highly accommodative policy. Further rate hikes can be expected “over the next several meetings”, which President Lagarde explained to mean between the next 2-4. Markets currently expect a further 100bps worth of rate hikes this year, and 50bps in 2023.

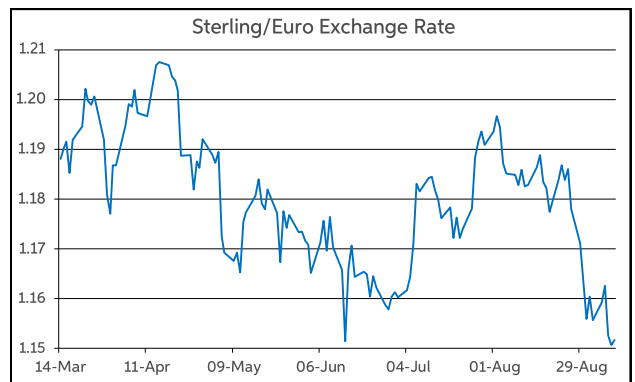
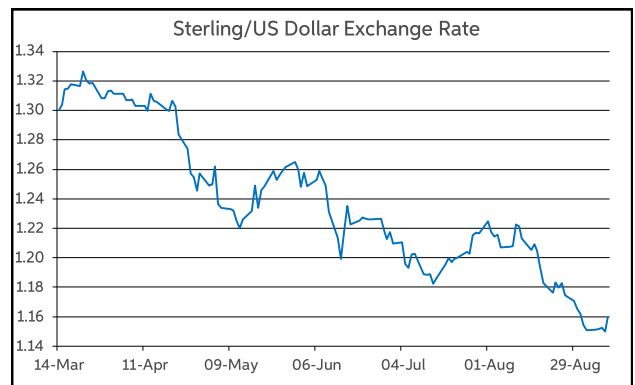
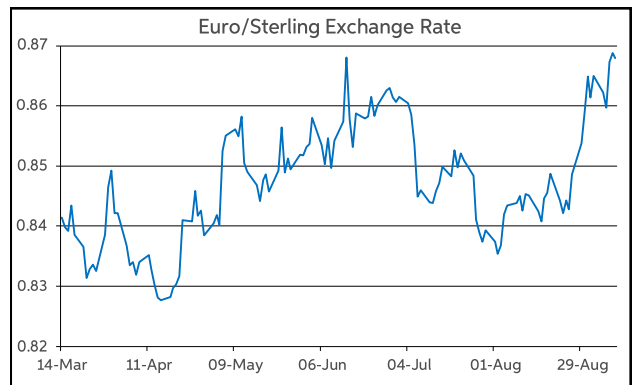
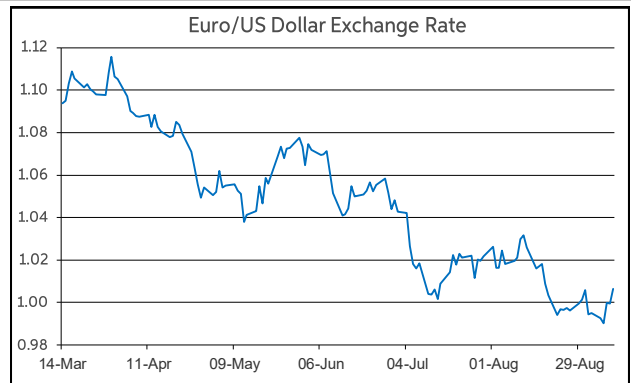
The reaction to the ECB decision was somewhat muted on currency markets, with the euro continuing to straddle parity versus the dollar. However, hawkish rhetoric from Fed Chair Powell coincided with a firmer tone to the dollar before the European close. Overnight though, the dollar lost its momentum.

Elsewhere, on bond markets, yields moved higher in the US, UK and Eurozone. German yields rose by 10-22bps, with short-term yields rising the most, reflecting the larger ECB rate hike. US yields climbed by 5-7bps on Chair Powell’s hawkish comments, while UK Gilt yields rose by 6-14bps, with longer-term yields rising the most, reflecting PM Truss’s plan to cap energy bills, which will increase the UK national debt.

In level terms, the softer dollar tone overnight, sees EUR/USD open today up just above parity. GBP/USD is operating up near the \$1.16 mark. EUR/GBP remains in the top half of 86-87p.

Turning to the day ahead, there is a sparse data schedule on both sides of the Atlantic. Meanwhile, a meeting of EU energy ministers in Brussels to debate EU-wide measures to tackle the energy crisis will garner close attention.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0063	0.75	-11.48
EUR/GBP	0.8676	-0.08	3.29
GBP/USD	1.1596	0.80	-14.29
GBP/EUR	1.152	0.08	-3.18
USD/JPY	142.73	-0.88	24.03
EUR/JPY	143.65	-0.14	9.77

\* 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	2.375	2.70	3.19	3.94	3.85	3.46
EUR	0.50	0.39	0.82	2.04	2.31	2.40
GBP	1.75	2.21	2.69	3.94	4.13	3.82

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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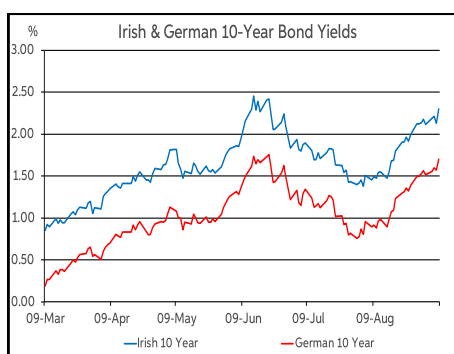
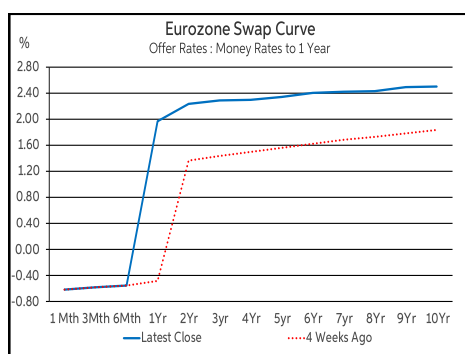
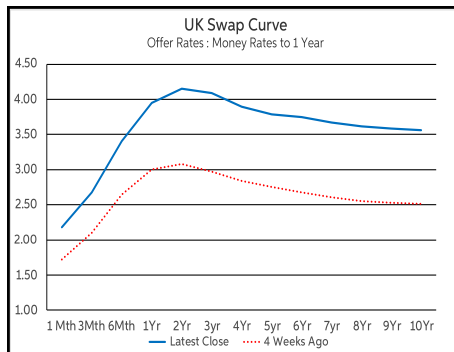
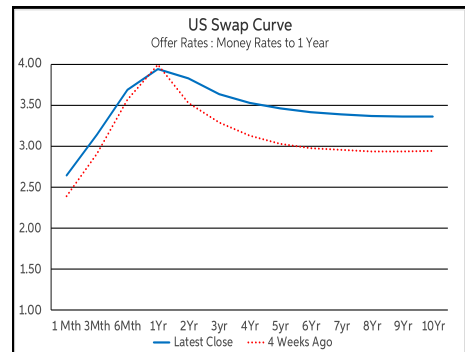
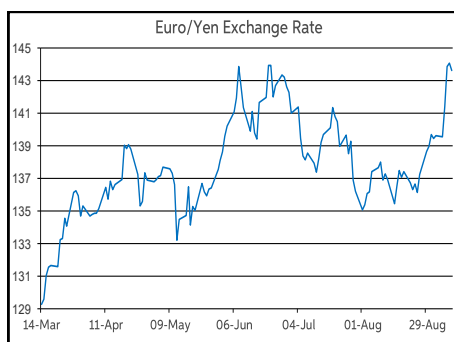
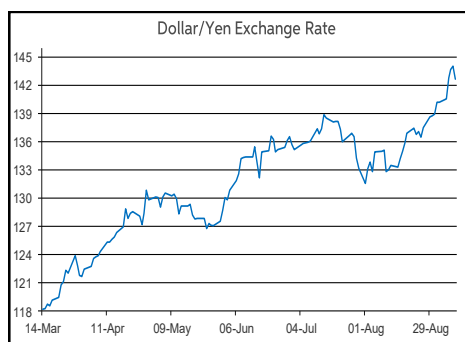
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# Opening Levels

Friday 09 September 2022  
07:47 am



Euro		Sterling		Dollar	
EUR/GBP	0.8676	GBP/EUR	1.152	USD/JPY	142.72
EUR/USD	1.0063	GBP/USD	1.1596	USD/CAD	1.3024
EUR/JPY	143.66	GBP/CAD	1.5105	USD/CHF	0.9634
EUR/SEK	10.6917	GBP/NZD	1.8991	USD/CNY	6.9317
EUR/DKK	7.4364	GBP/JPY	165.5	USD/BRL	5.2141
EUR/NOK	10.0214	GBP/SEK	12.32	USD/RUB	60.7
EUR/CHF	0.9697	GBP/DKK	8.5675	USD/INR	79.633
EUR/AUD	1.4722	GBP/NOK	11.5477	AUD/USD	0.6836
EUR/HKD	7.8994	GBP/CHF	1.1175	NZD/USD	0.6105
EUR/CAD	1.3108	GBP/AUD	1.6964		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.32	+6	+43	+181
Germany	1.71	+14	+75	+189
UK	3.16	+13	+110	+219
Ireland	2.35	+18	+77	+211
Belgium	2.31	+11	+75	+213
France	2.25	+10	+72	+206
Italy	3.95	+8	+93	+276
Spain	2.84	+9	+76	+224
Portugal	2.75	+10	+79	+227
Greece	4.21	+6	+104	+289
<b>5 Year Swap %</b>				
US	3.46	+7	+47	+213
Eurozone	2.34	+7	+79	+233
UK	3.79	+3	+103	+251
<b>2 Year Swap %</b>				
US	3.83	+6	+34	+289
Eurozone	2.23	+8	+88	+253
UK	4.15	+3	+108	+296
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	64	+5	+2	+21
Belgium	60	-3	+0	+24
France	54	-4	-2	+17
Italy	224	-6	+18	+87
Spain	112	-5	+2	+35
Portugal	104	-3	+4	+38
Greece	250	-7	+29	+100

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	89.15	+1.31	-10.49	+14.62
West Texas Oil	84.04	+1.87	-13.38	+11.56
Gold \$	1707.3	-0.61	-4.59	-6.62

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