

Rate hike expectations pared back on markets

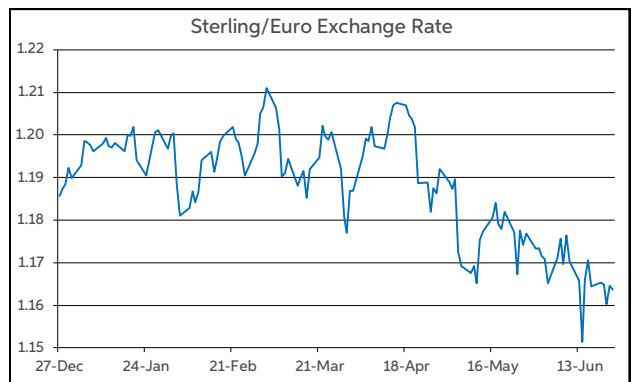
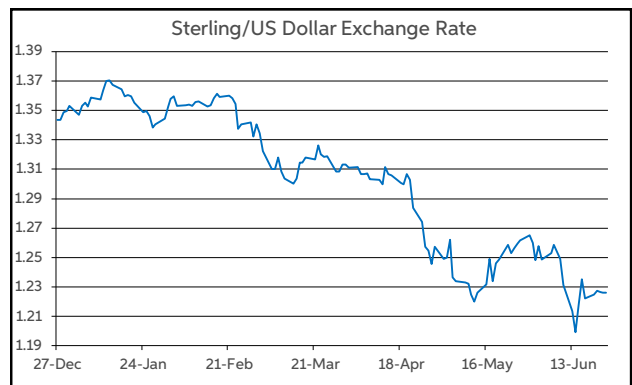
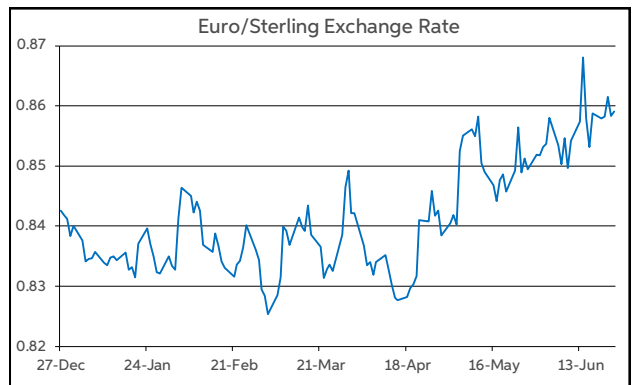
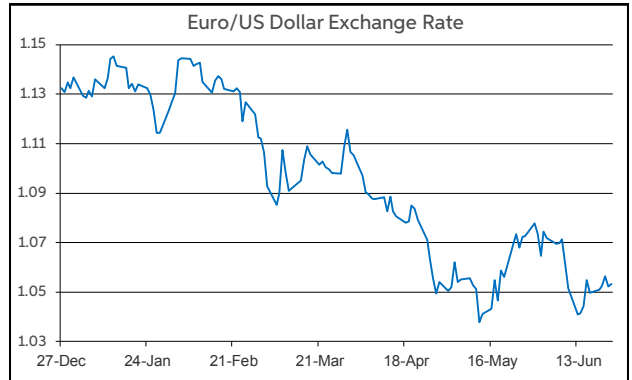
Investor sentiment was holding a mixed tone yesterday. The Euro Stoxx 50 lost 0.8%. In the US though, the S&P 500 closed up 1%. On bond markets, benchmark sovereign yields continued to fall quite sharply, as traders pared back their rate hike expectations. 10-year German Bund yields shed circa 20bps, as did 10-year UK Gilt yields. The 10-year US Treasury yield fell by 7bps also.

Over the past few days, in testimony to Congress, Fed Chair Powell has stated that the risks of a recession have increased. He also noted that events around the world have made the “soft-landing” scenario harder to achieve. Meantime, the PMI data released yesterday for the US and the Eurozone showed that activity grew more slowly than anticipated in June. As recession fears have increased, rate hike expectations have been pared back on markets. Official rates are now seen as getting towards 1% in the Eurozone by year end (was 1.25%). Meanwhile in the US, rates are now seen peaking near to 3.5%, rather than 4% previously.

On currency markets though, the action has been somewhat calmer. Of the limited moves to register over the past 24 hours, the euro has been slightly weaker. This is reflected by EUR/USD opening back in the lower half of \$1.05-1.06. EUR/GBP is operating just below the 86p handle. GBP/USD is changing hands above the midpoint of the \$1.22-1.23 corridor.

Elsewhere, already today UK consumer confidence (June) and retail sales (May) have been released. Both metrics deteriorated, broadly in line with the consensus. Looking ahead, the bellwether German Ifo for June and US new home sales for May are due. However, comments from a number of key central bank officials may hold greater sway on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0536	-0.27	-7.32
EUR/GBP	0.859	-0.36	2.26
GBP/USD	1.2264	0.07	-9.35
GBP/EUR	1.1637	0.36	-2.21
USD/JPY	134.79	-0.47	17.13
EUR/JPY	142.04	-0.75	8.54

* 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	1.625	1.62	2.20	3.28	3.37	3.19
EUR	0.00	-0.51	-0.17	0.91	1.51	1.93
GBP	1.25	1.22	1.62	2.72	2.93	2.77

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

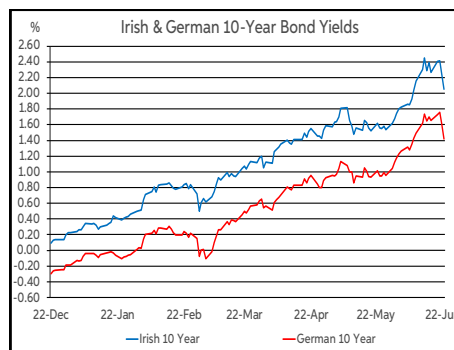
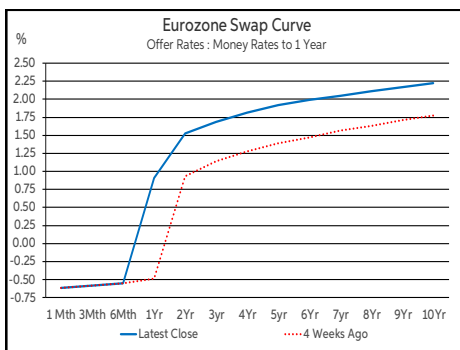
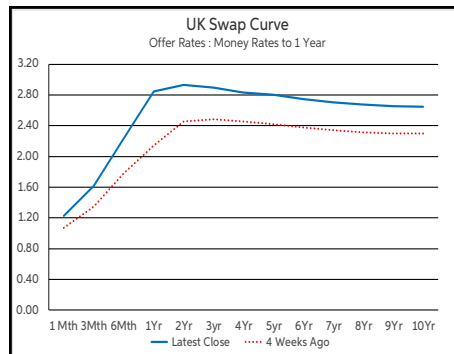
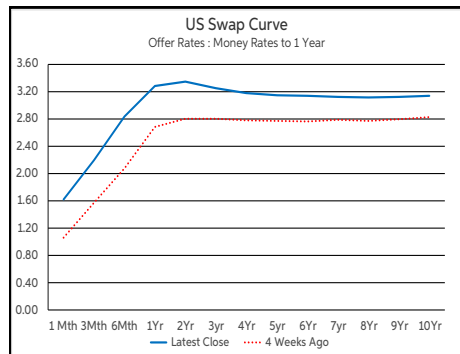
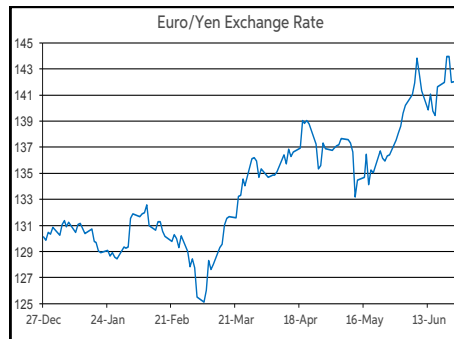
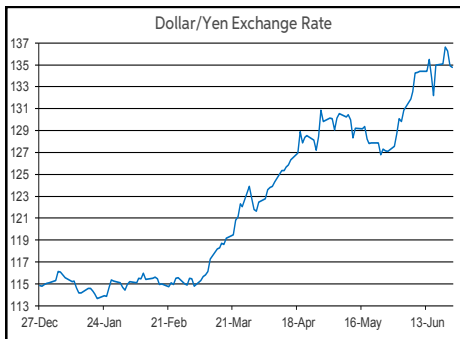
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Opening Levels

Friday 24 June 2022
07:38 am



Euro		Sterling		Dollar	
EUR/GBP	0.859	GBP/EUR	1.1636	USD/JPY	134.8
EUR/USD	1.0537	GBP/USD	1.2262	USD/CAD	1.2978
EUR/JPY	142.04	GBP/CAD	1.592	USD/CHF	0.9593
EUR/SEK	10.696	GBP/NZD	1.9478	USD/CNY	6.6972
EUR/DKK	7.4388	GBP/JPY	165.29	USD/BRL	5.2388
EUR/NOK	10.4814	GBP/SEK	12.4499	USD/RUB	53.4
EUR/CHF	1.011	GBP/DKK	8.6562	USD/INR	78.292
EUR/AUD	1.5245	GBP/NOK	12.1968	AUD/USD	0.6908
EUR/HKD	8.2699	GBP/CHF	1.1768	NZD/USD	0.6295
EUR/CAD	1.3677	GBP/AUD	1.7748		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.09	-7	+35	+158
Germany	1.43	-19	+43	+161
UK	2.31	-18	+34	+134
5 Year Swap %				
US	3.15	-9	+42	+182
Eurozone	1.92	-26	+54	+191
UK	2.80	-22	+39	+153
2 Year Swap %				
US	3.35	-8	+59	+240
Eurozone	1.53	-21	+60	+183
UK	2.93	-21	+48	+174
10 Year Government Bond Spreads to Benchmark bps				
Ireland	66	-0	+5	+23
Belgium	64	+0	+5	+28
France	54	+0	+3	+17
Italy	206	+4	+15	+69
Spain	110	+2	+4	+32
Portugal	107	+1	-6	+41
Greece	233	+8	-21	+84

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	110.05	-1.51	-6.26	+41.49
West Texas Oil	105.75	-0.44	-8.99	+40.38
Gold \$	1822.4	-0.81	-1.49	-0.33

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