

## Monetary policy remains in focus this week

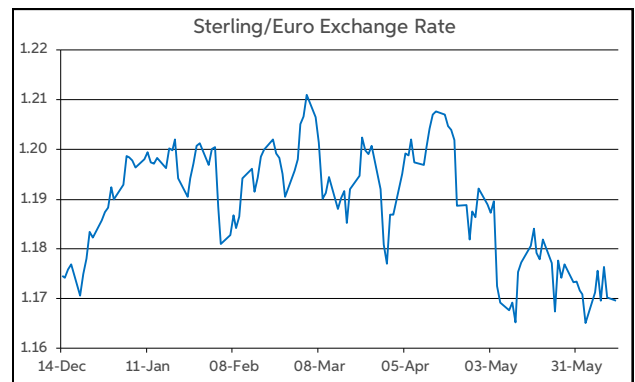
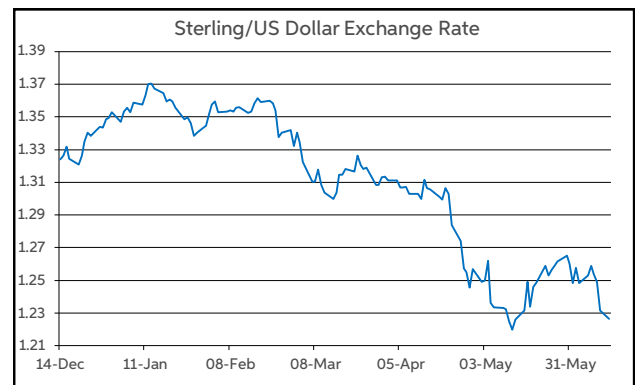
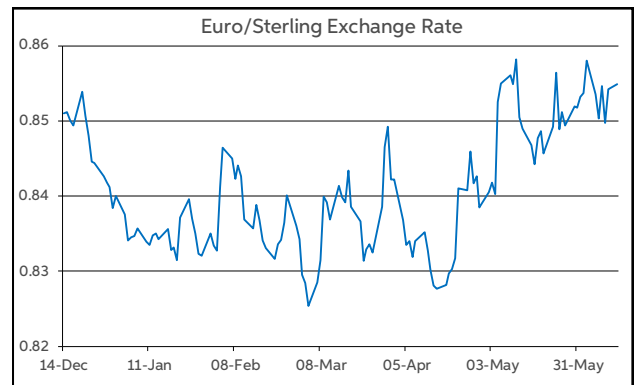
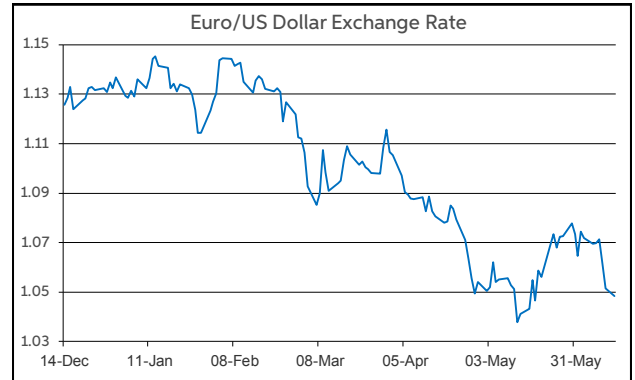
Last week's ECB meeting proved eventful from a market viewpoint. Futures markets reacted to the hawkish tone and guidance by pricing in additional tightening in Q4, with rates now seen getting to 1% by the end of the year. From a currency viewpoint, the euro initially moved higher. However, this proved to be very fleeting with the currency coming under sustained pressure. In part, this has been attributed to the lack of clarity from the ECB on how it would deal with any pressure on peripheral markets from the ending of QE in July.

Meantime, a risk averse mood on markets was supportive of the dollar. The greenback was also boosted on Friday by a higher than expected US inflation reading for May. Elsewhere, the yen remained on the defensive for much of the week. Although, a rare joint statement from the BoJ and Finance Ministry on Friday provided some support to the currency heading into the weekend.

The combination of a weaker euro and firmer dollar is reflected in EUR/USD opening this morning below \$1.05, having started last week above \$1.07. Meanwhile, sterling has been pressurised on concerns over the UK economy. Thus, EUR/GBP continues to trade within an 85-86p range, while GBP/USD is under the \$1.23 level.

Ahead this week, monetary policy remains in the spotlight. From a dollar viewpoint, the Fed is expected to announce another 50bps rate hike. Attention will centre on its updated interest rate guidance. For sterling, the BoE is anticipated to hike again, by 25bps. The market's focus will likely be on the BoE's forward guidance for the extent of further rate rises. Data-wise, a packed diary includes US retail sales, industrial production (both May) as well as UK labour market metrics April.

**John Fahey, Senior Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2021 |
| EUR/USD                  | 1.0484 | -1.36    | -7.78    |
| EUR/GBP                  | 0.8549 | 0.51     | 1.77     |
| GBP/USD                  | 1.2262 | -1.86    | -9.37    |
| GBP/EUR                  | 1.1691 | -0.50    | -1.74    |
| USD/JPY                  | 134.51 | 0.24     | 16.88    |
| EUR/JPY                  | 141.04 | -1.14    | 7.77     |

\* 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                    | 0.875     | 1.28         | 1.74  | 3.15       | 3.54 | 3.36 |
| EUR                    | 0.00      | -0.54        | -0.30 | 0.87       | 1.62 | 1.99 |
| GBP                    | 1.00      | 1.24         | 1.54  | 2.70       | 3.13 | 3.04 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

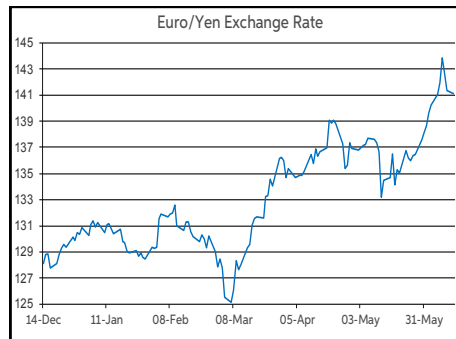
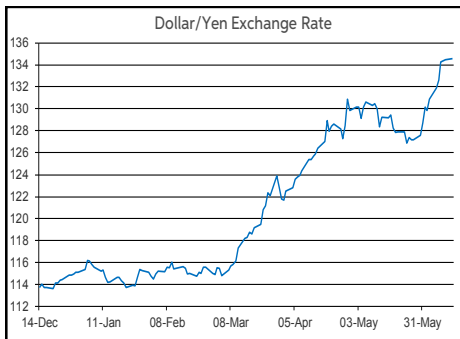
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# Opening Levels

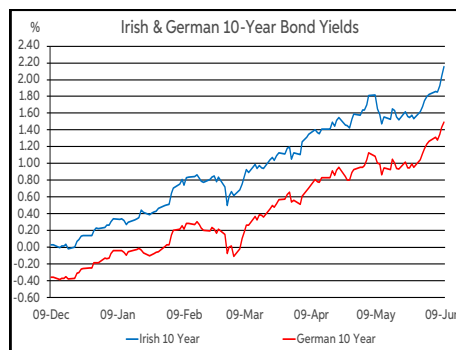
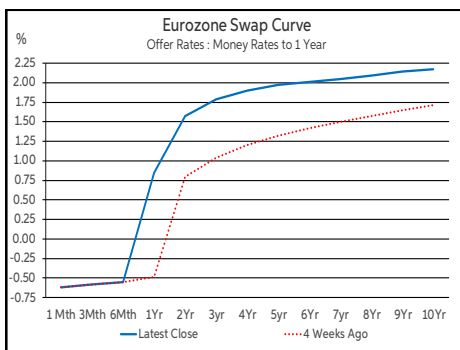
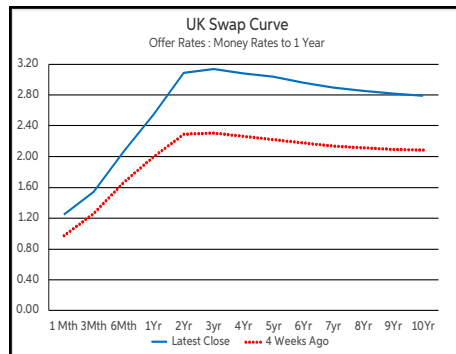
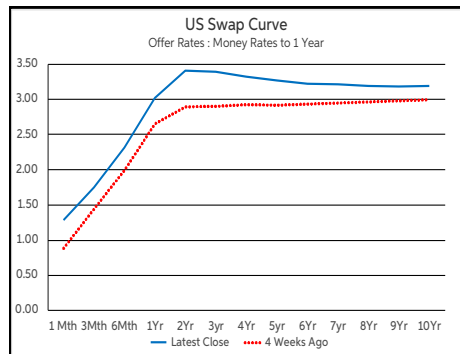
Monday 13 June 2022  
07:19 am



| Euro    |         | Sterling |         | Dollar  |        |
|---------|---------|----------|---------|---------|--------|
| EUR/GBP | 0.8549  | GBP/EUR  | 1.1691  | USD/JPY | 134.51 |
| EUR/USD | 1.0484  | GBP/USD  | 1.2262  | USD/CAD | 1.2816 |
| EUR/JPY | 141.04  | GBP/CAD  | 1.5714  | USD/CHF | 0.9883 |
| EUR/SEK | 10.5535 | GBP/NZD  | 1.9329  | USD/CNY | 6.7363 |
| EUR/DKK | 7.4388  | GBP/JPY  | 164.92  | USD/BRL | 4.9888 |
| EUR/NOK | 10.2597 | GBP/SEK  | 12.3377 | USD/RUB | 57     |
| EUR/CHF | 1.0365  | GBP/DKK  | 8.6971  | USD/INR | 78.114 |
| EUR/AUD | 1.4923  | GBP/NOK  | 11.9914 | AUD/USD | 0.7025 |
| EUR/HKD | 8.2292  | GBP/CHF  | 1.212   | NZD/USD | 0.6342 |
| EUR/CAD | 1.3438  | GBP/AUD  | 1.7451  |         |        |



| Debt Markets  |       |            |         |        |
|---|-------|------------|---------|--------|
|   | Close | Change bps |         |        |
|   |       | Day        | 4 Weeks | End 21 |
| <b>10 Year Yield %</b>                                  |       |            |         |        |
| US  | 3.16  | +12        | +24     | +165   |
| Germany   | 1.50  | +7         | +56     | +168   |
| UK  | 2.44  | +12        | +70     | +147   |
| Ireland   | 2.19  | +13        | +58     | +194   |
| Belgium   | 2.16  | +12        | +64     | +198   |
| France  | 2.09  | +11        | +63     | +190   |
| Italy   | 3.85  | +16        | +100    | +266   |
| Spain   | 2.77  | +16        | +77     | +217   |
| Portugal  | 2.79  | +13        | +72     | +231   |
| Greece  | 4.37  | +27        | +91     | +306   |
| <b>5 Year Swap %</b>                                    |       |            |         |        |
| US  | 3.27  | +19        | +39     | +194   |
| Eurozone  | 1.97  | +11        | +66     | +196   |
| UK  | 3.04  | +18        | +82     | +177   |
| <b>2 Year Swap %</b>                                    |       |            |         |        |
| US  | 3.41  | +25        | +56     | +247   |
| Eurozone  | 1.57  | +13        | +79     | +187   |
| UK  | 3.09  | +15        | +80     | +190   |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |            |         |        |
| Ireland   | 69    | +6         | +3      | +26    |
| Belgium   | 66    | +5         | +8      | +30    |
| France  | 59    | +4         | +8      | +22    |
| Italy   | 234   | +9         | +45     | +98    |
| Spain   | 127   | +9         | +22     | +49    |
| Portugal  | 129   | +7         | +16     | +63    |
| Greece  | 287   | +21        | +35     | +137   |



| Commodities    |        |          |         |        |
|----------------|--------|----------|---------|--------|
|                | Close  | % Change |         |        |
|                |        | Day      | 4 Weeks | End 21 |
| Brent Oil      | 122.01 | -0.86    | +9.38   | +56.87 |
| West Texas Oil | 120.73 | -0.65    | +9.24   | +60.27 |
| Gold \$        | 1871.0 | +1.26    | +3.30   | +2.33  |

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