

BoE enters the monetary policy spotlight today

As widely expected, the US Fed kept monetary policy on hold yesterday. It means the Fed funds target range remains at 4.25-4.50%. The overarching message from the Fed continues to be that it is in no rush to alter rates. However, the meeting statement noted that the “risks of higher unemployment and higher inflation have risen”, reflecting greater uncertainty regarding the economic outlook.

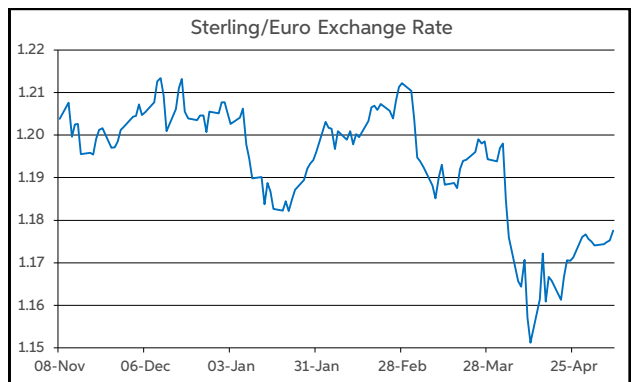
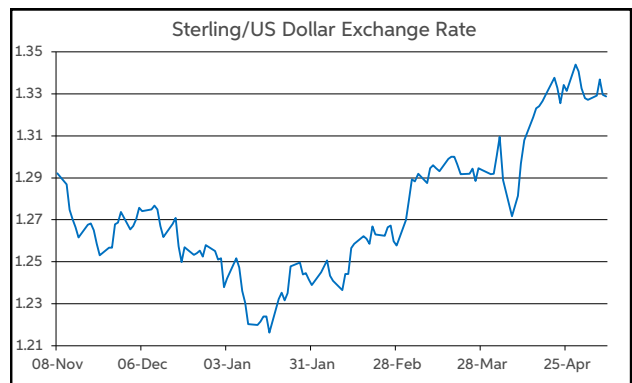
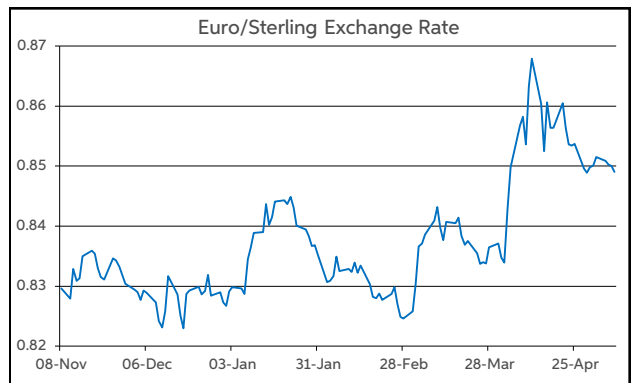
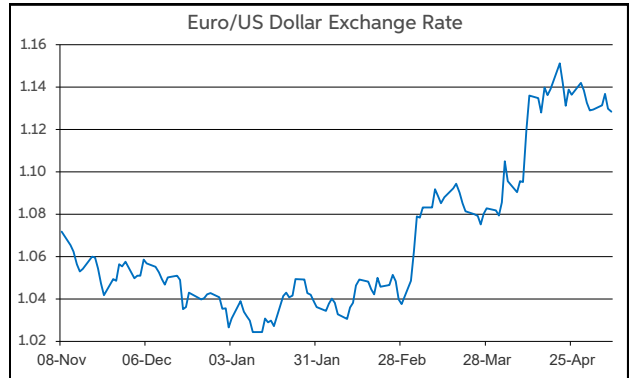
Unsurprisingly, given the Fed meeting outcome was very much in-line with expectations, the market reaction was muted. Futures contracts were little changed, with pricing continuing to suggest that investors anticipate around 75bps worth of easing in the US between now and year-end, starting in July. Ahead of the Fed meeting yesterday, there was a mixed mood on markets, albeit the moves were limited. However, investor sentiment received a boost after the European close, with reports that the US may soon announce a trade deal with the UK. Signs that the US and China are moving to de-escalate the trade war also provided a supportive backdrop for risk appetite.

This was reflected in the Euro Stoxx 50 falling by 0.6% yesterday, while on Wall Street, the S&P 500 gained 0.4%. However, most European equity futures are green this morning. At the same time, yields moved lower across the board, with 10-year US Treasury, UK Gilt and German Bunds down by 3-6bps.

Currency-wise, the dollar moved higher amid the positive trade related news flow overnight. This sees EUR/USD open this morning back below the \$1.13 handle. GBP/USD is down under the \$1.33 mark. Elsewhere, EUR/GBP continues to operate in and around 85p.

Today, it is the turn of the Bank of England to enter the monetary policy spotlight. The BoE is expected to cut rates by 25bps to 4.25%. Aside from the decision, the updated Monetary Policy Report and the press conference will garner close attention.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2024 |
| EUR/USD | 1.1285 | -0.50 | 9.00 |
| EUR/GBP | 0.8489 | -0.12 | 2.61 |
| GBP/USD | 1.3288 | -0.39 | 6.21 |
| GBP/EUR | 1.1775 | 0.12 | -2.54 |
| USD/JPY | 144.24 | 0.68 | -8.23 |
| EUR/JPY | 162.8 | 0.17 | 0.03 |

* 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 | 4.30 | 3.91 | 3.86 | 3.81 |
| EUR | 2.40 | 2.14 | 2.14 | 1.95 | 1.92 | 2.15 |
| GBP | 4.50 | 4.19 | 4.14 | 3.77 | 3.86 | 3.87 |

All rates quoted are indicative market rates

See Next Page For More Rates &

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Opening Levels

Thursday 08 May 2025
07:31 am



Euro

| | |
|---------|---------|
| EUR/GBP | 0.8489 |
| EUR/USD | 1.1285 |
| EUR/JPY | 162.8 |
| EUR/SEK | 10.9261 |
| EUR/DKK | 7.4607 |
| EUR/NOK | 11.7175 |
| EUR/CHF | 0.9327 |
| EUR/AUD | 1.7565 |
| EUR/HKD | 8.7738 |
| EUR/CAD | 1.5637 |

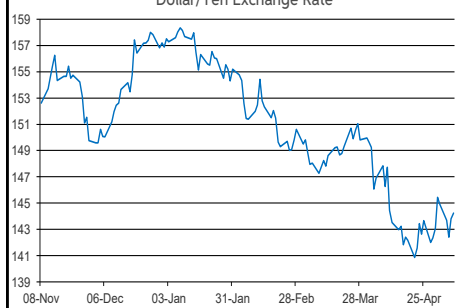
Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1775 |
| GBP/USD | 1.3288 |
| GBP/CAD | 1.8413 |
| GBP/NZD | 2.2346 |
| GBP/JPY | 191.68 |
| GBP/SEK | 12.8574 |
| GBP/DKK | 8.7838 |
| GBP/NOK | 13.7993 |
| GBP/CHF | 1.0985 |
| GBP/AUD | 2.0678 |

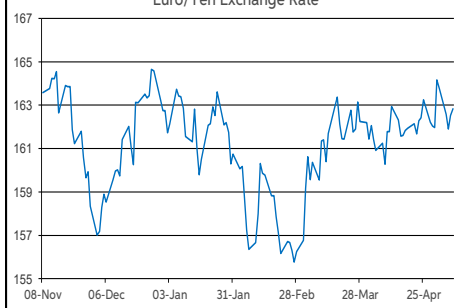
Dollar

| | |
|---------|--------|
| USD/JPY | 144.24 |
| USD/CAD | 1.3859 |
| USD/CHF | 0.8264 |
| USD/CNY | 7.2366 |
| USD/BRL | 5.745 |
| USD/RUB | 81.3 |
| USD/INR | 84.823 |
| AUD/USD | 0.6423 |
| NZD/USD | 0.5943 |

Dollar/Yen Exchange Rate

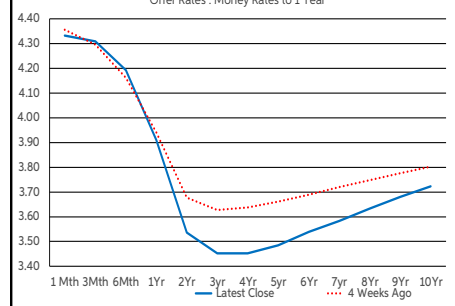


Euro/Yen Exchange Rate



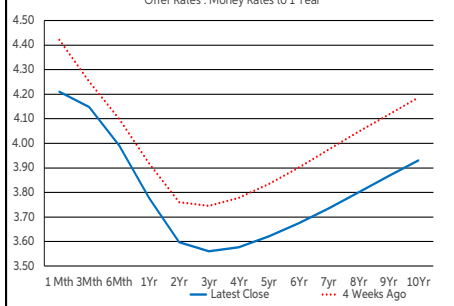
US Swap Curve

Offer Rates : Money Rates to 1 Year



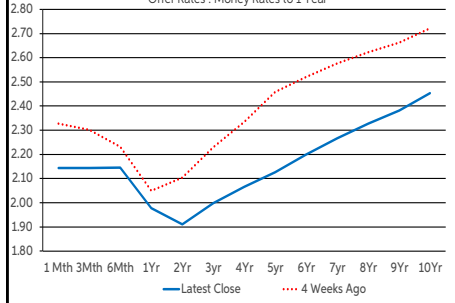
UK Swap Curve

Offer Rates : Money Rates to 1 Year

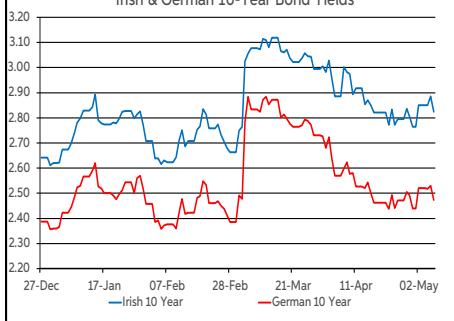


Eurozone Swap Curve

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 | 4.28 | -3 | -12 | -30 |
| Germany | 2.48 | -6 | -11 | +11 |
| UK | 4.46 | -6 | -33 | -11 |
| 5 Year Swap % | | | | |
| US | 3.75 | -3 | -18 | -54 |
| Eurozone | 2.12 | -5 | -33 | -11 |
| UK | 3.87 | -3 | -19 | -42 |
| 2 Year Swap % | | | | |
| US | 3.80 | +1 | -14 | -53 |
| Eurozone | 1.90 | -2 | -20 | -29 |
| UK | 3.84 | -1 | -15 | -65 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 39 | +0 | -6 | +10 |
| Belgium | 60 | -1 | -5 | -2 |
| France | 72 | -0 | -9 | -11 |
| Italy | 109 | -2 | -22 | -7 |
| Spain | 65 | -0 | -12 | -5 |
| Portugal | 54 | +0 | -11 | +5 |
| Greece | 86 | -3 | -14 | -3 |

Commodities

| | Close | % Change | | |
|----------------|--------|----------|---------|--------|
| | | Day | 4 Weeks | End 24 |
| Brent Oil | 61.12 | -1.66 | -6.66 | -18.11 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 3364.3 | -1.90 | +9.15 | +28.22 |

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