

## ECB monetary policy meeting today

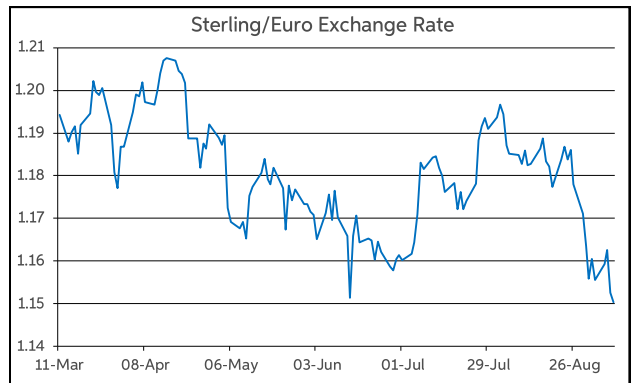
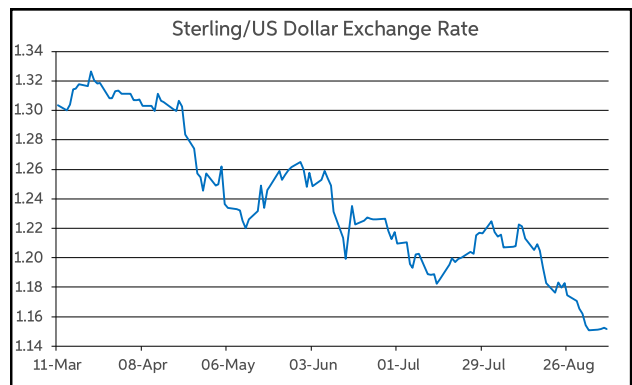
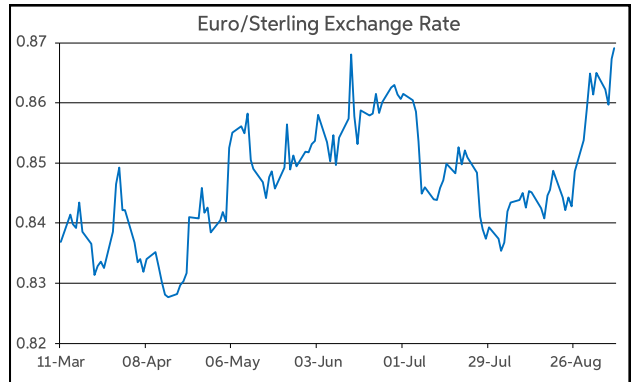
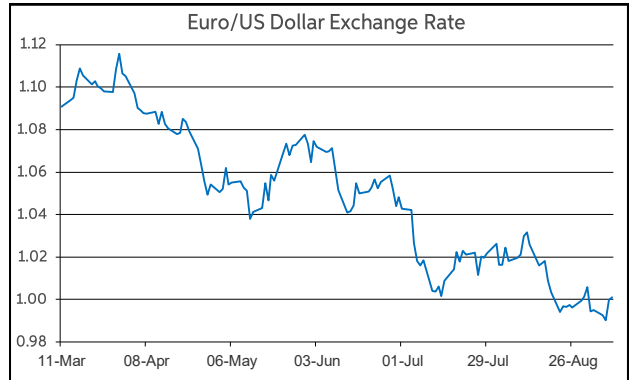
Equity markets moved higher on both sides of the Atlantic yesterday, having recorded a string of losses recently. The Euro Stoxx 50 rose by 0.1%, while the S&P 500 rallied late on to finish up 1.8%. However, concerns regarding the global growth outlook remain, as evidenced by Brent crude oil falling back below \$90 per barrel, its lowest level since February. On bond markets, sovereign yields moved lower across the board, most notably in the US and UK, following comments from Fed and BoE officials.

On the currency front, the euro was holding a firmer tone on the exchanges. The move coincided with an upward revision in Eurozone Q2 GDP to 0.8% from 0.6%. Elsewhere, the dollar remained to the fore throughout the European session, with USD/JPY reaching a new 24-year high just shy of ¥145, and GBP/USD falling to its lowest level since 1985, near \$1.14 yesterday. However, overnight the greenback experienced a reversal, as US Treasury yields fell by 8-13bps.

In level terms, EUR/USD opens this morning up at parity. EUR/GBP is changing hands in the top half of 86-87p. Meanwhile, the overnight pause in the dollar rally is evidenced by GBP/USD operating above \$1.15. USD/JPY is back in the ¥143-144 range.

Today, all eyes will be on the interest rate decision from the ECB. The central bank will hike rates - the uncertainty is over whether it will be by 50 or 75bps. Current pricing indicates the market is leaning towards a 75bps increase. However, recent comments from ECB officials suggests the Governing Council is somewhat split on the magnitude of the rate hike. The meeting poses some event risk for the euro. From a dollar viewpoint, a number of Fed officials are due out today, including Chair Powell.

**Daniel Noonan Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0011	1.21	-11.94
EUR/GBP	0.8689	0.85	3.44
GBP/USD	1.1518	0.35	-14.86
GBP/EUR	1.1504	-0.84	-3.33
USD/JPY	143.55	-0.29	24.74
EUR/JPY	143.72	0.90	9.82

\* v Previous Day's European Open  
See Next Page for More Rates

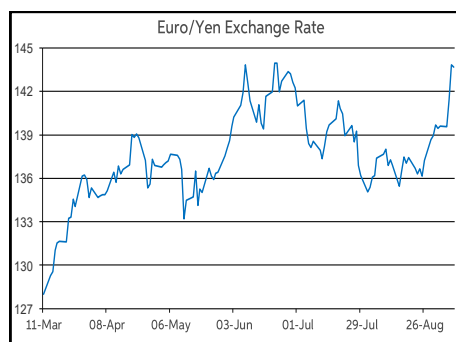
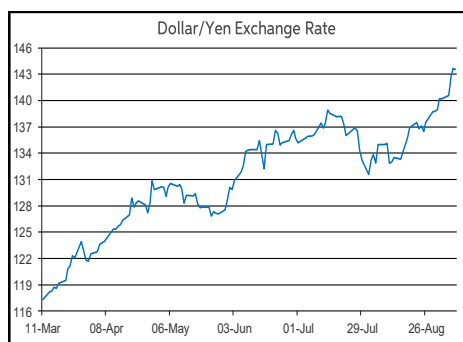
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	2.375	2.68	3.17	3.89	3.79	3.39
EUR	0.50	0.37	0.82	1.84	2.15	2.26
GBP	1.75	2.20	2.68	3.94	4.13	3.77

All rates quoted are indicative market rates

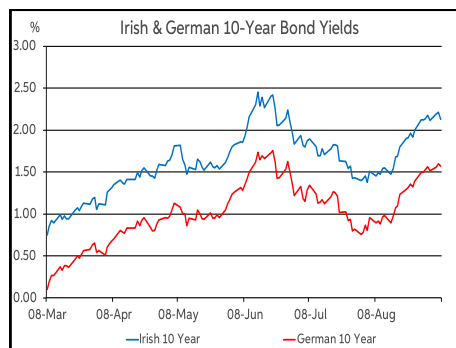
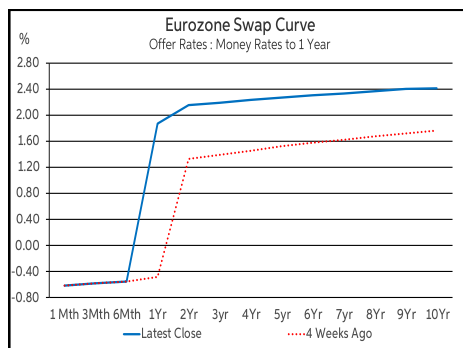
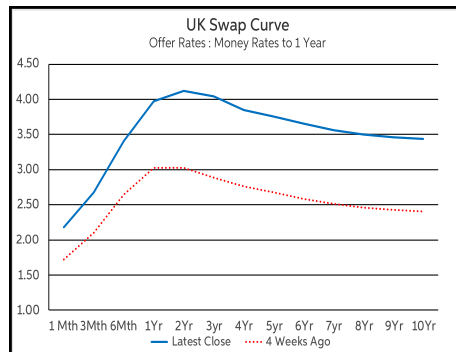
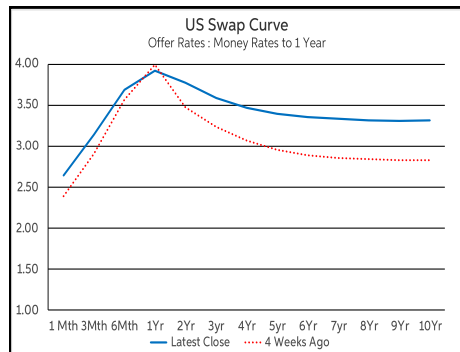
See Next Page For More Rates & Charts

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

Euro		Sterling		Dollar	
EUR/GBP	0.8689	GBP/EUR	1.1504	USD/JPY	143.55
EUR/USD	1.0011	GBP/USD	1.1518	USD/CAD	1.3107
EUR/JPY	143.72	GBP/CAD	1.5098	USD/CHF	0.9752
EUR/SEK	10.696	GBP/NZD	1.8983	USD/CNY	6.9603
EUR/DKK	7.4364	GBP/JPY	165.34	USD/BRL	5.248
EUR/NOK	9.9951	GBP/SEK	12.3022	USD/RUB	60.75
EUR/CHF	0.9765	GBP/DKK	8.5546	USD/INR	79.678
EUR/AUD	1.4817	GBP/NOK	11.4933	AUD/USD	0.6755
EUR/HKD	7.8583	GBP/CHF	1.1233	NZD/USD	0.6066
EUR/CAD	1.3123	GBP/AUD	1.7048		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.27	-8	+48	+176
Germany	1.58	-3	+69	+175
UK	3.03	-7	+108	+206
<b>5 Year Swap %</b>				
US	3.39	-10	+48	+206
Eurozone	2.27	-8	+76	+226
UK	3.76	-11	+109	+249
<b>2 Year Swap %</b>				
US	3.78	-6	+34	+283
Eurozone	2.15	-5	+83	+245
UK	4.12	-12	+110	+293
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	60	-6	-2	+17
Belgium	63	-3	+2	+27
France	58	-2	+1	+21
Italy	229	-7	+19	+93
Spain	117	-3	+6	+40
Portugal	108	-2	+5	+41
Greece	257	+0	+26	+108



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	88	-5.20	-9.65	+13.14
West Texas Oil	82.5	-5.55	-12.86	+9.52
Gold \$	1717.7	+0.97	-4.15	-6.05

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.