

BoE in focus today

Attention yesterday was centred on the US economy with the release of CPI inflation data for April. The headline rate fell to 4.9% , which was slightly below expectations for an unchanged 5% reading. Meanwhile, the core rate printed in line with forecasts, easing to 5.5% from 5.6%.

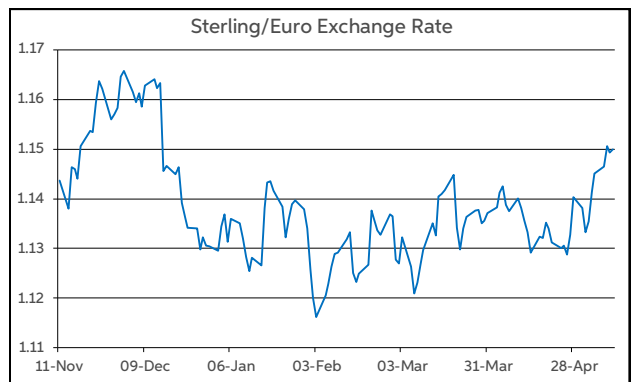
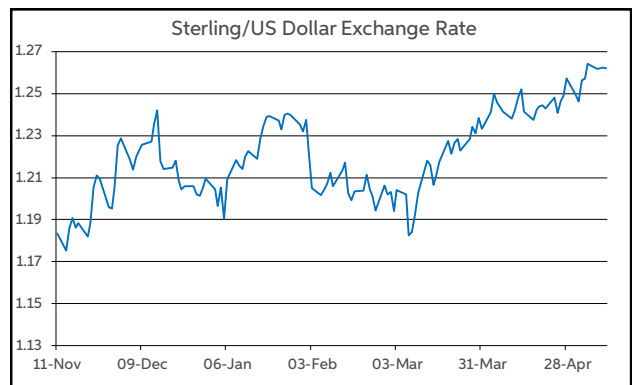
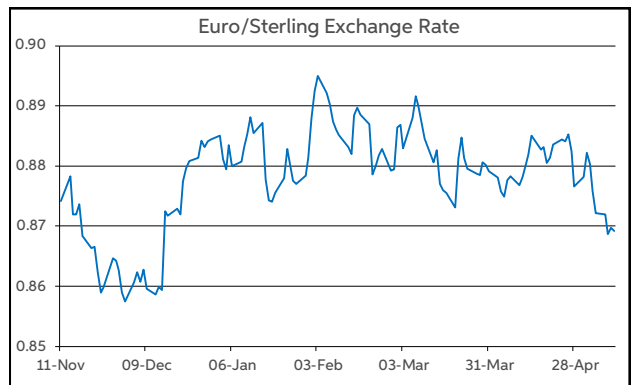
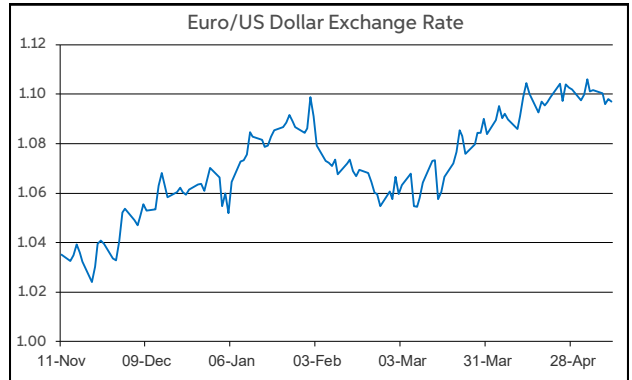
The lack of any significant surprises from the CPI data meant that the market reaction was relatively muted. The data reinforced market expectations that official US rates have peaked (at 5.125%). Futures contracts are pricing that the next rate move from the Fed will be easing with rates ending the year around 75bps lower.

On the currency front, there was no notable impact on the dollar from the inflation figures. Indeed, most of the majors have been confined to very tight ranges and are broadly unchanged over the past 24 hours. EUR/USD opens once again below \$1.10. Meanwhile, EUR/GBP starts the day just under the 87p handle.

Ahead today, the focus shifts to the UK, with the Bank of England due to announce its policy decision from its May MPC meeting. The event provides some event risk for sterling. The market is expecting a 25bps rate hike from the BoE, which would see the Bank Rate rise to 4.50%.

Today's BoE meeting will also include the latest Monetary Policy Report and press conference. The market will assess the updated macro projections and Governor Bailey's comments for insight into the outlook for UK interest rates. Futures contracts are currently pricing in rates peaking near 4.9% in H2, and remaining at this level into year end. Further out, the market is anticipating rates falling back towards 4% over the course of next year.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0971	0.00	2.51
EUR/GBP	0.8692	0.00	-1.72
GBP/USD	1.2619	-0.01	4.32
GBP/EUR	1.15	0.00	1.75
USD/JPY	134.25	-0.72	2.39
EUR/JPY	147.29	-0.73	4.98

* 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	5.13	5.11	5.34	4.90	4.13	3.46
EUR	3.75	3.16	3.27	3.71	3.36	2.97
GBP	4.25	4.40	4.55	4.79	4.71	4.24

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

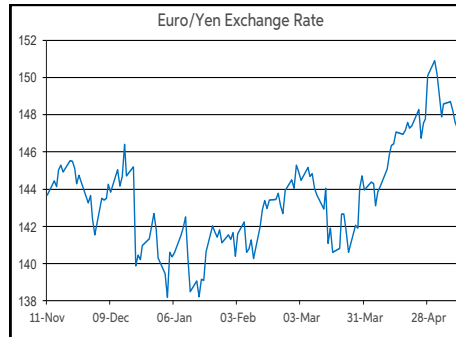
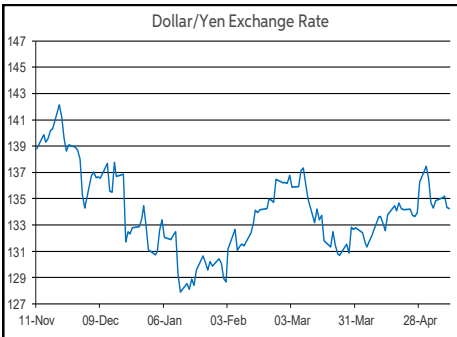
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	---	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

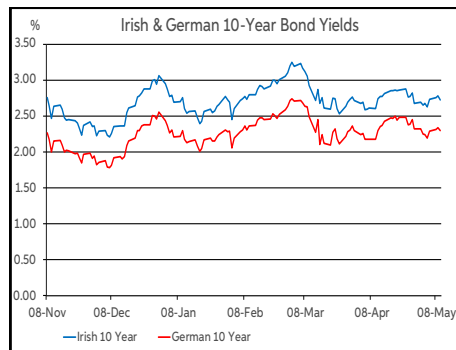
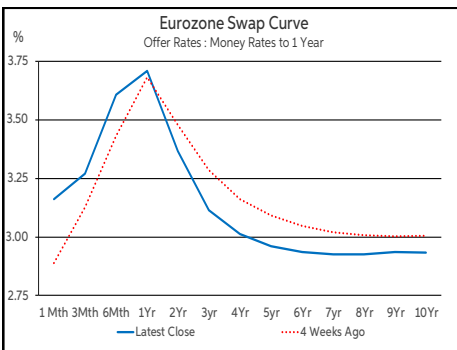
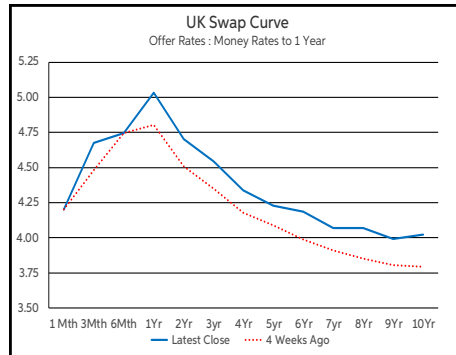
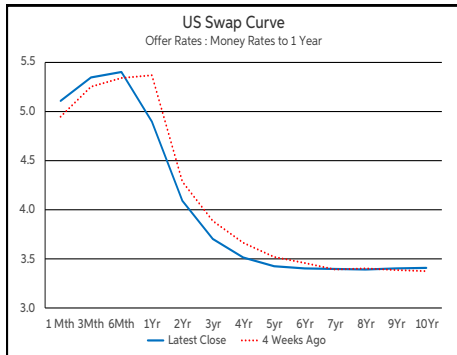
Thursday 11 May 2023
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8692	GBP/EUR	1.15	USD/JPY	134.25
EUR/USD	1.0971	GBP/USD	1.2619	USD/CAD	1.3381
EUR/JPY	147.29	GBP/CAD	1.689	USD/CHF	0.8903
EUR/SEK	11.2239	GBP/NZD	1.9827	USD/CNY	6.934
EUR/DKK	7.4455	GBP/JPY	169.41	USD/BRL	4.9441
EUR/NOK	11.4827	GBP/SEK	12.9154	USD/RUB	76
EUR/CHF	0.9768	GBP/DKK	8.5644	USD/INR	82.03
EUR/AUD	1.6214	GBP/NOK	13.2058		
EUR/HKD	8.5906	GBP/CHF	1.1238	AUD/USD	0.6766
EUR/CAD	1.4681	GBP/AUD	1.8652	NZD/USD	0.6363



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	3.44	-8	+4	-44
Germany	2.30	-4	-6	-27
UK	3.80	-5	+24	+13
Ireland				
Ireland	2.76	-7	-5	-38
Belgium	3.00	-6	-5	-20
France	2.88	-6	-1	-23
Italy	4.21	-6	-0	-49
Spain	3.38	-6	-3	-28
Portugal	3.15	-6	-8	-45
Greece	4.09	-3	-16	-50
5 Year Swap %				
US	3.42	-13	-5	-57
Eurozone	2.96	-6	-12	-27
UK	4.23	-5	+14	-8
2 Year Swap %				
US	4.09	-11	-16	-58
Eurozone	3.37	-5	-10	-2
UK	4.70	-5	+20	+2
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	-3	+1	-12
Belgium	70	-1	+1	+6
France	58	-2	+6	+3
Italy	192	-2	+6	-23
Spain	108	-2	+3	-1
Portugal	85	-1	-2	-19
Greece	180	+1	-10	-23



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	76.41	-1.33	-12.50	-11.06
West Texas Oil	72.53	-1.56	-12.89	-9.52
Gold \$	2029.5	-0.23	+0.74	+11.24

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.