

## Fed expected to hike rates by 25bps

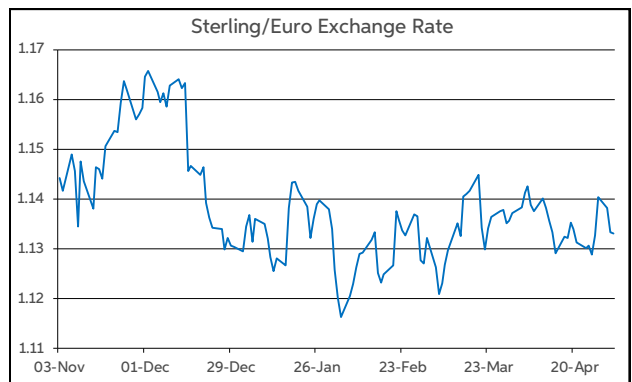
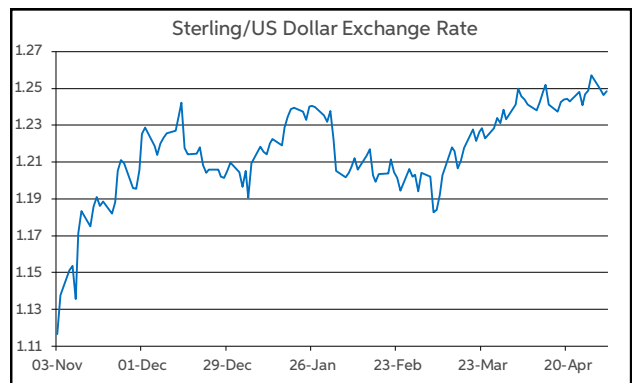
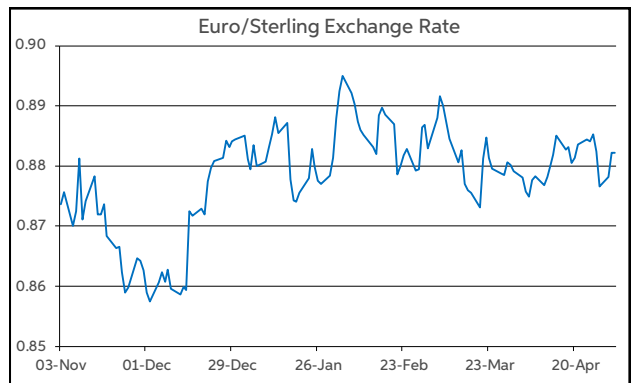
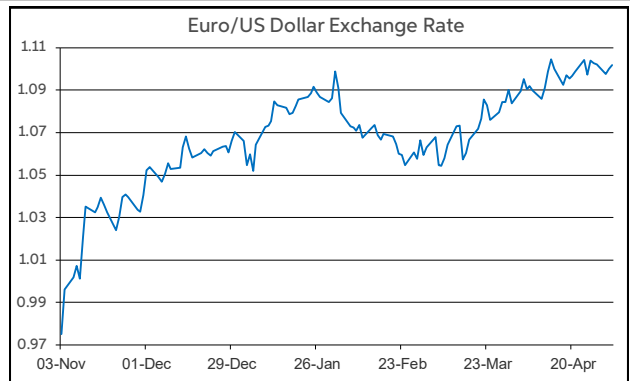
Investor sentiment was holding a risk averse tone yesterday, amid renewed concerns regarding the US regional banking sector. The regional KBW bank index moved over 5% lower, with some US bank shares declining by over 20%. Meantime, concerns regarding the US debt ceiling limit intensified, as the date in which the US will default on its debt unless the ceiling is raised, is now thought to be as soon as the 1st of June. Elsewhere, the ECB Bank Lending Survey showed that credit conditions in the Eurozone have tightened sharply, and that the demand for credit has fallen.

Against this backdrop, benchmark equity indices moved lower, and there was a softening in market rate hike expectations on both sides of the Atlantic. The Euro Stoxx 50 fell by 1.5%, while the S&P 500 shed 1.2%. On bond markets, yields declined across the board, with US Treasury yields moving 8-15bps lower. Oil prices also fell sharply, by 5%, with Brent crude back near \$75 per barrel. Currency-wise, the yen benefited from the risk-off mood and the softening in market rate expectations.

As trading gets underway this morning, EUR/USD opens just above the \$1.10 threshold. EUR/GBP is changing hands up above 88p. Elsewhere, GBP/USD remains in the top half of the \$1.24-1.25 corridor. USD/JPY is operating back at the ¥136 handle.

Today, the main event will be the Fed monetary policy decision announcement (after the close in Europe). The Fed is widely expected to raise rates by 25bps and signal a pause in its current hiking cycle. Remarks from Chair Powell at the post-meeting press conference regarding the future path of monetary policy and the recent banking crisis will garner very close attention. The meeting and press conference pose some event risk for the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.1018	0.32	2.95
EUR/GBP	0.8823	0.40	-0.24
GBP/USD	1.2486	-0.06	3.22
GBP/EUR	1.1329	-0.40	0.24
USD/JPY	136.05	-1.18	3.77
EUR/JPY	149.96	-0.87	6.89

\* 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	4.875	5.06	5.30	4.99	4.27	3.55
EUR	3.50	3.05	3.27	3.75	3.46	3.03
GBP	4.25	4.33	4.48	4.76	4.68	4.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

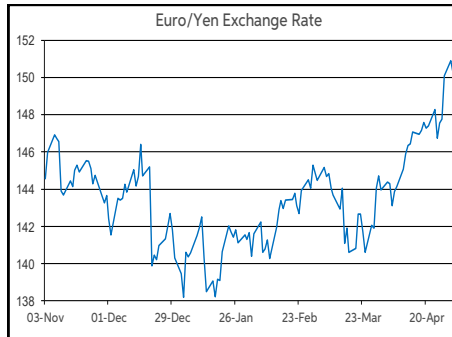
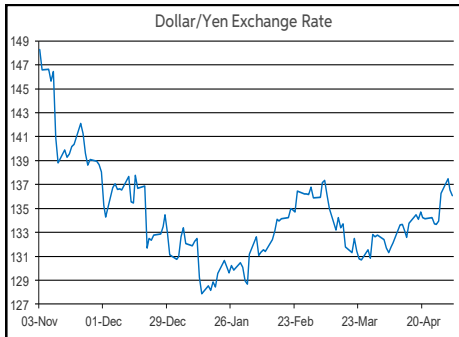
CONTACTS		
<b>AIB Customer Treasury Services</b> business.treasury@aib.ie aib.corporate@treasury@aib.ie aib.ie/fxcentre	<b>Customer Treasury Services GB</b> treasury.gb@aib.ie  aibgb.co.uk/fxcentre	<b>Customer Treasury Services NI</b> TreasuryNI@aib.ie  aibni.co.uk/fxcentre

# Opening Levels

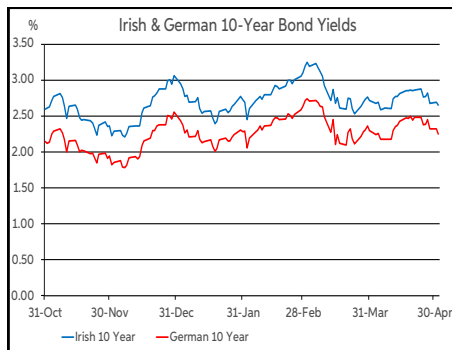
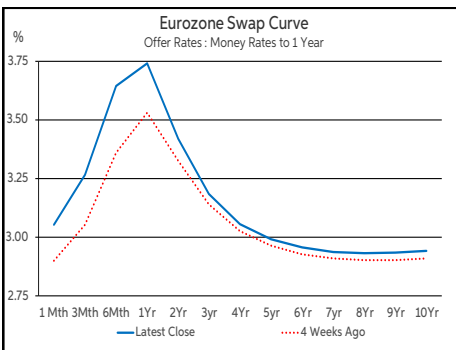
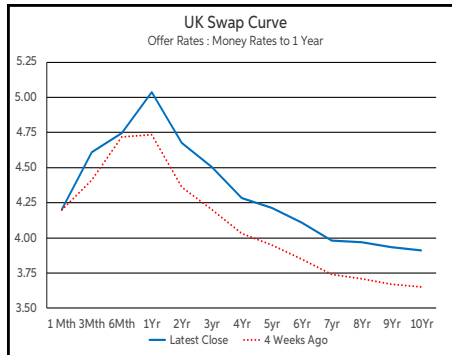
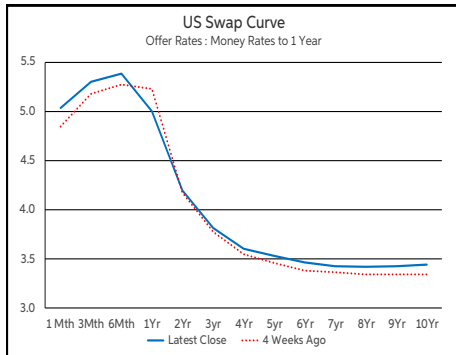
Wednesday 03 May 2023  
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8823	GBP/EUR	1.1329	USD/JPY	136.06
EUR/USD	1.1018	GBP/USD	1.2485	USD/CAD	1.3614
EUR/JPY	149.95	GBP/CAD	1.6996	USD/CHF	0.8911
EUR/SEK	11.343	GBP/NZD	2.0039	USD/CNY	6.911
EUR/DKK	7.4531	GBP/JPY	169.87	USD/BRL	5.0387
EUR/NOK	11.8897	GBP/SEK	12.8507	USD/RUB	79.9
EUR/CHF	0.9821	GBP/DKK	8.4423	USD/INR	81.84
EUR/AUD	1.6525	GBP/NOK	13.4661		
EUR/HKD	8.6498	GBP/CHF	1.1126	AUD/USD	0.6667
EUR/CAD	1.5	GBP/AUD	1.8724	NZD/USD	0.6228



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
<b>10 Year Yield %</b>				
US	3.43	-14	+9	-45
Germany	2.25	-7	-2	-31
UK	3.67	-4	+24	+0
<b>5 Year Swap %</b>				
US	3.53	-16	+11	-47
Eurozone	2.99	-5	+4	-24
UK	4.21	+1	+27	-9
<b>2 Year Swap %</b>				
US	4.20	-18	+6	-48
Eurozone	3.42	-5	+10	+3
UK	4.68	-4	+32	-1
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	45	+5	+0	-13
Belgium	72	+4	+5	+8
France	61	+4	+10	+6
Italy	192	+6	+7	-22
Spain	108	+3	+5	-2
Portugal	86	+3	-1	-18
Greece	200	+11	+3	-3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	75.32	-5.03	-11.33	-12.33
West Texas Oil	71.71	-5.21	-11.14	-10.54
Gold \$	2016.3	+1.73	-0.18	+10.52

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.