

Sterling under pressure

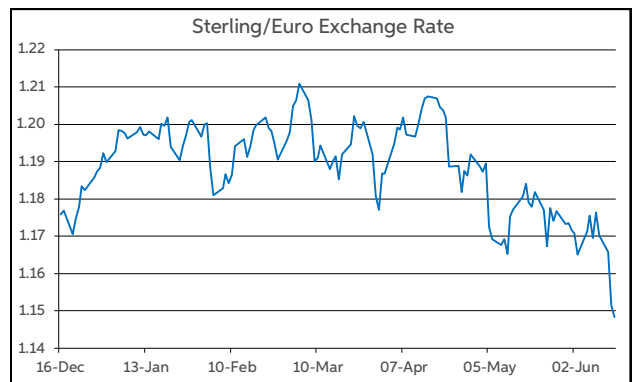
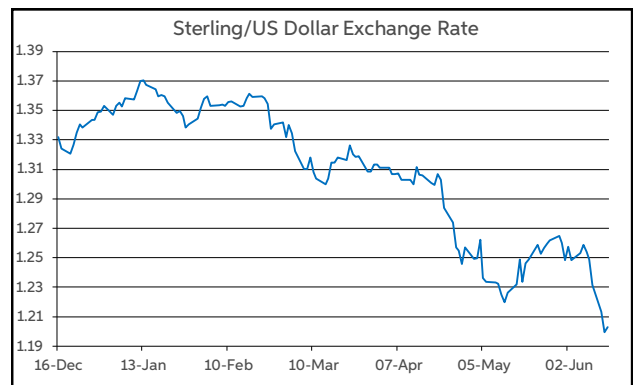
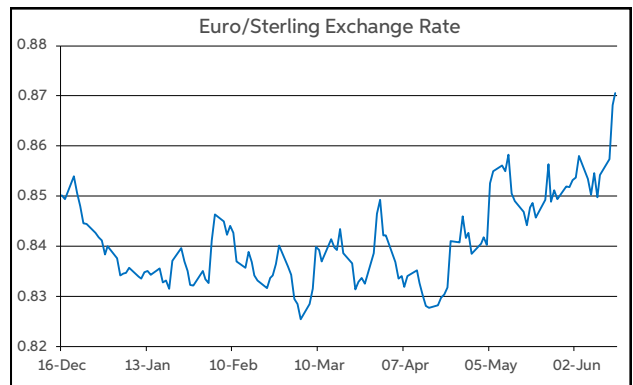
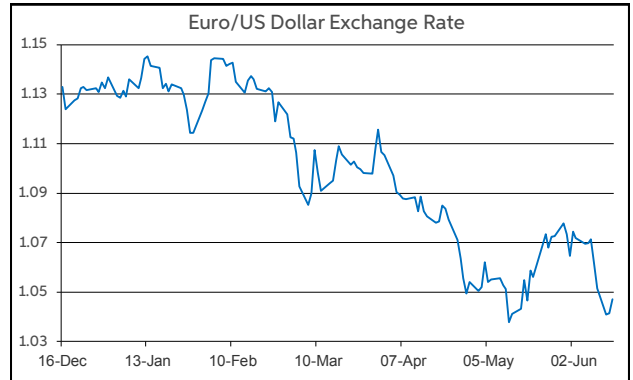
Investor sentiment remained in a cautious mood yesterday. Although, the losses on equity markets were more modest in comparison to Monday. On fixed income markets, yields generally remained on an upward trajectory yesterday, as bond investors continued to contemplate an aggressive pace of rate hikes over the remainder of this year. The 10-year US Treasury yield rose by over 10bps to 3.48%. It was notable though that UK gilt yields and swap rates did not rise to the same extent as elsewhere.

On the currency front, sterling found itself under downward pressure. This was in part, attributable to the aforementioned interest rate differentials. This in turn, was related to softer than expected UK labour market data which highlighted concerns over the challenging outlook for the UK economy. EU-UK trade tensions were also unhelpful to the currency. In level terms, the softer tone to sterling is reflected in EUR/GBP moving up to 87p. Meanwhile, GBP/USD has fallen down towards the \$1.20 threshold. Elsewhere, the EUR/USD pair has edged higher within the \$1.04-1.05 range.

Ahead today, data-wise, we get US retail sales for May. However, attention will centre on the US Fed meeting (concludes after European close). There has been increasing speculation that the Fed will hike by 75bps today, rather than the previously assumed 50bps. Another 75bps hike is priced in for July. Therefore, its updated interest rate projections will garner close attention.

Overall, both the dollar and indeed general market sentiment could be sensitive to today's Fed outcome. Before then, in breaking news this morning, it has been announced that the ECB has called an unexpected meeting to discuss current market conditions.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0471	0.46	-7.89
EUR/GBP	0.8706	1.72	3.64
GBP/USD	1.2028	-1.22	-11.09
GBP/EUR	1.1485	-1.69	-3.51
USD/JPY	134.71	0.08	17.06
EUR/JPY	141.09	0.56	7.81

* 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	1.51	2.00	3.45	3.74	3.57
EUR	0.00	-0.54	-0.28	1.08	1.94	2.33
GBP	1.00	1.29	1.60	2.79	3.22	3.13

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

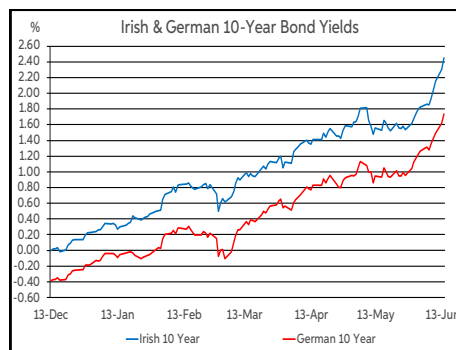
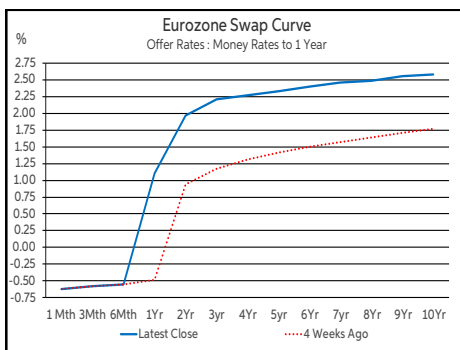
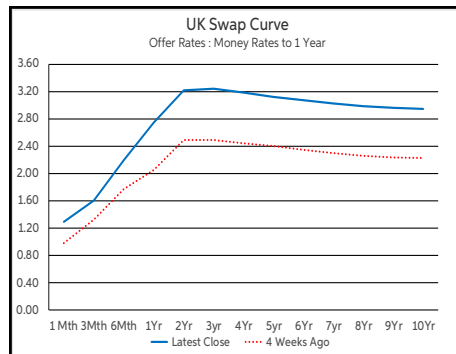
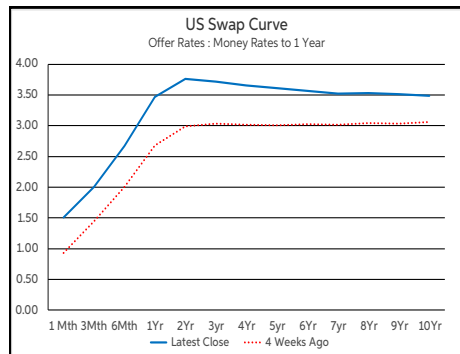
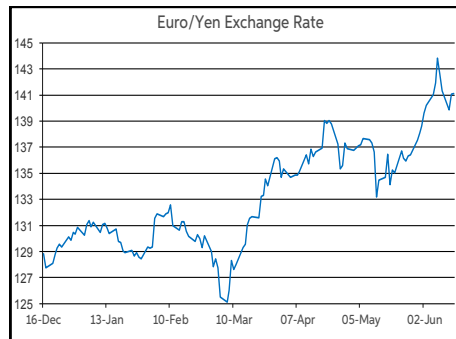
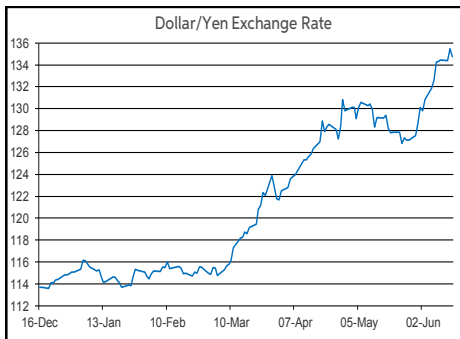
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Opening Levels

Wednesday 15 June 2022
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8706	GBP/EUR	1.1485	USD/JPY	134.71
EUR/USD	1.0471	GBP/USD	1.2028	USD/CAD	1.2944
EUR/JPY	141.09	GBP/CAD	1.557	USD/CHF	0.9991
EUR/SEK	10.6221	GBP/NZD	1.9287	USD/CNY	6.714
EUR/DKK	7.4393	GBP/JPY	162.02	USD/BRL	5.117
EUR/NOK	10.438	GBP/SEK	12.2039	USD/RUB	56.6
EUR/CHF	1.0465	GBP/DKK	8.543	USD/INR	78.07
EUR/AUD	1.5149	GBP/NOK	11.9858	AUD/USD	0.6911
EUR/HKD	8.2203	GBP/CHF	1.2018	NZD/USD	0.6235
EUR/CAD	1.3556	GBP/AUD	1.7401		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.48	+12	+48	+197
Germany	1.75	+12	+70	+193
UK	2.60	+8	+71	+162
Ireland	2.49	+15	+81	+224
Belgium	2.48	+16	+87	+231
France	2.40	+15	+85	+220
Italy	4.27	+17	+130	+309
Spain	3.13	+14	+101	+253
Portugal	3.10	+11	+92	+262
Greece	4.66	+29	+109	+335
5 Year Swap %				
US	3.61	+11	+64	+228
Eurozone	2.33	+10	+93	+232
UK	3.12	-0	+73	+185
2 Year Swap %				
US	3.76	+6	+81	+282
Eurozone	1.97	+12	+104	+227
UK	3.22	+0	+73	+202
10 Year Government Bond Spreads to Benchmark bps				
Ireland	74	+3	+11	+31
Belgium	73	+3	+17	+38
France	64	+3	+16	+27
Italy	252	+5	+61	+116
Spain	138	+2	+31	+60
Portugal	135	-2	+22	+69
Greece	291	+17	+39	+142

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	121.17	-0.90	+8.26	+55.79
West Texas Oil	118.92	-1.65	+5.89	+57.87
Gold \$	1808.1	-0.59	-0.36	-1.11

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