

Minutes confirm hawkish Fed bias

Risk appetite weakened further yesterday as concerns over the need for aggressive monetary policy tightening by the US Fed, and the impact of EU sanctions on Russian energy imports continued to weigh on sentiment. The Euro Stoxx 50 fell by 2.4%, its largest daily decline since the 9th of March. On Wall Street, the S&P 500 moved lower for the second day running, falling by 1.0%.

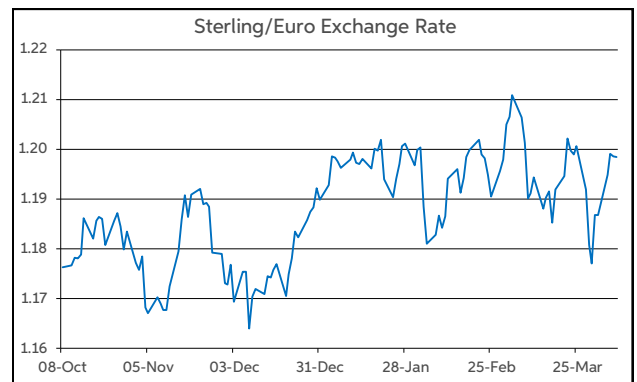
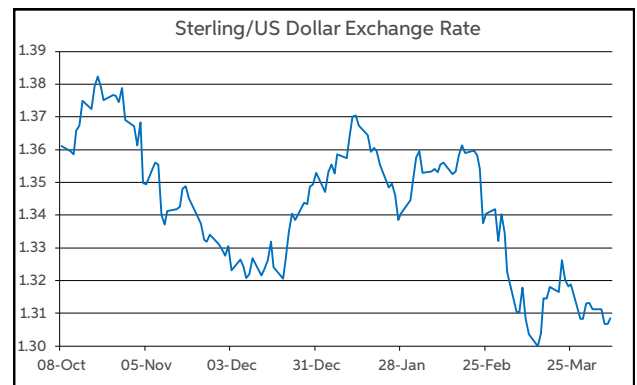
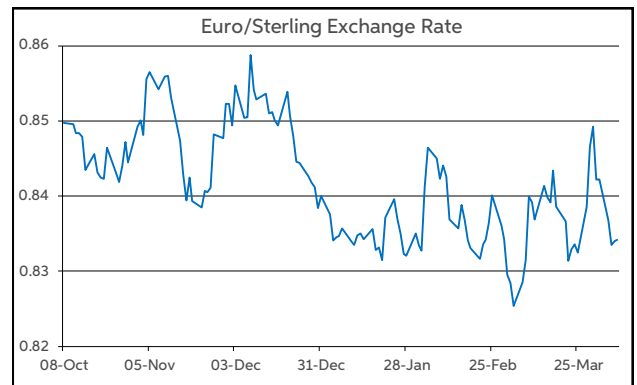
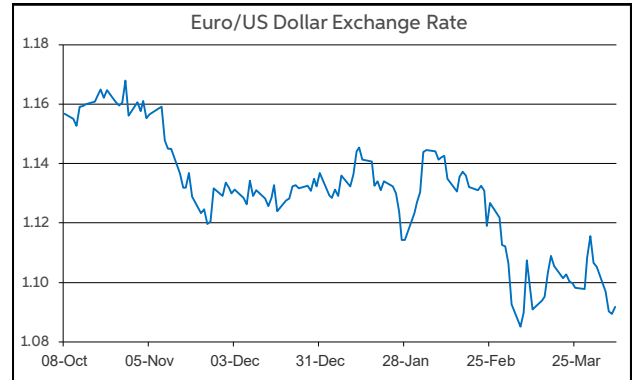
Currency-wise, the main FX pairs were relatively range bound throughout the European session, as participants kept their powder dry ahead of the release of the Fed meeting minutes overnight. Amid the lacklustre price action, the euro managed to regain the \$1.09 handle.

The minutes confirmed that the Fed is likely to start reducing the size of its balance sheet in May. The minutes noted that “many” Fed officials believe one or more 50bp rate hike would be appropriate in the near-term, suggesting it could arrive at the next meeting in May also. However, given a number of Fed speakers have already stated their preference for moving in 50bp steps, the market reaction to the minutes was somewhat muted.

As trading gets underway this morning, EUR/USD remains just above the \$1.09 threshold. Cable (GBP/USD) is operating in the top half of the \$1.30-1.31 range. EUR/GBP is trading near the midpoint of the 83-84p corridor.

Turning to the day ahead, the main release of note will be the ECB account from its last monetary policy meeting in March. Elsewhere, Eurozone retail sales are forecast to rise by 0.6% in February. However, barring any major surprises, the data are unlikely to impact the euro.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0918	0.21	-3.96
EUR/GBP	0.8341	0.06	-0.70
GBP/USD	1.3088	0.15	-3.26
GBP/EUR	1.1985	-0.06	0.71
USD/JPY	123.59	-0.23	7.39
EUR/JPY	134.97	-0.01	3.13

* 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	0.375	0.45	0.97	2.03	2.68	2.69
EUR	0.00	-0.55	-0.47	-0.08	0.61	1.08
GBP	0.75	0.72	1.05	1.89	2.32	2.23

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

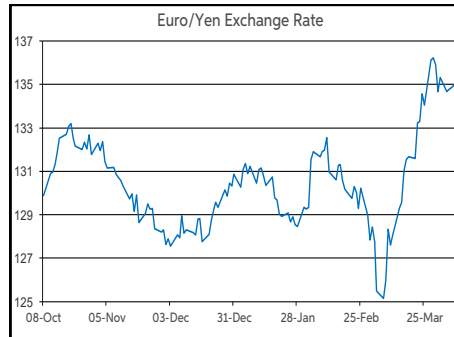
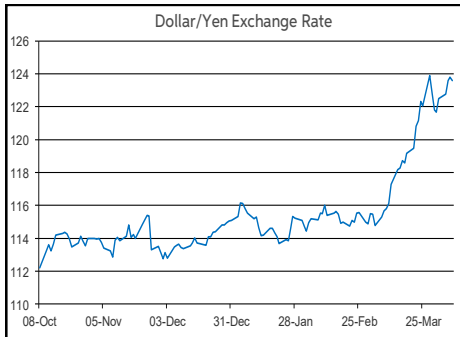
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

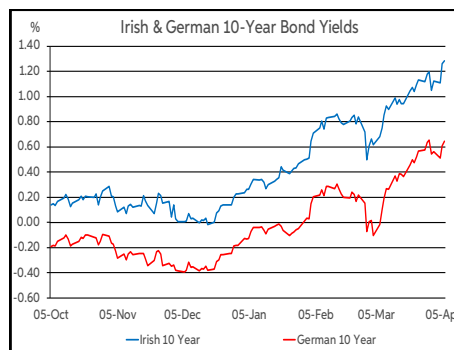
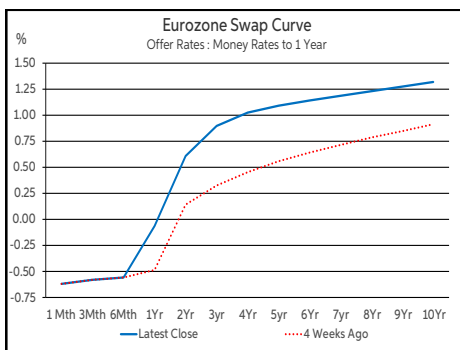
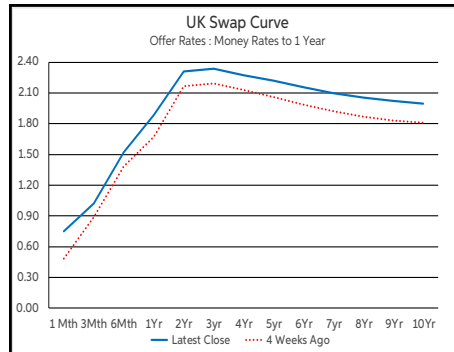
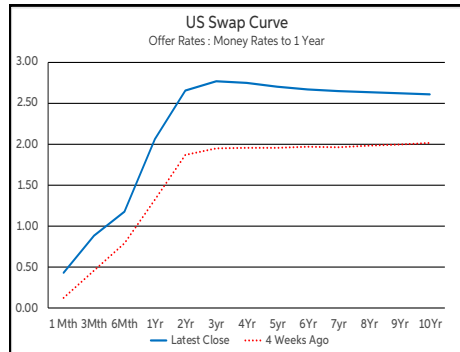
Thursday 07 April 2022
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8341	GBP/EUR	1.1985	USD/JPY	123.59
EUR/USD	1.0918	GBP/USD	1.3088	USD/CAD	1.2553
EUR/JPY	134.97	GBP/CAD	1.6429	USD/CHF	0.9321
EUR/SEK	10.3313	GBP/NZD	1.8963	USD/CNY	6.3607
EUR/DKK	7.4374	GBP/JPY	161.77	USD/BRL	4.7161
EUR/NOK	9.5896	GBP/SEK	12.3814	USD/RUB	81.52
EUR/CHF	1.0179	GBP/DKK	8.913	USD/INR	75.8
EUR/AUD	1.4586	GBP/NOK	11.4884	AUD/USD	0.7485
EUR/HKD	8.5589	GBP/CHF	1.22	NZD/USD	0.6899
EUR/CAD	1.3705	GBP/AUD	1.7483		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.60	+4	+65	+109
Germany	0.65	+4	+46	+83
UK	1.70	+5	+18	+73
Ireland				
Ireland	1.30	+2	+38	+106
Belgium	1.19	+1	+47	+101
France	1.17	+2	+53	+98
Italy	2.30	+6	+63	+112
Spain	1.64	+4	+50	+104
Portugal	1.58	+7	+59	+109
Greece	2.78	+13	+40	+147
5 Year Swap %				
US	2.70	-1	+79	+137
Eurozone	1.09	+1	+55	+108
UK	2.22	+2	+16	+95
2 Year Swap %				
US	2.66	-4	+83	+171
Eurozone	0.61	-0	+47	+91
UK	2.31	-0	+15	+112
10 Year Government Bond Spreads to Benchmark bps				
Ireland	66	-1	-8	+23
Belgium	54	-2	+1	+18
France	53	-2	+7	+15
Italy	166	+2	+18	+29
Spain	99	+0	+4	+22
Portugal	93	+3	+13	+27
Greece	213	+10	-6	+64



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	101.07	-5.22	-9.06	+29.94
West Texas Oil	96.39	-5.48	-11.41	+27.96
Gold \$	1925.5	+0.09	-3.31	+5.31

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