

BoE meeting ahead today

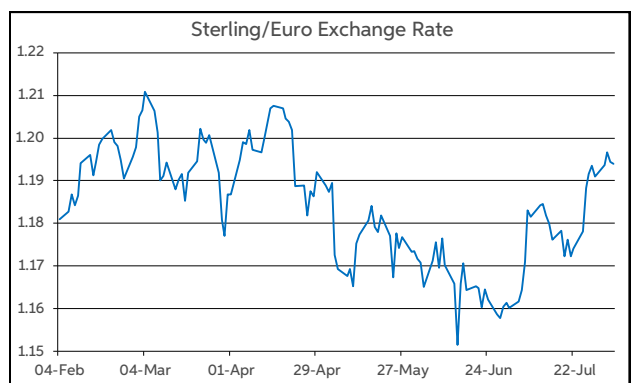
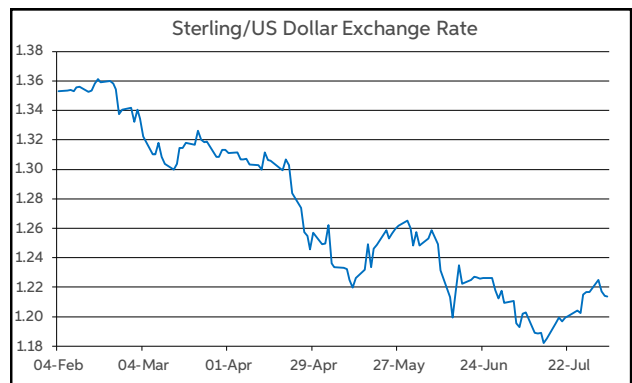
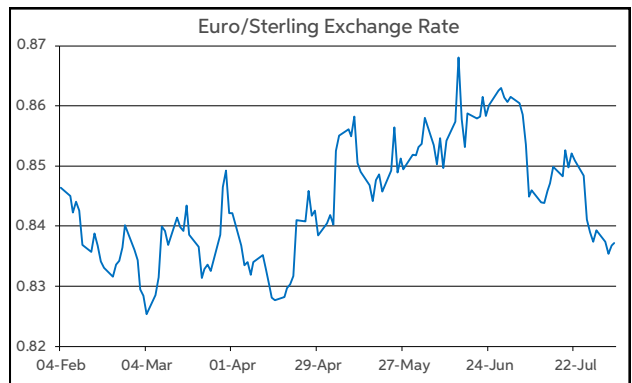
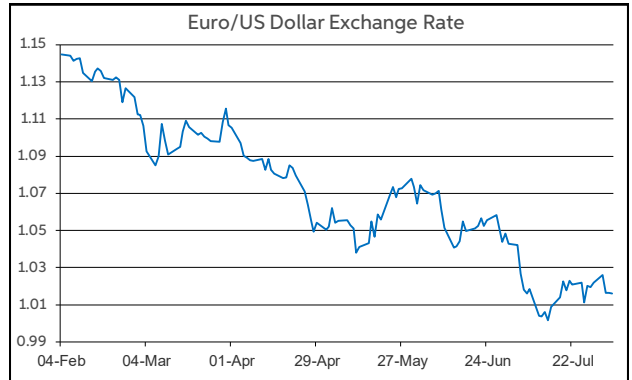
Equity markets moved higher on both sides of the Atlantic yesterday, with the S&P 500 up 1.6%. On bond markets, the policy sensitive 2-year US Treasury yield rose by 6bps amid some hawkish Fed rhetoric over the past 48hrs. Meanwhile, oil slipped well below \$100 per barrel, as OPEC+ announced a 100k barrels per day increase in production, and a report showed US oil inventories unexpectedly surged higher last week.

Currency-wise, the dollar remained in the ascendancy for much of yesterday. Hawkish comments from a number of Fed officials provided some support for the currency. A much better than anticipated non-manufacturing ISM survey in July also coincided with a firmer tone to the dollar. The headline index jumped to 56.7 (forecast was for a fall to 53.5), while the new orders component surged to 59.9.

Overnight though, the dollar was unable to hold onto all of its gains. EUR/USD opens this morning in the top half of \$1.01-1.02, having traded as low as \$1.012 yesterday. Meanwhile, GBP/USD is changing hands around the midpoint of \$1.21-1.22. EUR/GBP remains at the halfway mark of the 83-84p range. Elsewhere, USD/JPY is trading up above ¥134.

Today, the main event will be the Bank of England meeting. The BoE is widely expected to raise rates for the 6th consecutive meeting, although, there is some debate as to whether the committee will opt for a 25 or 50bps hike. Market pricing is currently in favour of a 50bps increase. Meantime, the Monetary Policy Report and the press conference will garner close scrutiny, as the BoE has been downbeat on the UK economy's prospects in 2022-23. The meeting poses some event risk for sterling.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0161	-0.23	-10.62
EUR/GBP	0.8371	0.12	-0.35
GBP/USD	1.2135	-0.36	-10.30
GBP/EUR	1.194	-0.12	0.35
USD/JPY	134.23	1.17	16.64
EUR/JPY	136.42	0.92	4.24

* 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	2.36	2.81	3.48	3.36	2.89
EUR	0.50	-0.05	0.26	1.02	1.26	1.45
GBP	1.25	1.65	1.97	2.82	2.91	2.60

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

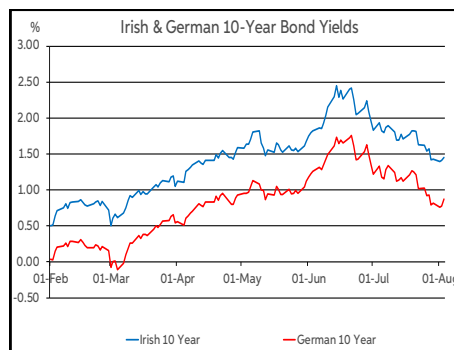
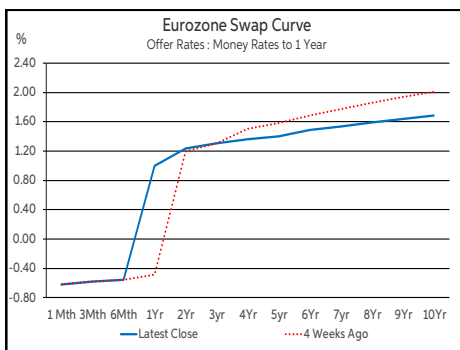
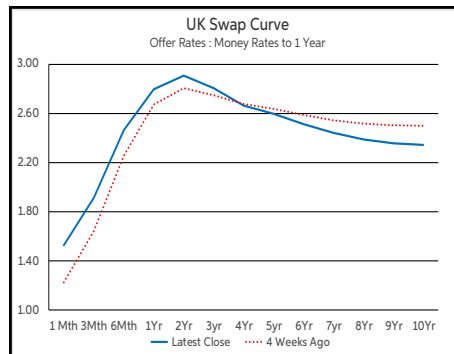
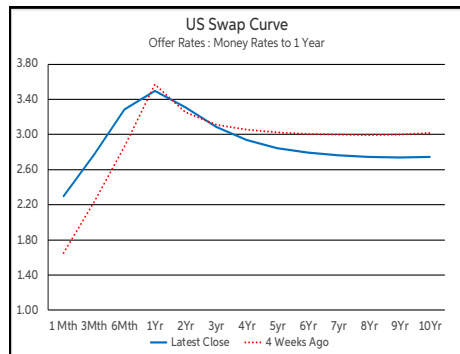
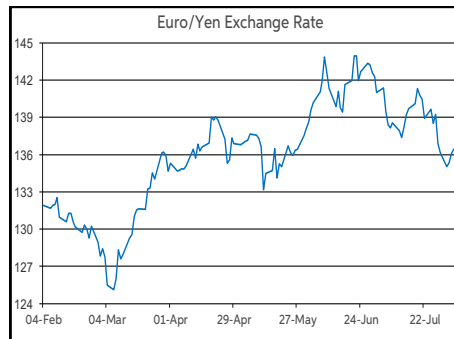
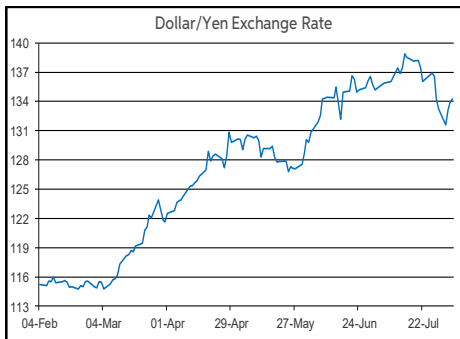
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 04 August 2022
07:31 am



Euro		Sterling		Dollar	
EUR/GBP	0.8371	GBP/EUR	1.194	USD/JPY	134.23
EUR/USD	1.0161	GBP/USD	1.2135	USD/CAD	1.285
EUR/JPY	136.42	GBP/CAD	1.5596	USD/CHF	0.9615
EUR/SEK	10.3839	GBP/NZD	1.9301	USD/CNY	6.7537
EUR/DKK	7.4422	GBP/JPY	162.89	USD/BRL	5.2835
EUR/NOK	9.8827	GBP/SEK	12.3996	USD/RUB	60.33
EUR/CHF	0.9771	GBP/DKK	8.8858	USD/INR	79.52
EUR/AUD	1.4595	GBP/NOK	11.8022	AUD/USD	0.6959
EUR/HKD	7.9747	GBP/CHF	1.167	NZD/USD	0.6285
EUR/CAD	1.3059	GBP/AUD	1.7433		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.71	-4	-23	+119
Germany	0.87	+9	-28	+105
UK	1.91	+4	-18	+94
Ireland	1.48	+4	-35	+124
Belgium	1.47	+6	-39	+129
France	1.44	+6	-32	+125
Italy	3.02	-1	-22	+184
Spain	1.99	+5	-29	+139
Portugal	1.93	+6	-37	+144
Greece	3.05	+9	-19	+173
5 Year Swap %				
US	2.84	-2	-14	+151
Eurozone	1.40	-1	-17	+139
UK	2.60	+7	-4	+132
2 Year Swap %				
US	3.31	+4	+10	+237
Eurozone	1.23	+6	+4	+153
UK	2.91	+8	+11	+172
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	-5	-6	+18
Belgium	60	-4	-11	+24
France	57	-3	-4	+19
Italy	215	-10	+7	+79
Spain	111	-4	-0	+34
Portugal	105	-3	-8	+39
Greece	217	-0	+9	+68

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	96.78	-3.74	-3.88	+24.43
West Texas Oil	93.25	-4.00	-7.04	+23.79
Gold \$	1764.9	+0.29	+1.53	-3.47

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