

## Attention on the Fed this week

Investor sentiment was holding a positive tone for much of last week, despite the backdrop of on-going concerns over the global economic outlook. The main equity indices posted healthy gains, although they still remain well down on a year-to-date basis.

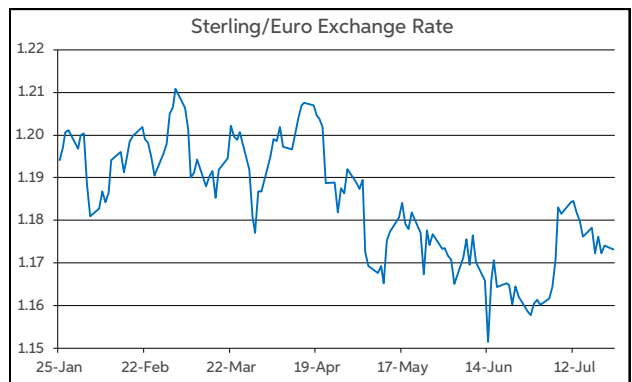
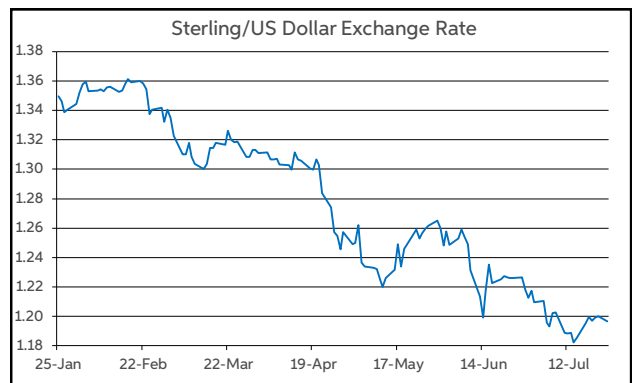
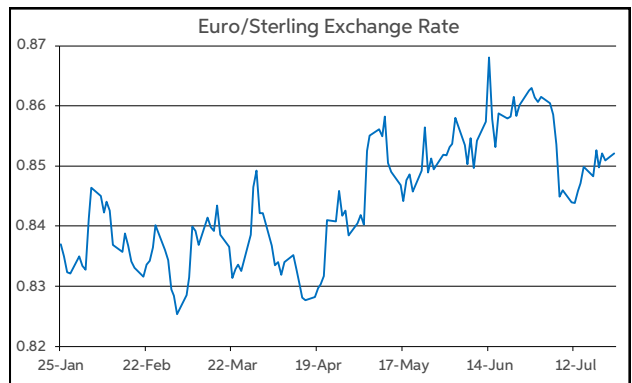
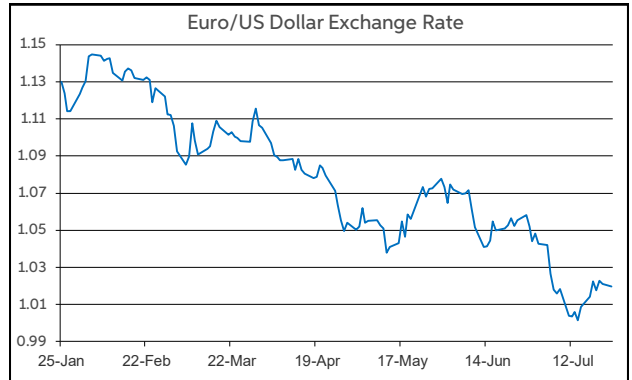
The key event last week was the ECB meeting for July. The central bank surprised with a larger than guided rate hike. It raised its main policy rates by 50bps and in turn, brought its negative interest rate policy to an end. It also announced some details of its new tool to deal to with unwarranted side effects on Eurozone yields from its tightening cycle. However, it is no longer providing forward guidance. Instead, it noted that rates will continue to rise but the extent of this will be data dependent.

From a currency viewpoint, the ECB meeting was a source of volatility for the euro. It initially moved higher on the larger than guided rate hike, including EUR/USD trading to a high of \$1.027, but it could not sustain these gains. Elsewhere, on the currency front last week, the dollar edged back from its recent highs amid the firmer tone to risk appetite.

In level terms, the EUR/USD pair managed to move up from the \$1.00 threshold, to trade above the \$1.01 mark and opens today just below \$1.02. The GBP/USD pair got back up into the \$1.19-1.20 band. Meanwhile, EUR/GBP edged higher, into 85p territory.

This week, attention will be on the US Fed meeting, which poses some event risk for the dollar. Interest rate differentials have been a key driver of the dollar's recent strength. The Fed is expected to announce another 75bps rate hike. Data-wise, the main highlights are US and Eurozone Q2 GDP, and the latest inflation numbers.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0196	0.17	-10.31
EUR/GBP	0.8521	0.09	1.44
GBP/USD	1.1963	0.07	-11.58
GBP/EUR	1.1729	-0.09	-1.42
USD/JPY	136.4	-1.07	18.53
EUR/JPY	139.11	-0.89	6.30

\* 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	1.625	2.25	2.77	3.36	3.22	2.88
EUR	0.00	-0.17	0.20	1.07	1.29	1.59
GBP	1.25	1.49	1.89	2.79	2.86	2.58

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

Monday 25 July 2022  
07:24 am



## Euro

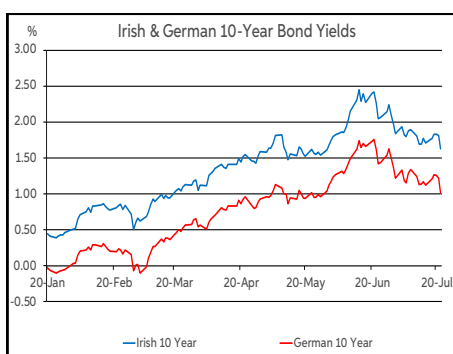
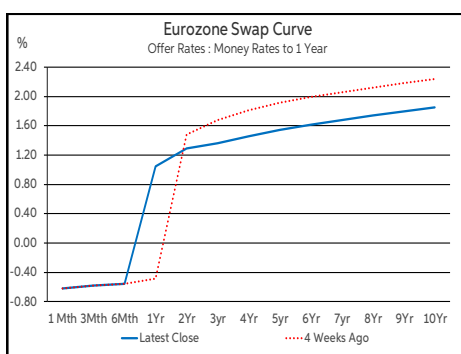
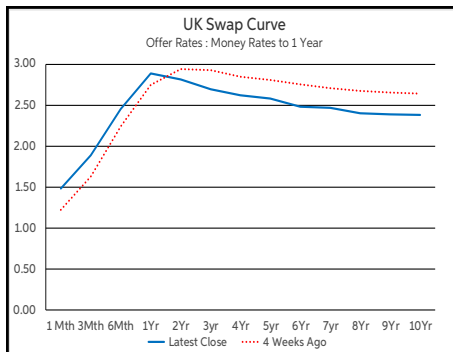
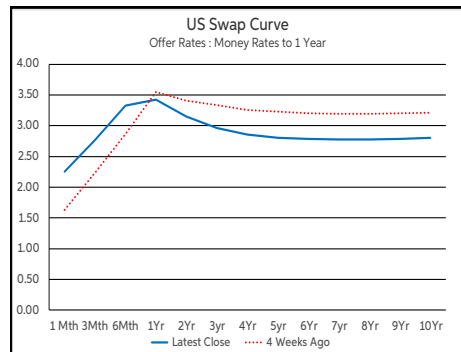
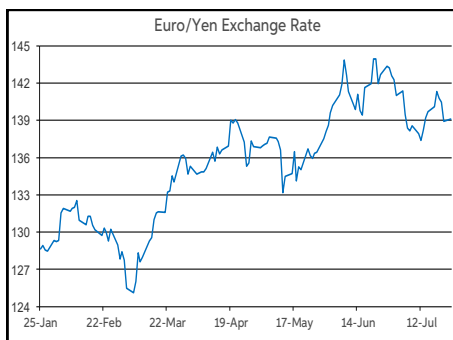
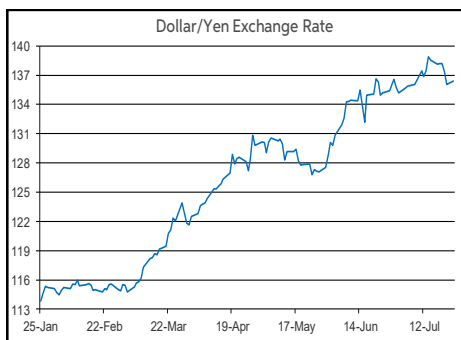
EUR/GBP	0.8521
EUR/USD	1.0196
EUR/JPY	139.11
EUR/SEK	10.4409
EUR/DKK	7.4443
EUR/NOK	10.1471
EUR/CHF	0.9835
EUR/AUD	1.4762
EUR/HKD	8.0011
EUR/CAD	1.3195

## Sterling

GBP/EUR	1.1729
GBP/USD	1.1963
GBP/CAD	1.5482
GBP/NZD	1.9201
GBP/JPY	163.18
GBP/SEK	12.2514
GBP/DKK	8.7332
GBP/NOK	11.8997
GBP/CHF	1.1542
GBP/AUD	1.7319

## Dollar

USD/JPY	136.4
USD/CAD	1.294
USD/CHF	0.9646
USD/CNY	6.7538
USD/BRL	5.498
USD/RUB	57.4
USD/INR	79.848
AUD/USD	0.6907
NZD/USD	0.6229



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	2.75	-13	-38	+124
Germany	1.02	-20	-42	+120
UK	1.94	-11	-37	+97
Ireland	1.69	-18	-39	+144
Belgium	1.66	-18	-39	+149
France	1.62	-19	-35	+143
Italy	3.42	-20	-14	+224
Spain	2.26	-22	-29	+167
Portugal	2.19	-22	-33	+171
Greece	3.28	-35	-51	+197
<b>5 Year Swap %</b>				
US	2.80	-13	-40	+147
Eurozone	1.54	-21	-37	+153
UK	2.58	-13	-23	+130
<b>2 Year Swap %</b>				
US	3.15	-14	-23	+220
Eurozone	1.29	-17	-18	+159
UK	2.82	-15	-12	+162
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	66	+2	+3	+24
Belgium	64	+2	+2	+28
France	60	+0	+7	+22
Italy	240	-1	+28	+103
Spain	124	-3	+12	+46
Portugal	117	-2	+9	+51
Greece	226	-15	-9	+77

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	103.2	-0.64	-8.77	+32.68
West Texas Oil	97.71	-0.74	-10.42	+29.71
Gold \$	1726.5	+0.46	-5.46	-5.57

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