

Euro weaker, Fed in focus today

There was a “risk-off” mood on markets yesterday, as concerns regarding Europe’s gas supply continued to weigh on the outlook. Some weaker than expected data also impacted sentiment. The Euro Stoxx 50 fell by 0.8%. On Wall Street the S&P 500 finished down 1.2%.

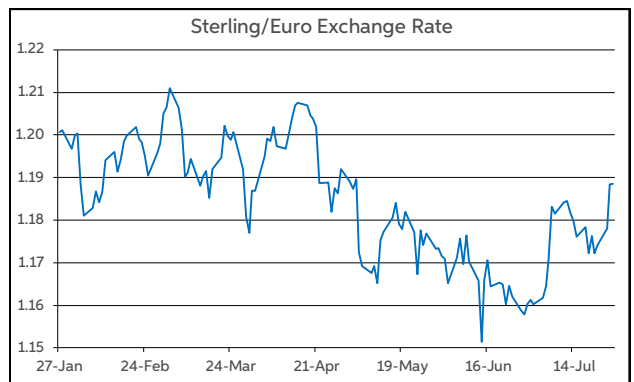
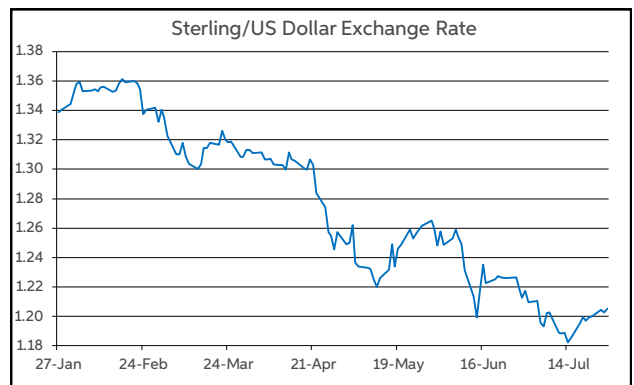
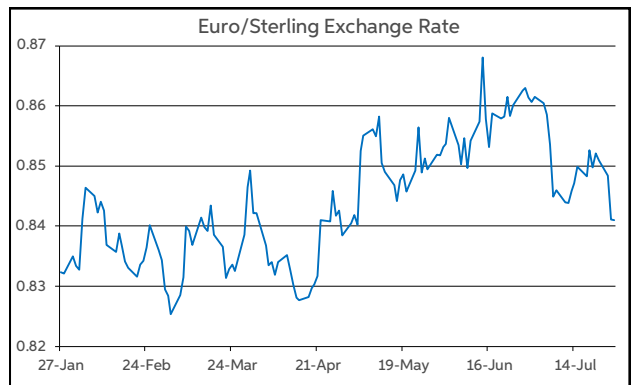
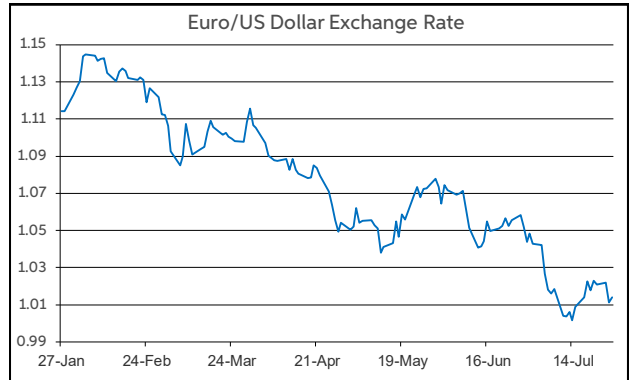
Currency-wise, the euro was on the defensive yesterday, amid concerns over the region’s gas supply, and as investors pared back their expectations for the peak in Eurozone rates to just 1.1% in 2023, from 1.25%. The single currency shed 0.8% against the dollar and sterling. Elsewhere, the dollar was holding a slightly firmer tone amid the risk averse backdrop, Overnight though, the greenback handed back most of its gains.

In terms of data releases, the US Conference Board measure of consumer confidence fell to 95.7 in July (vs. 97.2 f’cast), its lowest level since February 2021. Meanwhile, US new home sales printed well below the consensus (660k), falling to 590k in June, from 696k in May. Both metrics are consistent with a slew of other data showing a slowdown in economic activity in the US recently.

As trading gets underway this morning, EUR/USD opens just above the \$1.01 threshold. Meanwhile, EUR/GBP is operating back at the 84p mark. GBP/USD remains at the midpoint of \$1.20-1.21.

Today, the highlight will be the Fed interest rate announcement, after the European close. A 75bps rate hike is expected, for the second consecutive meeting. The post-meeting press conference will garner close attention also. In the run-up to today’s meeting conclusion, forex markets may be in a holding pattern, as investors keep their powder dry ahead of the announcement.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.014	-0.82	-10.80
EUR/GBP	0.8411	-0.76	0.13
GBP/USD	1.2054	-0.07	-10.90
GBP/EUR	1.1883	0.76	-0.13
USD/JPY	136.9	0.26	18.96
EUR/JPY	138.84	-0.56	6.09

* 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	2.30	2.77	3.42	3.28	2.90
EUR	0.00	-0.13	0.23	0.99	1.21	1.44
GBP	1.25	1.53	1.91	2.81	2.85	2.58

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

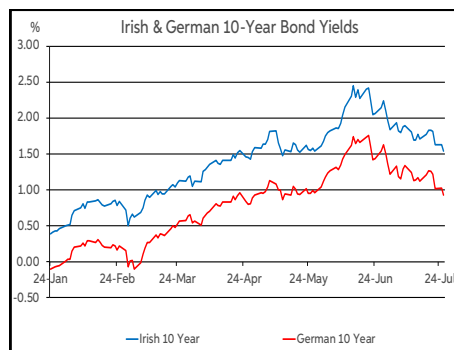
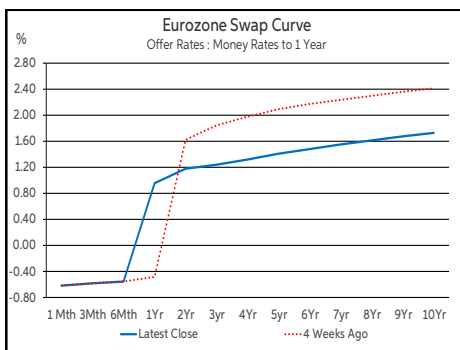
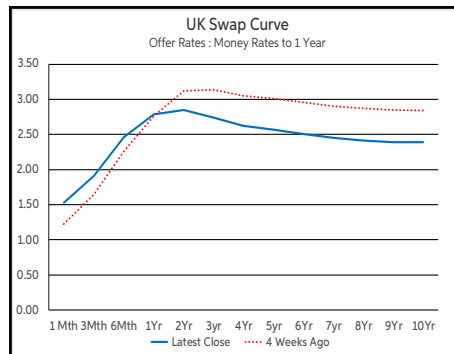
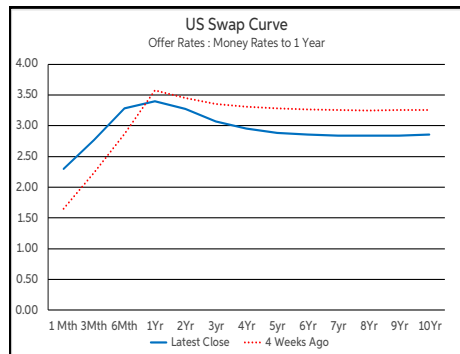
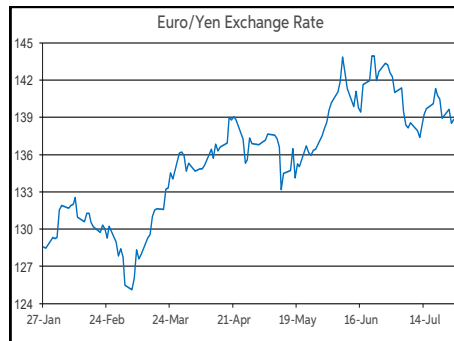
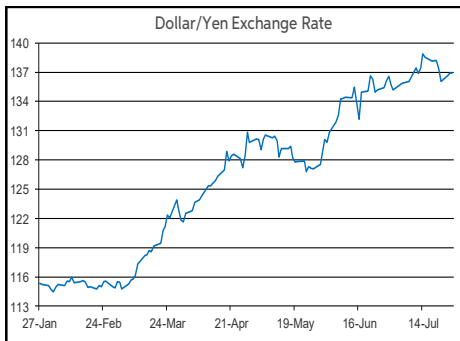
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Wednesday 27 July 2022
07:14 am



Euro		Sterling		Dollar	
EUR/GBP	0.8411	GBP/EUR	1.1883	USD/JPY	136.9
EUR/USD	1.014	GBP/USD	1.2054	USD/CAD	1.2852
EUR/JPY	138.84	GBP/CAD	1.5495	USD/CHF	0.9615
EUR/SEK	10.4392	GBP/NZD	1.9331	USD/CNY	6.7611
EUR/DKK	7.4438	GBP/JPY	165.02	USD/BRL	5.3511
EUR/NOK	9.9828	GBP/SEK	12.4052	USD/RUB	60.3
EUR/CHF	0.9751	GBP/DKK	8.8463	USD/INR	79.892
EUR/AUD	1.462	GBP/NOK	11.8604		
EUR/HKD	7.9603	GBP/CHF	1.1592	AUD/USD	0.6936
EUR/CAD	1.3035	GBP/AUD	1.7377	NZD/USD	0.6233



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.80	-0	-37	+129
Germany	0.93	-10	-71	+111
UK	1.92	-2	-55	+95
5 Year Swap %				
US	2.88	+4	-36	+155
Eurozone	1.41	-9	-68	+140
UK	2.57	+2	-44	+130
2 Year Swap %				
US	3.27	+5	-14	+233
Eurozone	1.18	-5	-44	+148
UK	2.85	+4	-27	+166
10 Year Government Bond Spreads to Benchmark bps				
Ireland	64	-2	+2	+21
Belgium	63	+1	+0	+27
France	60	+1	+5	+22
Italy	241	+6	+38	+105
Spain	119	-1	+9	+42
Portugal	112	-1	+4	+46
Greece	205	-2	-20	+55

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	104.4	-0.71	-11.51	+34.22
West Texas Oil	97.74	-2.09	-14.01	+29.75
Gold \$	1717.0	-0.10	-5.64	-6.09

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