

Dollar weaker despite 75bps rate hike

The main FX pairs were confined to relatively tight ranges throughout much of yesterday, as the market awaited the Fed meeting outcome. Of the limited moves to register, the euro remained on the defensive. The single currency was down by around 0.3% against the dollar and sterling at the European close.

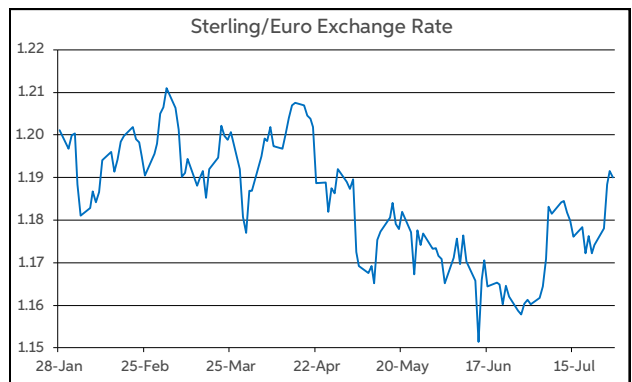
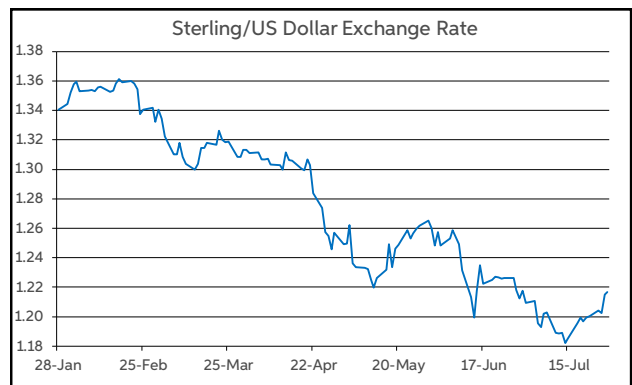
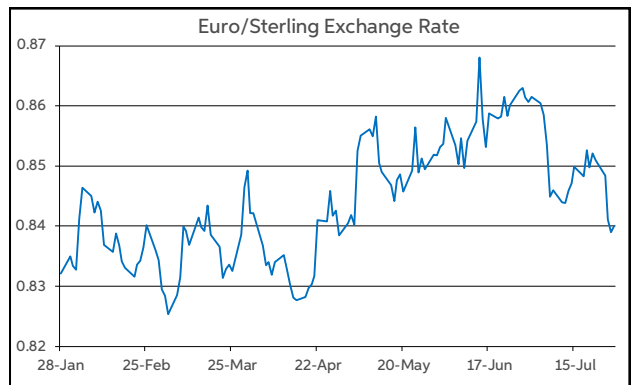
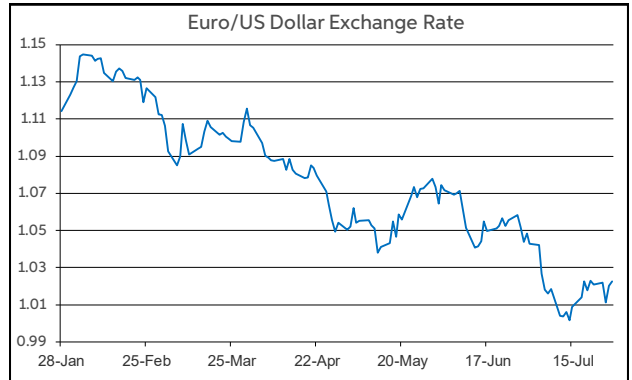
However, following the conclusion of the aforementioned Fed meeting/press conference, the dollar was on the back-foot. As expected the Fed hiked rates by 75bps for the second consecutive meeting. Chair Powell refused though, to offer specific guidance on the pace of future rate hikes. Furthermore, the Fed noted that “spending and production have softened”.

The market reaction indicates participants interrupted the meeting outcome as being less hawkish. Although, the Fed is still expected to continue hiking rates into the end of this year at the least, albeit potentially at a slower pace than in June and July.

In level terms, EUR/USD opens this morning up above \$1.02. Meanwhile, GBP/USD is changing hands in the upper half of the \$1.21-1.22 range. EUR/GBP is operating at the 84p mark. Meanwhile, the policy sensitive 2-year US Treasury yield fell by circa 5bps. On Wall Street, the S&P 500 gained 2.6%, following the Fed meeting, and some positive corporate earnings newsflow.

Today, the highlight will be the first reading of Q2 GDP in the US. The consensus is for a 0.5% increase in annualised terms in the quarter, although, there are some downside risks attached to the forecast. In the Eurozone, the EC sentiment indices are expected to deteriorate in July, while German HICP is projected to ease slightly to 8.1% in July from 8.2% previously.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0224	0.74	-10.06
EUR/GBP	0.84	-0.18	0.00
GBP/USD	1.217	0.92	-10.05
GBP/EUR	1.1899	0.18	0.00
USD/JPY	135.26	-1.27	17.54
EUR/JPY	138.31	-0.53	5.69

* 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	2.35	2.79	3.37	3.26	2.87
EUR	0.00	-0.09	0.21	1.05	1.30	1.53
GBP	1.25	1.55	1.92	2.85	2.89	2.61

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

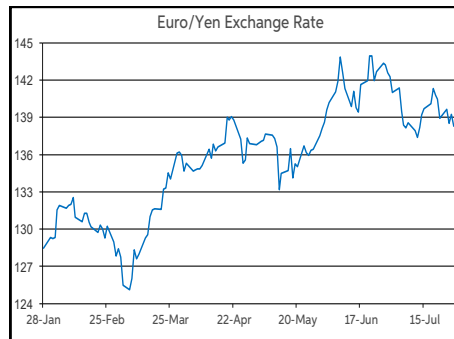
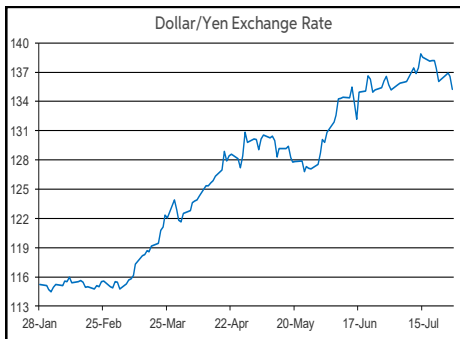
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

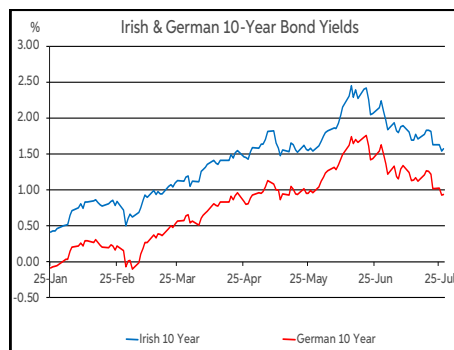
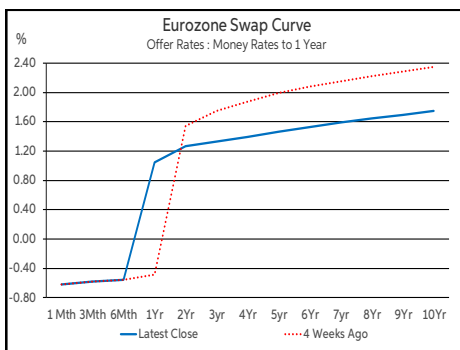
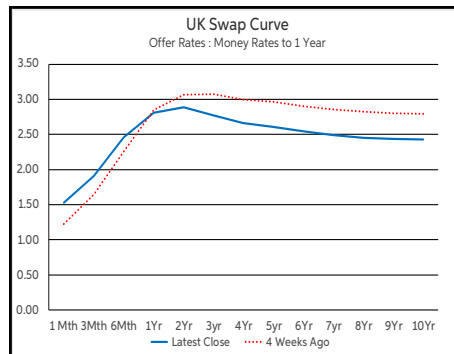
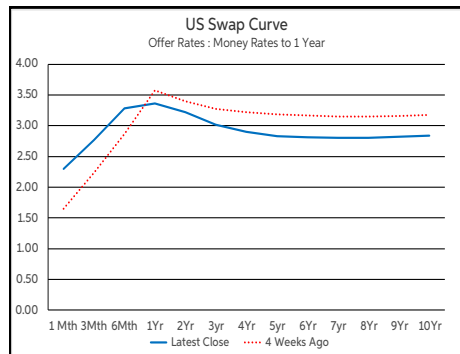
Thursday 28 July 2022
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.84	GBP/EUR	1.1899	USD/JPY	135.27
EUR/USD	1.0224	GBP/USD	1.2169	USD/CAD	1.2804
EUR/JPY	138.32	GBP/CAD	1.5585	USD/CHF	0.9584
EUR/SEK	10.4339	GBP/NZD	1.9363	USD/CNY	6.7432
EUR/DKK	7.4435	GBP/JPY	164.6	USD/BRL	5.2437
EUR/NOK	9.9301	GBP/SEK	12.4153	USD/RUB	59.7
EUR/CHF	0.9801	GBP/DKK	8.8571	USD/INR	79.72
EUR/AUD	1.4588	GBP/NOK	11.8188	AUD/USD	0.7007
EUR/HKD	8.0246	GBP/CHF	1.1664	NZD/USD	0.6283
EUR/CAD	1.3094	GBP/AUD	1.7364		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.78	-2	-30	+127
Germany	0.94	+1	-57	+112
UK	1.96	+4	-43	+99
Ireland	1.62	+6	-55	+137
Belgium	1.57	+1	-59	+139
France	1.54	+1	-53	+134
Italy	3.43	+9	-7	+224
Spain	2.15	+4	-44	+156
Portugal	2.07	+2	-50	+159
Greece	3.04	+6	-63	+172
5 Year Swap %				
US	2.83	-5	-32	+150
Eurozone	1.47	+6	-52	+145
UK	2.61	+4	-35	+133
2 Year Swap %				
US	3.22	-3	-13	+228
Eurozone	1.27	+9	-27	+157
UK	2.89	+4	-17	+170
10 Year Government Bond Spreads to Benchmark bps				
Ireland	68	+5	+2	+25
Belgium	63	+0	-2	+27
France	60	+0	+4	+23
Italy	249	+8	+49	+112
Spain	122	+3	+12	+44
Portugal	113	+1	+6	+47
Greece	210	+5	-6	+61



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	106.62	+2.13	-8.29	+37.08
West Texas Oil	100.03	+2.34	-10.41	+32.79
Gold \$	1733.9	+0.98	-4.58	-5.17

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