

Focus this week on ECB

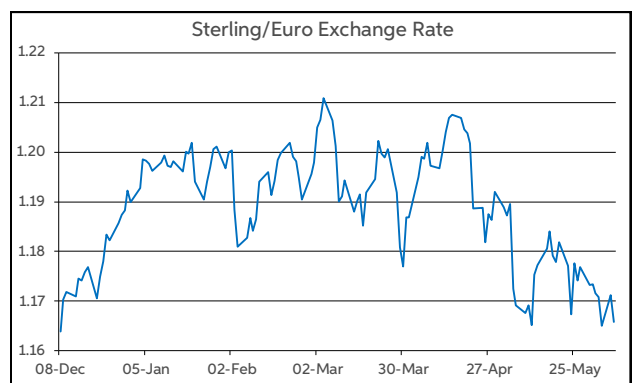
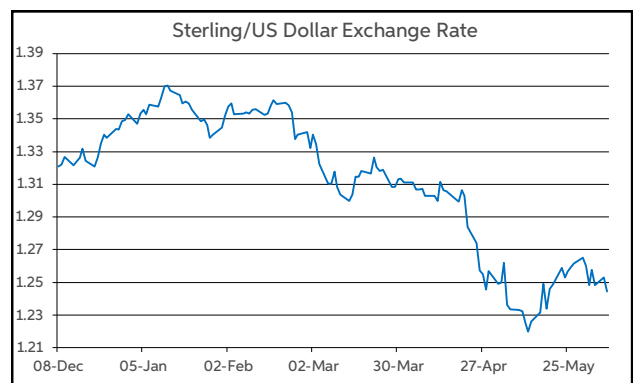
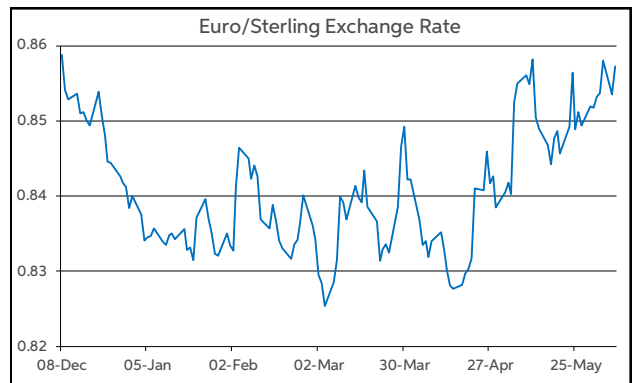
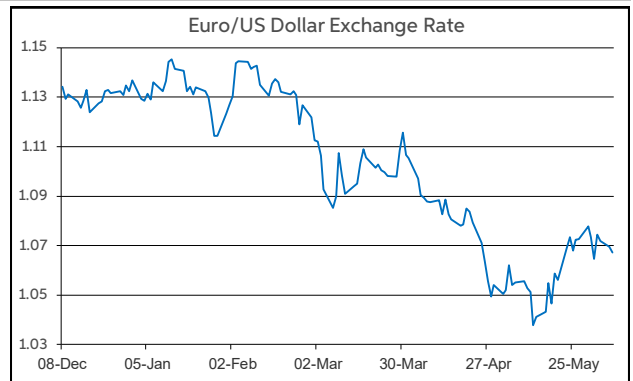
The dollar held the upper hand yesterday amid rising US Treasury yields (incl. 10-year yield rising above 3%). At the same time, the yen found itself under significant downward pressure, not helped by dovish BoJ comments. Meanwhile, sterling has not shown any major reaction to last night's narrower than expected win for PM Johnson in the Conservative Party no-confidence vote. EUR/USD opens back below the \$1.07 threshold, while GBP/USD is in the lower half of \$1.24-1.25. EUR/GBP continues to trade in a tight range within the 85-86p band. Elsewhere, USD/JPY is above ¥132.

A key focus for markets over the remainder of this week will be Thursday's ECB meeting. While the ECB is not expected to hike rates, the meeting provides some key event risk for the euro. Based on comments from a raft of Governing Council members over recent weeks, the central bank is expected to give clear guidance that a rate hike is on the cards for its July 21st meeting.

However, there is uncertainty over the pace of tightening from the ECB this year. Some Council members have referenced the need for a 50bps rate hike in Q3, while others are in favour of a more gradual 25bps pace of rate increases. Futures contracts are pricing in around 125bps of tightening in H2, which implies at least one 50bps hike given that there are four ECB meetings over this period. Therefore, this week's post-meeting press conference will be closely followed. As a result, there is the potential for some volatility in the euro as markets react to President Lagarde's comments.

In the meantime today's macro schedule is quiet. Therefore, markets may be in a holding pattern ahead of the aforementioned ECB meeting on Thursday.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0671	-0.51	-6.13
EUR/GBP	0.8573	-0.09	2.06
GBP/USD	1.2444	-0.44	-8.02
GBP/EUR	1.1657	0.09	-2.02
USD/JPY	132.89	1.71	15.48
EUR/JPY	141.81	1.18	8.36

* 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	0.875	1.16	1.67	2.75	3.13	3.11
EUR	0.00	-0.54	-0.33	0.61	1.30	1.75
GBP	1.00	1.18	1.47	2.41	2.77	2.74

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

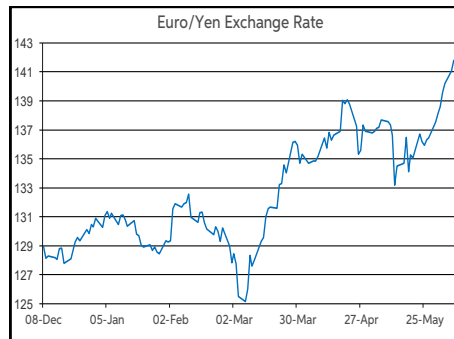
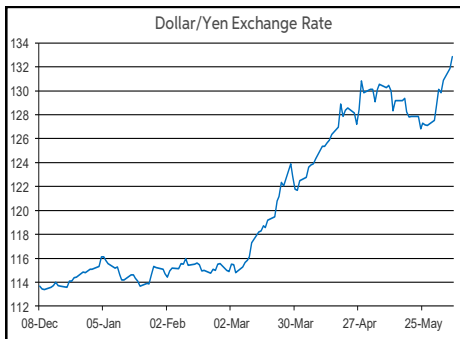
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

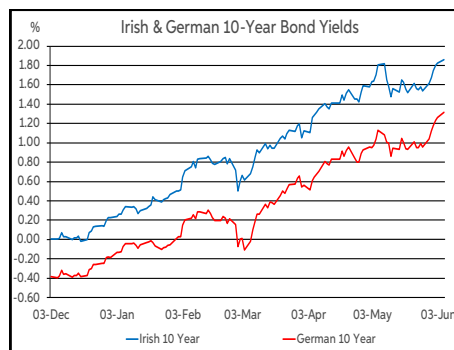
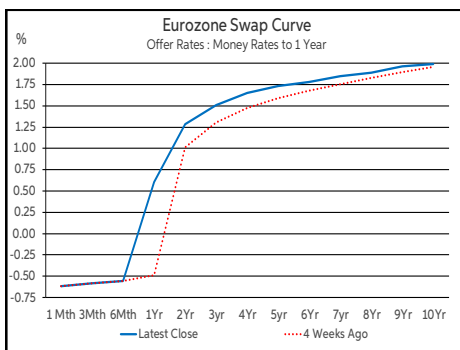
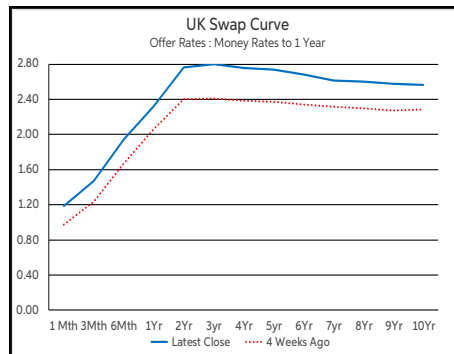
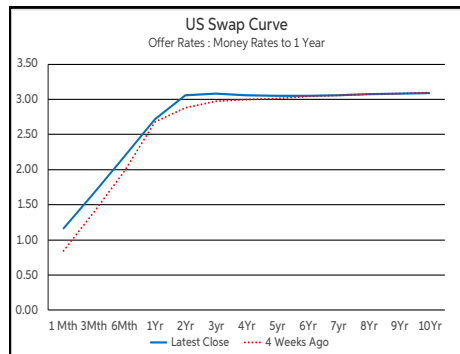
Tuesday 07 June 2022
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8573	GBP/EUR	1.1657	USD/JPY	132.89
EUR/USD	1.0671	GBP/USD	1.2444	USD/CAD	1.2613
EUR/JPY	141.81	GBP/CAD	1.5695	USD/CHF	0.973
EUR/SEK	10.4969	GBP/NZD	1.9302	USD/CNY	6.671
EUR/DKK	7.439	GBP/JPY	165.36	USD/BRL	4.7953
EUR/NOK	10.1072	GBP/SEK	12.2375	USD/RUB	60.9
EUR/CHF	1.0385	GBP/DKK	8.6727	USD/INR	77.718
EUR/AUD	1.4863	GBP/NOK	11.785		
EUR/HKD	8.3734	GBP/CHF	1.211	AUD/USD	0.7179
EUR/CAD	1.3461	GBP/AUD	1.7331	NZD/USD	0.6446



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.04	+10	+1	+153
Germany	1.32	+5	+23	+150
UK	2.25	+9	+29	+127
5 Year Swap %				
Ireland	1.88	+1	+5	+163
Belgium	1.93	+5	+25	+175
France	1.84	+4	+21	+165
Italy	3.41	+0	+27	+222
Spain	2.47	+4	+26	+188
Portugal	2.53	+5	+27	+204
Greece	3.88	+15	+24	+257
2 Year Swap %				
US	3.05	+11	+8	+172
Eurozone	1.73	+4	+16	+172
UK	2.74	+12	+41	+146
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	-4	-18	+13
Belgium	61	-0	+1	+25
France	52	-1	-2	+15
Italy	209	-5	+3	+72
Spain	115	-1	+3	+38
Portugal	121	-0	+4	+54
Greece	256	+9	+0	+107



Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	119.51	-0.18	+12.81	+53.65
West Texas Oil	118.41	-0.47	+14.87	+57.19
Gold \$	1841.0	-0.53	-0.70	+0.69

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