

Monetary policy remains in focus this week

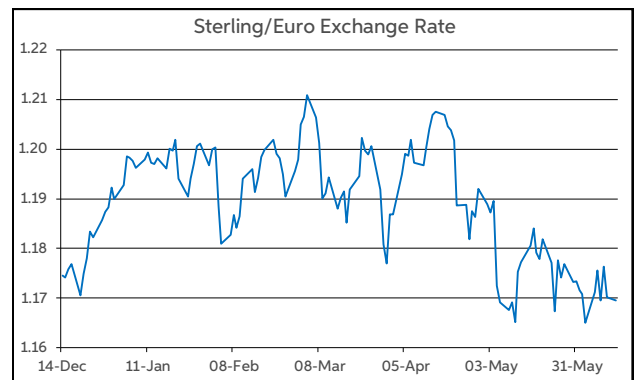
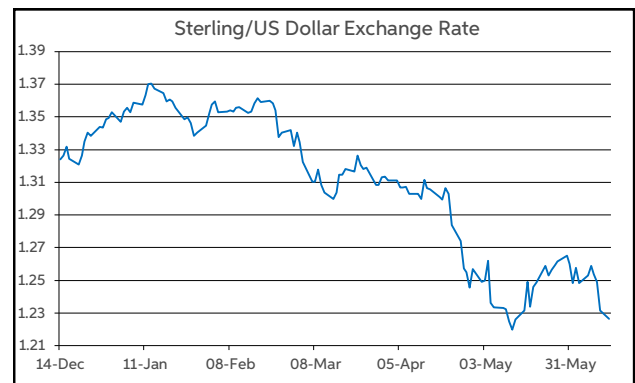
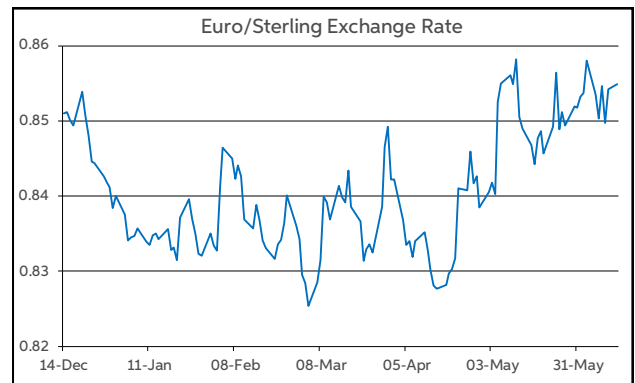
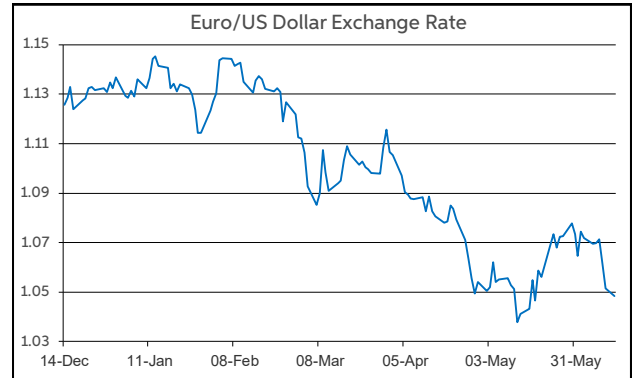
Last week's ECB meeting proved eventful from a market viewpoint. Futures markets reacted to the hawkish tone and guidance by pricing in additional tightening in Q4, with rates now seen getting to 1% by the end of the year. From a currency viewpoint, the euro initially moved higher. However, this proved to be very fleeting with the currency coming under sustained pressure. In part, this has been attributed to the lack of clarity from the ECB on how it would deal with any pressure on peripheral markets from the ending of QE in July.

Meantime, a risk averse mood on markets was supportive of the dollar. The greenback was also boosted on Friday by a higher than expected US inflation reading for May. Elsewhere, the yen remained on the defensive for much of the week. Although, a rare joint statement from the BoJ and Finance Ministry on Friday provided some support to the currency heading into the weekend.

The combination of a weaker euro and firmer dollar is reflected in EUR/USD opening this morning below \$1.05, having started last week above \$1.07. Meanwhile, sterling has been pressurised on concerns over the UK economy. Thus, EUR/GBP continues to trade within an 85-86p range, while GBP/USD is under the \$1.23 level.

Ahead this week, monetary policy remains in the spotlight. From a dollar viewpoint, the Fed is expected to announce another 50bps rate hike. Attention will centre on its updated interest rate guidance. For sterling, the BoE is anticipated to hike again, by 25bps. The market's focus will likely be on the BoE's forward guidance for the extent of further rate rises. Data-wise, a packed diary includes US retail sales, industrial production (both May) as well as UK labour market metrics for April.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0484	-1.36	-7.78
EUR/GBP	0.8549	0.51	1.77
GBP/USD	1.2262	-1.86	-9.37
GBP/EUR	1.1691	-0.50	-1.74
USD/JPY	134.51	0.24	16.88
EUR/JPY	141.04	-1.14	7.77

* 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	1.28	1.74	3.15	3.54	3.36
EUR	0.00	-0.54	-0.30	0.87	1.62	1.99
GBP	1.00	1.24	1.54	2.70	3.13	3.04

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

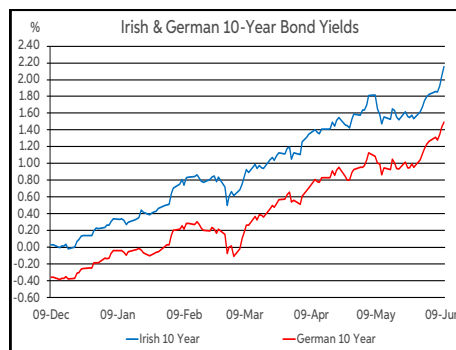
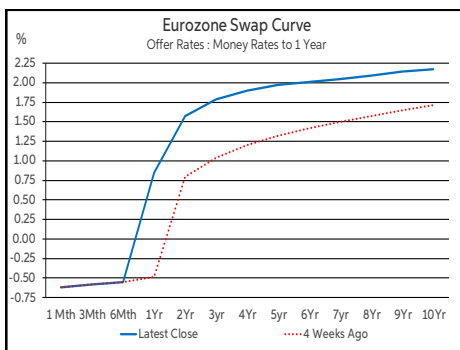
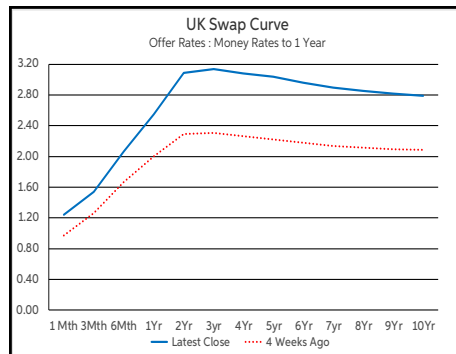
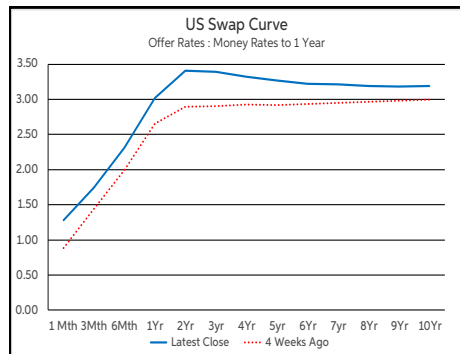
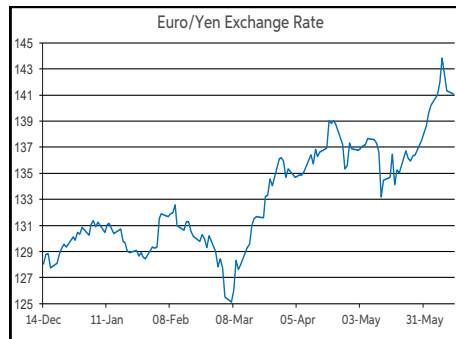
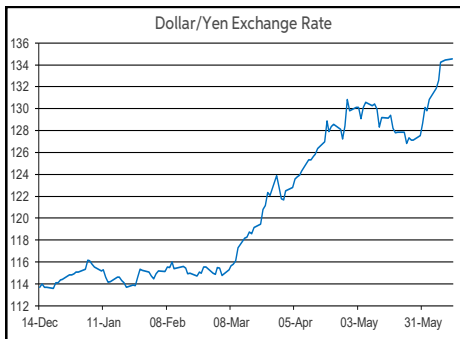
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Monday 13 June 2022
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8549	GBP/EUR	1.1691	USD/JPY	134.51
EUR/USD	1.0484	GBP/USD	1.2262	USD/CAD	1.2816
EUR/JPY	141.04	GBP/CAD	1.5714	USD/CHF	0.9883
EUR/SEK	10.5535	GBP/NZD	1.9329	USD/CNY	6.7363
EUR/DKK	7.4388	GBP/JPY	164.92	USD/BRL	4.9888
EUR/NOK	10.2597	GBP/SEK	12.3377	USD/RUB	57
EUR/CHF	1.0365	GBP/DKK	8.6971	USD/INR	78.114
EUR/AUD	1.4923	GBP/NOK	11.9914	AUD/USD	0.7025
EUR/HKD	8.2292	GBP/CHF	1.212	NZD/USD	0.6342
EUR/CAD	1.3438	GBP/AUD	1.7451		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.16	+12	+24	+165
Germany	1.50	+7	+56	+168
UK	2.44	+12	+70	+147
Ireland				
Ireland	2.19	+13	+58	+194
Belgium	2.16	+12	+64	+198
France	2.09	+11	+63	+190
Italy	3.85	+16	+100	+266
Spain	2.77	+16	+77	+217
Portugal	2.79	+13	+72	+231
Greece	4.37	+27	+91	+306
5 Year Swap %				
US	3.27	+19	+39	+194
Eurozone	1.97	+11	+66	+196
UK	3.04	+18	+82	+177
2 Year Swap %				
US	3.41	+25	+56	+247
Eurozone	1.57	+13	+79	+187
UK	3.09	+15	+80	+190
10 Year Government Bond Spreads to Benchmark bps				
Ireland	69	+6	+3	+26
Belgium	66	+5	+8	+30
France	59	+4	+8	+22
Italy	234	+9	+45	+98
Spain	127	+9	+22	+49
Portugal	129	+7	+16	+63
Greece	287	+21	+35	+137

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	122.01	-0.86	+9.38	+56.87
West Texas Oil	120.73	-0.65	+9.24	+60.27
Gold \$	1871.0	+1.26	+3.30	+2.33

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