

Spotlight on the Fed this week

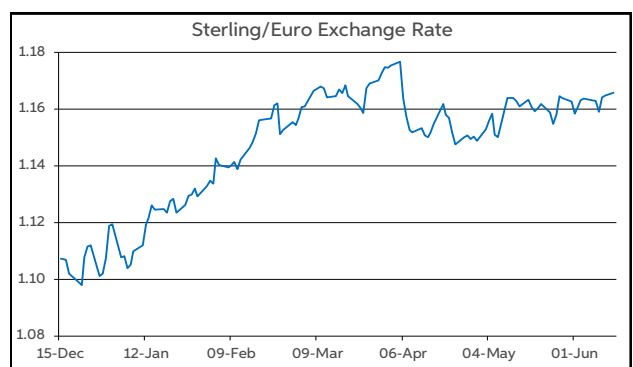
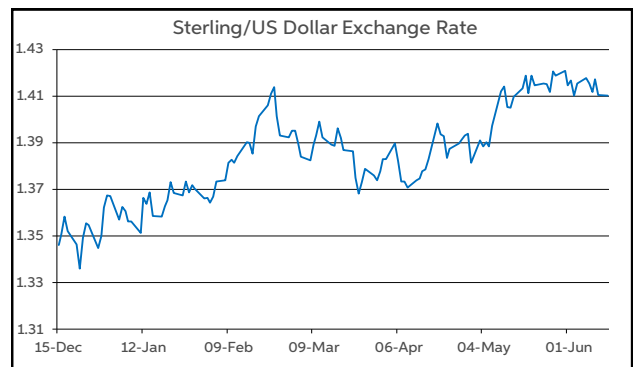
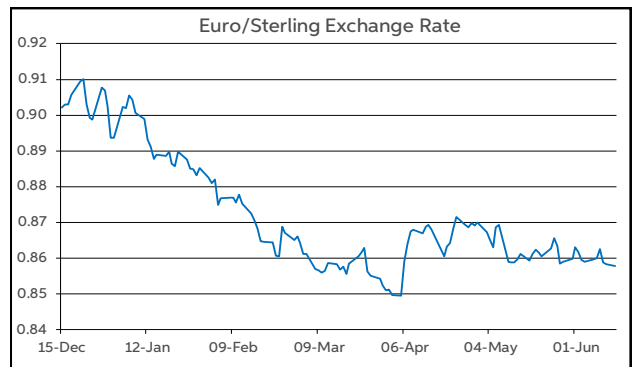
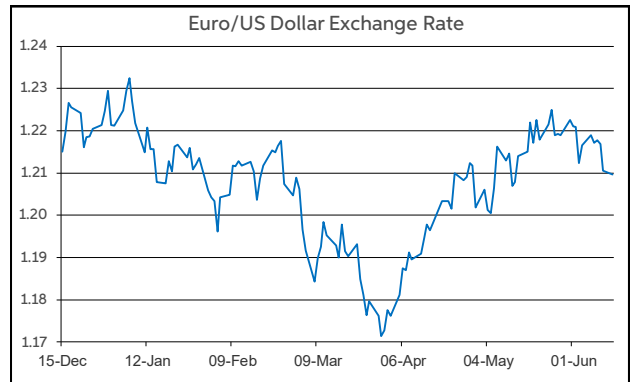
The moves on financial markets were largely uneventful last week. The main notable exception to this was on bond markets. Sovereign yields fell across the board. The 10-year Treasury yield was down over 10bps on the week, to finish near to 1.45%, with big declines in periphery Eurozone yields also.

With yields falling everywhere, the main currency pairs were confined to narrow ranges over the period. EUR/USD was operating within a \$1.21-1.222 band for most of the week. It opens this morning down at the lower end of this range after some firming in the dollar heading into the weekend. Meanwhile, EUR/GBP spent the week in a tight 85.7-86.4p range. Elsewhere, GBP/USD was changing hands for the most part within \$1.41-1.42.

Looking ahead to this week, the main event for currency markets and specifically the dollar, is the Fed's policy setting meeting for June. While no policy changes are expected, there is a potential source of volatility/risk for the dollar from the meeting. Attention will be centred on what the Fed says regarding QE tapering, as well as its updated dot plot of interest rate projections. Chair Powell will face plenty of questions in the press conference on the timing of QE tapering and inflation risks.

Data-wise, there are busy schedules in the US and UK. From a dollar viewpoint, the data will encompass all key aspects of the US economy. This includes retail sales and industrial production for May. There is also a batch of housing market data. For sterling, the diary features a raft of labour market updates for April as well as retail sales and CPI data for May. Meanwhile, the euro calendar is sparse. Overall, while there is a fairly packed macro agenda, the data may not generate much reaction from the main FX pairs.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2097	-0.72	-0.95
EUR/GBP	0.8577	-0.19	-4.03
GBP/USD	1.4101	-0.56	3.13
GBP/EUR	1.1655	0.19	4.20
USD/JPY	109.72	0.29	6.28
EUR/JPY	132.75	-0.43	5.22

* 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	0.125	0.07	0.12	0.13	0.24	0.84
EUR	0.00	-0.55	-0.55	-0.52	-0.48	-0.30
GBP	0.10	0.05	0.08	0.14	0.32	0.65

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

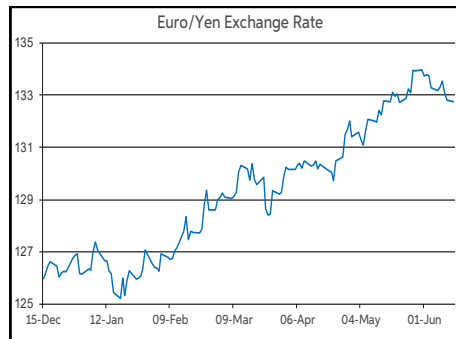
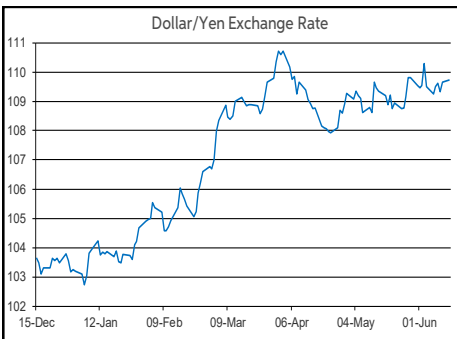
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

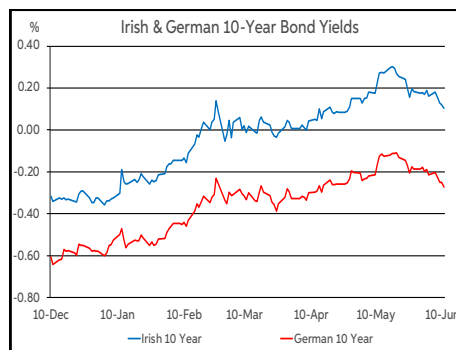
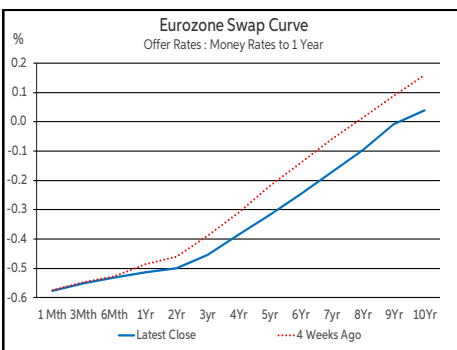
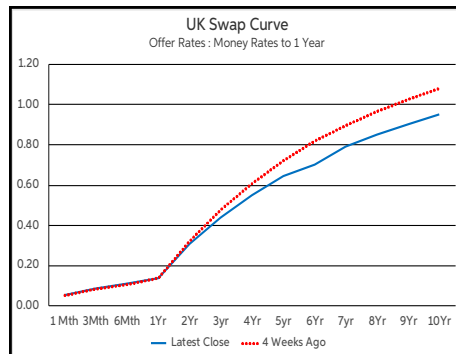
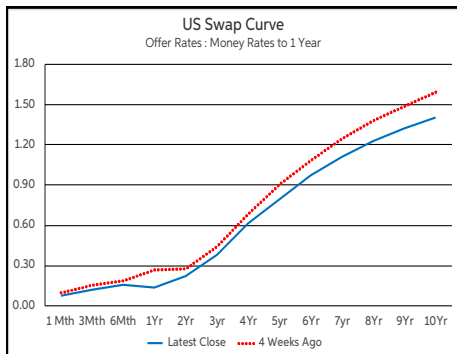
Monday 14 June 2021
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8577	GBP/EUR	1.1655	USD/JPY	109.72
EUR/USD	1.2097	GBP/USD	1.4101	USD/CAD	1.2156
EUR/JPY	132.75	GBP/CAD	1.7143	USD/CHF	0.8991
EUR/SEK	10.076	GBP/NZD	1.9751	USD/CNY	6.3967
EUR/DKK	7.436	GBP/JPY	154.72	USD/BRL	5.1142
EUR/NOK	10.0894	GBP/SEK	11.7408	USD/RUB	72.048
EUR/CHF	1.0877	GBP/DKK	8.6664	USD/INR	73.18
EUR/AUD	1.5696	GBP/NOK	11.7575	AUD/USD	0.7704
EUR/HKD	9.3873	GBP/CHF	1.2678	NZD/USD	0.7136
EUR/CAD	1.4705	GBP/AUD	1.8299		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.45	+2	-18	+54
Germany	-0.27	-2	-15	+31
UK	0.71	-4	-15	+51
5 Year Swap %				
US	0.79	+4	-8	+37
Eurozone	-0.32	-1	-9	+14
UK	0.64	-2	-7	+45
2 Year Swap %				
US	0.22	+2	-3	+3
Eurozone	-0.50	-1	-3	+3
UK	0.31	-1	-1	+28
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+1	-2	+14
Belgium	34	-0	-3	+15
France	37	+0	-2	+14
Italy	102	-3	-18	-8
Spain	64	-1	-8	+1
Portugal	63	-2	-10	-1
Greece	101	-5	-18	-19



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	72.69	+0.23	+5.79	+40.33
West Texas Oil	71	+0.94	+8.70	+46.85
Gold \$	1876.6	-1.13	+1.87	-1.05

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.