

EUR/USD below \$1.20 following Fed

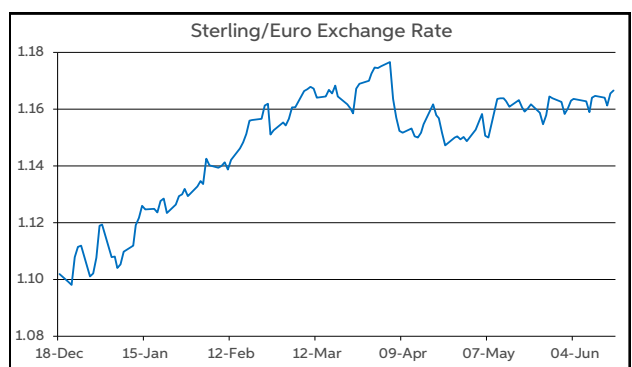
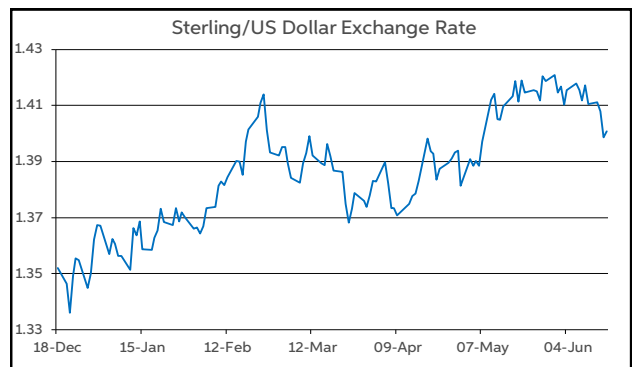
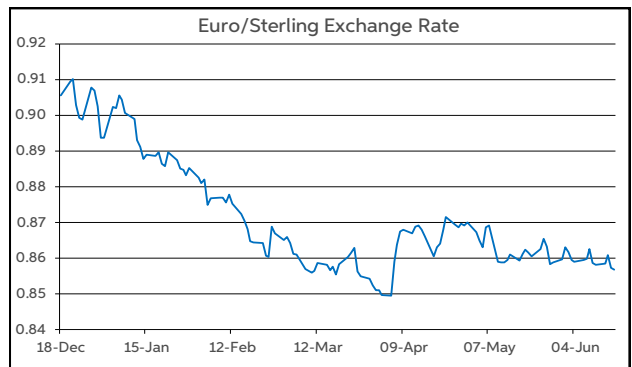
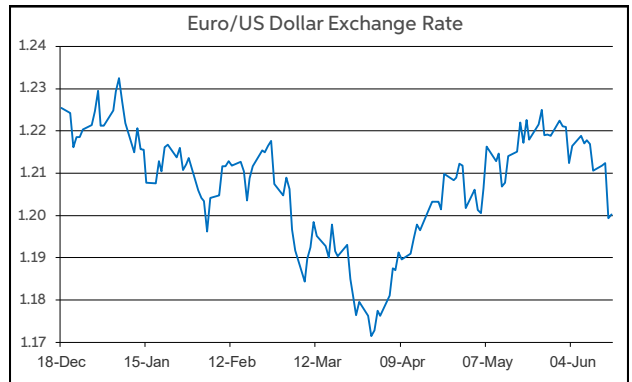
The action across markets remained subdued throughout the European session yesterday, as investors kept their powder dry ahead of the Fed policy decision. Following the announcement though, we saw some large moves on financial markets. On bond markets, US yields rose significantly, with the 5 and 10 year tenors up by 11bps and 9bps respectively. Currency-wise, the dollar was holding a firmer tone across the board.

As expected, the Fed left interest rates and the pace of QE unchanged. The latest Fed economic forecasts showed that the median projection is for two rate hikes in 2023, with 13 members now expecting to raise rates then, up from 7 in March. At the press conference, Chair Powell acknowledged that discussions around tapering the Fed's asset purchases have begun, and will continue over the coming months. However, he also stated that any consideration given to raising rates would be "highly premature".

The more hawkish tone from the Fed resulted in the dollar making gains on currency markets. This is reflected in EUR/USD opening this morning below \$1.20 for the first time since the start of May. GBP/USD is changing hands below the \$1.40 handle. Elsewhere, the euro also lost some ground against sterling, evidenced by EUR/GBP starting today back nearer to the midpoint of 85-86p.

Ahead today, there is a relatively sparse data schedule. In the US, the consensus is that initial jobless claims will remain on their recent downward trend. Meanwhile, in the Eurozone, the final reading of inflation for May is expected to confirm prices rose by 2% annually. Barring any major surprises though, neither release is likely to impact currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1989	-1.13	-1.83
EUR/GBP	0.8568	-0.46	-4.13
GBP/USD	1.3991	-0.68	2.33
GBP/EUR	1.1666	0.47	4.31
USD/JPY	110.68	0.56	7.21
EUR/JPY	132.7	-0.58	5.18

* 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	0.08	0.12	0.15	0.29	0.98
EUR	0.00	-0.55	-0.54	-0.51	-0.47	-0.26
GBP	0.10	0.06	0.08	0.14	0.34	0.68

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

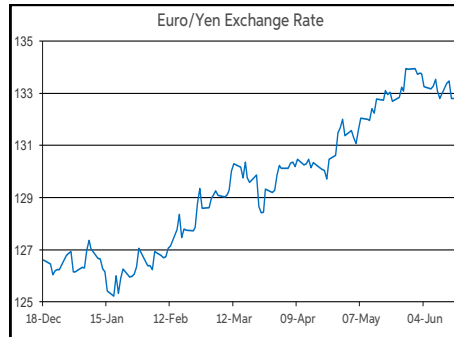
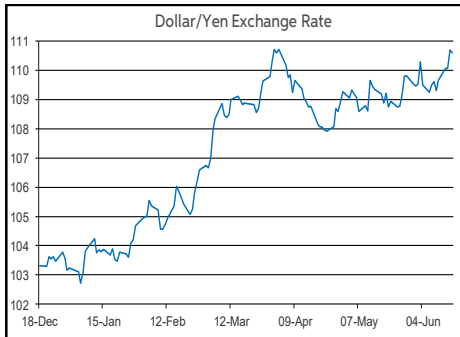
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

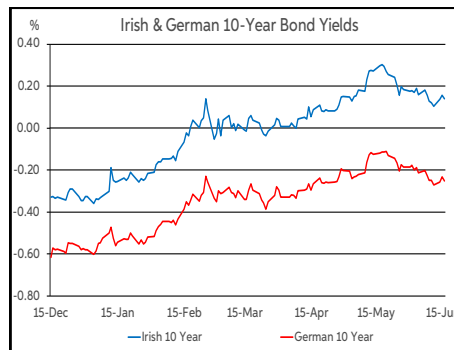
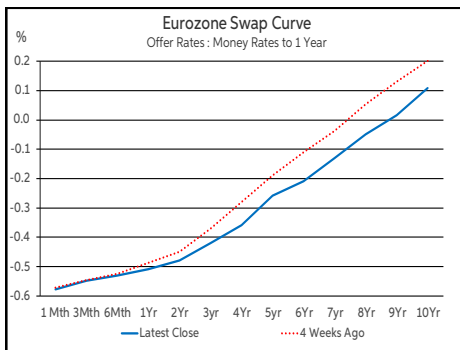
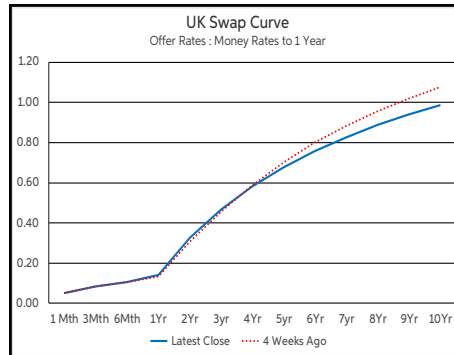
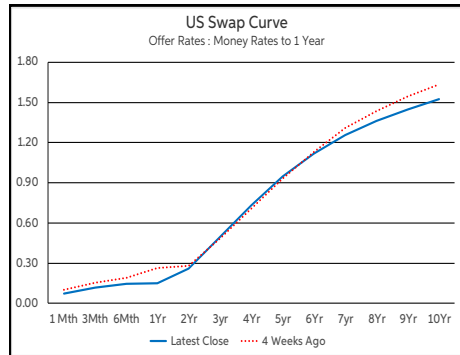
Thursday 17 June 2021
07:03 am



Euro		Sterling		Dollar	
EUR/GBP	0.8567	GBP/EUR	1.1667	USD/JPY	110.67
EUR/USD	1.1989	GBP/USD	1.3991	USD/CAD	1.227
EUR/JPY	132.72	GBP/CAD	1.7167	USD/CHF	0.9088
EUR/SEK	10.1471	GBP/NZD	1.9756	USD/CNY	6.4234
EUR/DKK	7.4364	GBP/JPY	154.84	USD/BRL	5.0545
EUR/NOK	10.1495	GBP/SEK	11.8374	USD/RUB	72.5151
EUR/CHF	1.09	GBP/DKK	8.6764	USD/INR	73.74
EUR/AUD	1.5724	GBP/NOK	11.8425	AUD/USD	0.7624
EUR/HKD	9.3092	GBP/CHF	1.2719	NZD/USD	0.7079
EUR/CAD	1.4716	GBP/AUD	1.8348		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.58	+9	-10	+66
Germany	-0.25	-2	-14	+33
UK	0.74	-2	-11	+55
5 Year Swap %				
US	0.95	+11	+2	+52
Eurozone	-0.26	+2	-6	+20
UK	0.68	-1	-2	+49
2 Year Swap %				
US	0.26	+3	+1	+7
Eurozone	-0.48	-0	-2	+5
UK	0.33	+0	+3	+30
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+0	-2	+15
Belgium	35	+0	-2	+16
France	38	+0	-1	+15
Italy	102	+0	-20	-7
Spain	65	+0	-8	+2
Portugal	63	-0	-10	-1
Greece	99	+1	-20	-21



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	74.39	+0.54	+11.60	+43.61
West Texas Oil	72.03	-0.04	+13.83	+48.98
Gold \$	1812.0	-2.51	-3.08	-4.46

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