

## BoE in focus today

Trading conditions were light yesterday, amid a barren European data schedule and a market holiday in the US. Overall, investor sentiment was holding a risk-off tone, with the Euro Stoxx 50 falling by 0.6%. Meantime on bond markets, 10-year German Bund and UK Gilt yields edged 1-2bps higher. Spreads to German Bunds were little changed also.

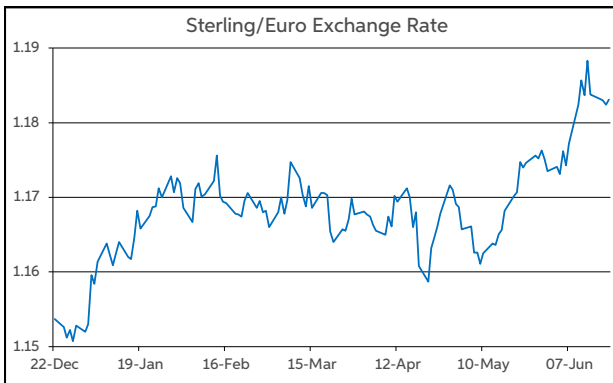
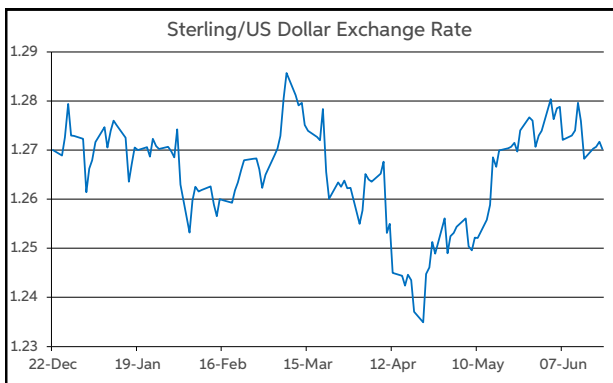
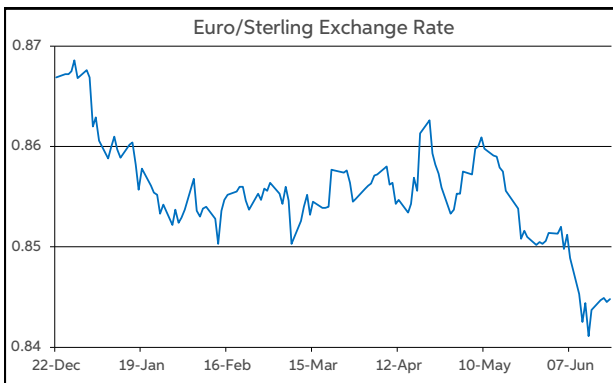
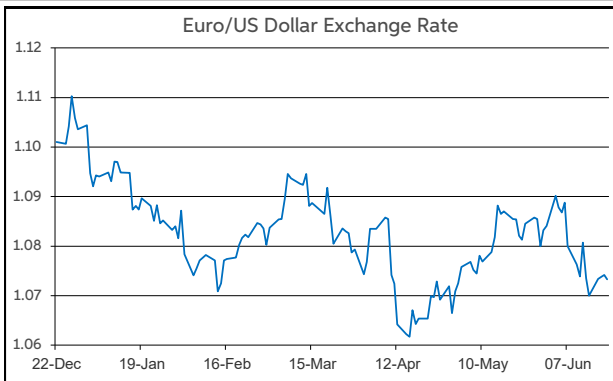
Against this backdrop, the main FX pairs continued to operate in very tight ranges. Of the limited action to register, the dollar was marginally softer, while sterling was slightly firmer during yesterday's trading. However, these moves reversed course overnight.

As trading gets underway this morning, the main pairs open broadly unchanged from 24 hours earlier. EUR/USD opens below the midpoint of the \$1.07-1.08 corridor. Meanwhile, cable (GBP/USD) is operating at the \$1.27 threshold. Elsewhere, EUR/GBP continues to change hands at the halfway mark of 84-85p.

Turning to the day ahead, the main highlight will be the BoE monetary policy decision. The MPC is expected to leave policy on hold, despite a dovish bias when it last met in May, and despite headline CPI inflation falling to 2%. The policy announcement will not be accompanied by a press conference, so investors will be paying close attention to the voting breakdown and the minutes. The meeting poses some event risk for sterling.

Data-wise, the flash reading of Eurozone consumer confidence is forecast to show an improvement in June. Meantime in the US, the latest weekly initial jobless claims figures will feature. However, barring any major surprises, the data may not impact on markets.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0733	-0.01	-2.75
EUR/GBP	0.8448	0.01	-2.54
GBP/USD	1.2702	-0.02	-0.21
GBP/EUR	1.1832	-0.01	2.60
USD/JPY	158.15	0.20	12.12
EUR/JPY	169.78	0.19	9.09

\* 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	5.38	5.46	5.61	5.32	4.87	4.31
EUR	4.50	3.61	3.72	3.56	3.22	2.83
GBP	5.25	5.19	5.18	4.93	4.73	4.15

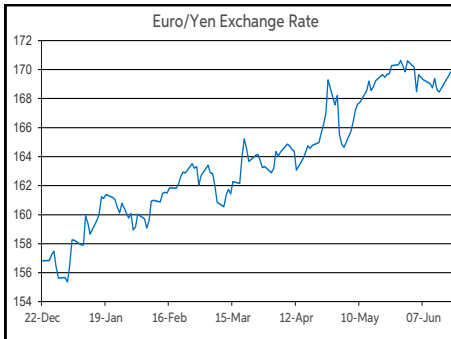
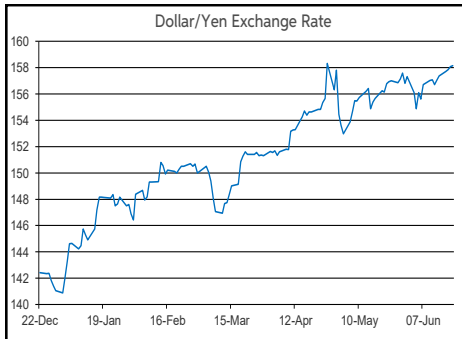
All rates quoted are indicative market rates

See Next Page For More Rates & Charts

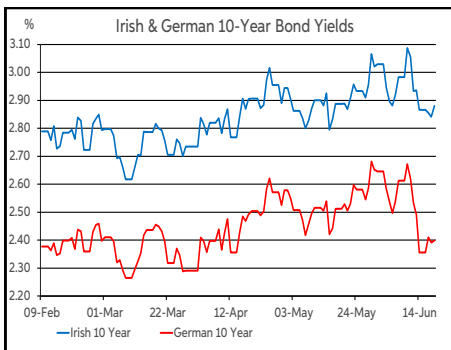
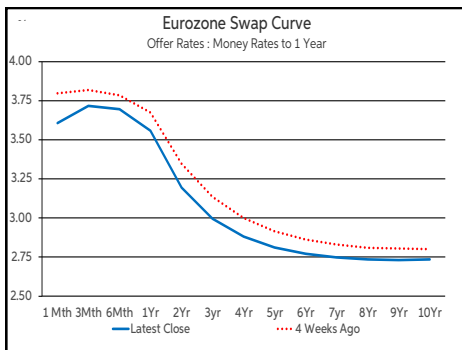
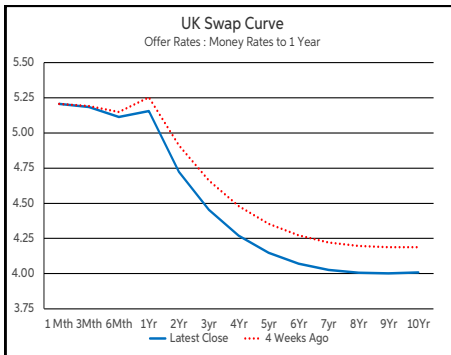
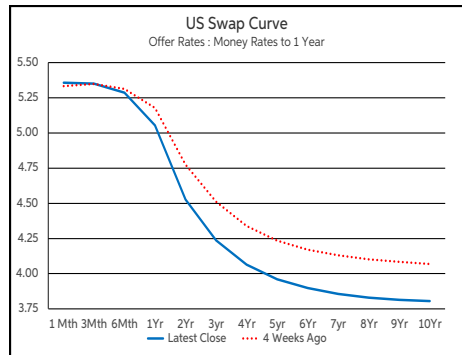
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Euro		Sterling		Dollar	
EUR/GBP	0.8448	GBP/EUR	1.1832	USD/JPY	158.15
EUR/USD	1.0733	GBP/USD	1.2702	USD/CAD	1.3712
EUR/JPY	169.78	GBP/CAD	1.7418	USD/CHF	0.8832
EUR/SEK	11.2233	GBP/NZD	2.0713	USD/CNY	7.2601
EUR/DKK	7.4583	GBP/JPY	200.88	USD/BRL	5.4232
EUR/NOK	11.3567	GBP/SEK	13.2802	USD/RUB	82.5
EUR/CHF	0.9481	GBP/DKK	8.8248	USD/INR	83.515
EUR/AUD	1.6102	GBP/NOK	13.4386	AUD/USD	0.6666
EUR/HKD	8.3783	GBP/CHF	1.122	NZD/USD	0.6132
EUR/CAD	1.472	GBP/AUD	1.9053		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.22	-6	-22	+36
Germany	2.40	+1	-13	+38
UK	4.07	+2	-17	+53
<b>5 Year Swap %</b>				
US	4.24	+0	-25	+44
Eurozone	2.81	+2	-9	+38
UK	4.15	+3	-20	+50
<b>2 Year Swap %</b>				
US	4.81	+0	-22	+48
Eurozone	3.20	+2	-14	+40
UK	4.73	+3	-18	+46
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	50	+2	+10	+16
Belgium	69	+2	+16	+3
France	75	+3	+25	+22
Italy	154	+5	+24	-13
Spain	94	+2	+17	-2
Portugal	75	+2	+12	-0
Greece	123	+2	+24	+18



Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	85.07	-0.30	+3.87	+10.42
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2327.5	-0.04	-2.13	+12.84

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