

Dollar softens post-Fed. BoE in focus today

In the run-up to yesterday's Fed policy announcement, the action on markets was limited. As widely anticipated, the Fed left policy on hold. Furthermore the updated interest rate dotplot showed that the median projection was still for 75bps worth of rate cuts this year. The meeting statement was also little changed, repeating that the FOMC needs "greater confidence that inflation is moving sustainably toward 2%", before cutting rates. However, at the press conference, Chair Powell stated that it will likely be appropriate to start easing policy "at some point this year".

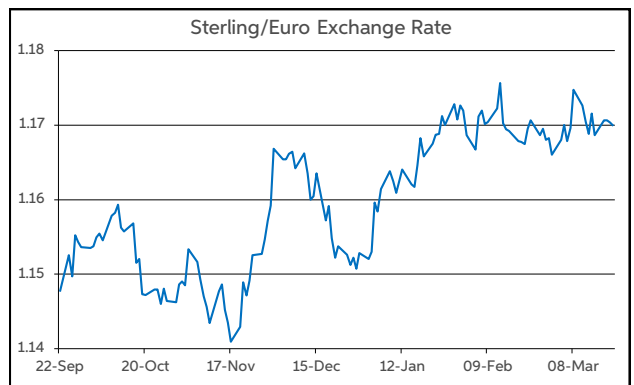
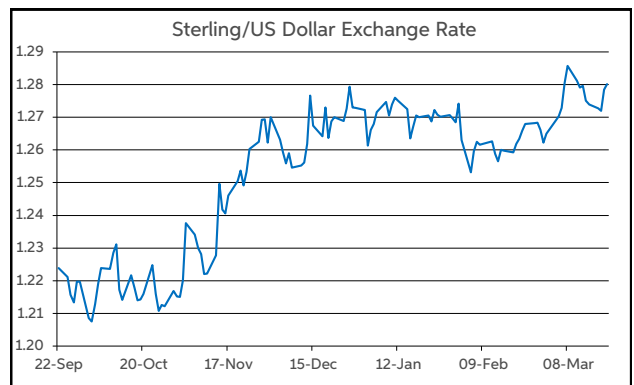
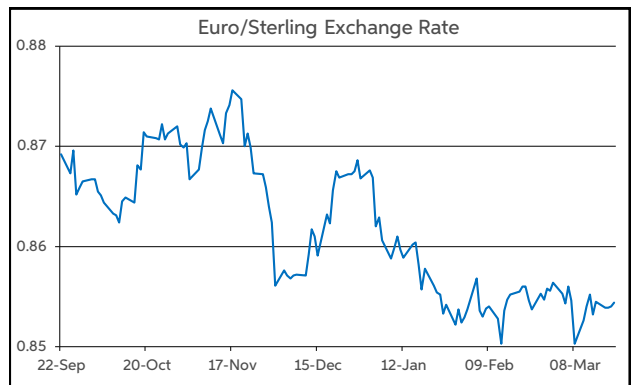
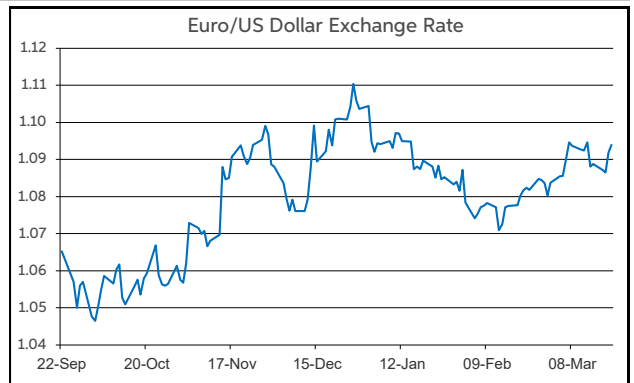
Against this backdrop, US futures contracts softened slightly. Current pricing indicates there is an 80% chance the Fed will cut rates in June, with circa 85bps of easing expected by year end. This is broadly in-line with the Fed's own projections.

Amid the softening in US rates, Treasury yields declined by 1-10bps along the curve, led lower by the front-end. On equity markets, the S&P 500 gained 0.9%, climbing to a new all-time high. Currency-wise, the dollar fell by circa 0.5% versus the euro, sterling and yen.

In level terms, the softer dollar tone sees EUR/USD open above the \$1.09 mark. GBP/USD is changing hands up at the \$1.28 handle. Meanwhile, EUR/GBP continues to operate near the midpoint of 85-86p. Elsewhere, USD/JPY is in the upper half of ¥150-151.

Today, the monetary policy spotlight shifts to the Bank of England. The BoE is also expected to leave rates unaltered. Aside from the meeting statement, the main focus will be on the MPC vote split. Data-wise, the flash PMIs for March in the US, UK and Eurozone will also garner attention. Overall the data are forecast to be little changed compared to February.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0938	0.67	-0.89
EUR/GBP	0.8544	0.04	-1.43
GBP/USD	1.2799	0.63	0.55
GBP/EUR	1.1697	-0.04	1.45
USD/JPY	150.9	-0.42	6.98
EUR/JPY	165.08	0.27	6.07

* 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	5.44	5.59	5.25	4.80	4.30
EUR	4.50	3.86	3.94	3.64	3.24	2.79
GBP	5.25	5.18	5.19	4.93	4.72	4.16

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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Opening Levels

Thursday 21 March 2024
07:14 am



Euro

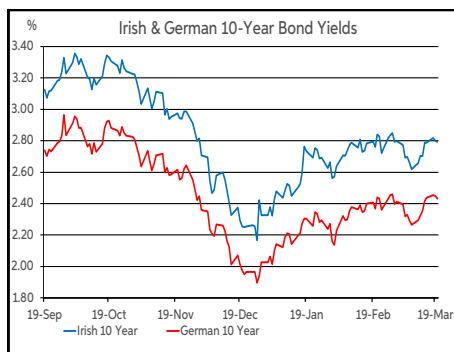
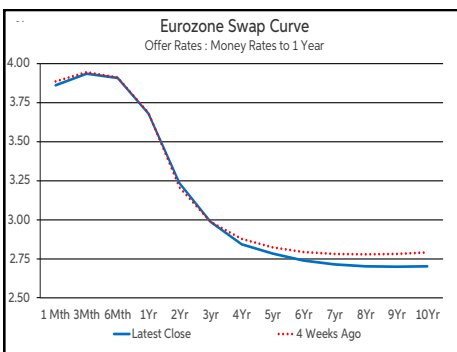
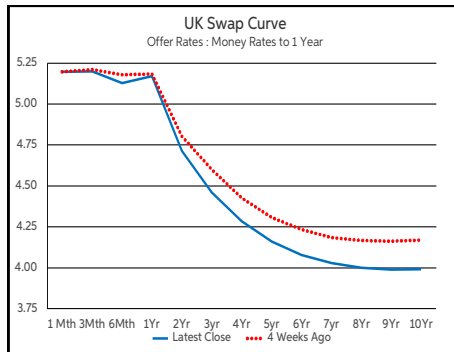
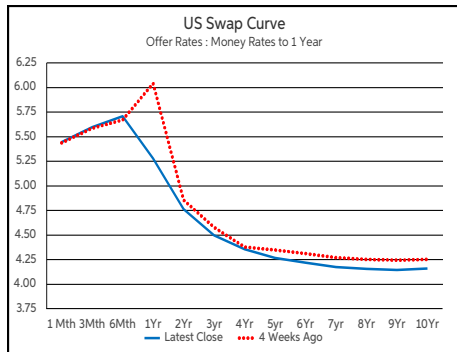
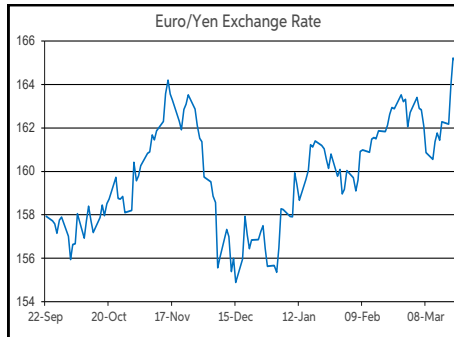
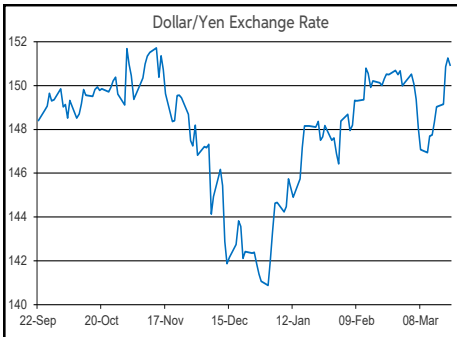
EUR/GBP	0.8544
EUR/USD	1.0938
EUR/JPY	165.09
EUR/SEK	11.3243
EUR/DKK	7.4572
EUR/NOK	11.51
EUR/CHF	0.9682
EUR/AUD	1.6491
EUR/HKD	8.5528
EUR/CAD	1.4721

Sterling

GBP/EUR	1.1697
GBP/USD	1.2799
GBP/CAD	1.7226
GBP/NZD	2.0976
GBP/JPY	193.14
GBP/SEK	13.2482
GBP/DKK	8.7242
GBP/NOK	13.4652
GBP/CHF	1.133
GBP/AUD	1.9296

Dollar

USD/JPY	150.9
USD/CAD	1.3457
USD/CHF	0.8849
USD/CNY	7.199
USD/BRL	4.9663
USD/RUB	92.033
USD/INR	83.075
AUD/USD	0.6632
NZD/USD	0.6104



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.28	-2	-4	+41
Germany	2.44	-2	-1	+41
UK	4.02	-4	-9	+48
Ireland	2.81	-3	-6	+43
Belgium	2.97	-1	-5	+29
France	2.88	-2	-5	+32
Italy	3.72	+0	-24	+2
Spain	3.25	-1	-11	+26
Portugal	3.08	+0	-1	+29
Greece	3.34	-2	-6	+26
5 Year Swap %				
US	4.27	-4	-4	+48
Eurozone	2.78	+0	-4	+36
UK	4.16	-4	-14	+51
2 Year Swap %				
US	4.76	-8	-5	+43
Eurozone	3.23	+1	+3	+44
UK	4.71	-3	-8	+45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-1	-6	+2
Belgium	54	+1	-5	-12
France	44	-0	-5	-9
Italy	128	+2	-23	-39
Spain	81	+1	-11	-15
Portugal	64	+2	+0	-12
Greece	90	+0	-5	-15

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	85.95	-1.64	+3.52	+11.57
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2186.0	+1.33	+7.95	+5.98

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