

Big week ahead for Monetary Policy

There was a generally muted start to what is a busy week on financial markets yesterday. On the currency front, the action amongst the main pairs was confined to relatively narrow ranges. Of the limited moves to register, sterling was holding a slightly weaker tone. Overall, the dollar retained the upper hand on the exchanges.

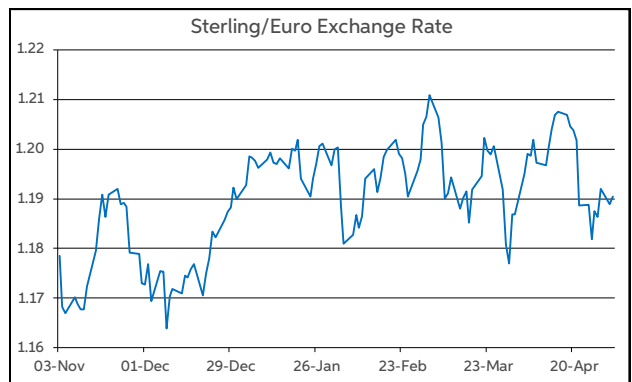
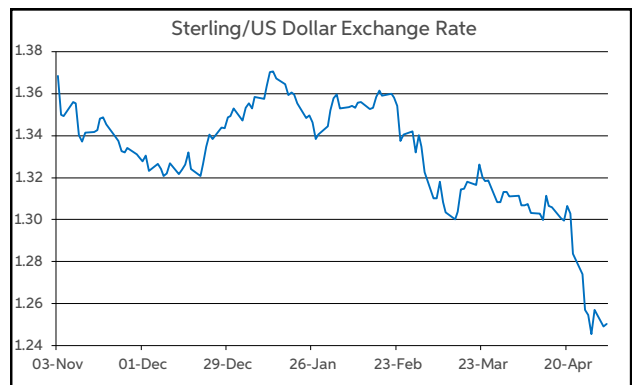
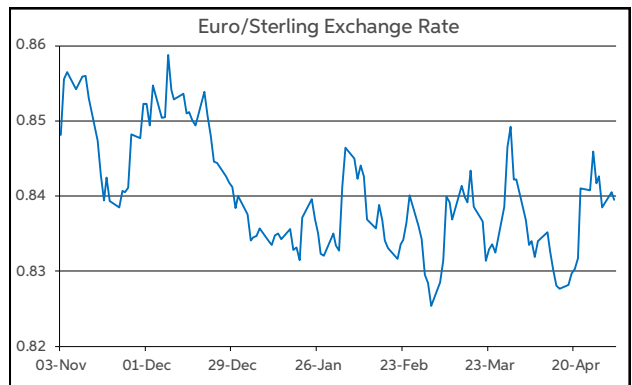
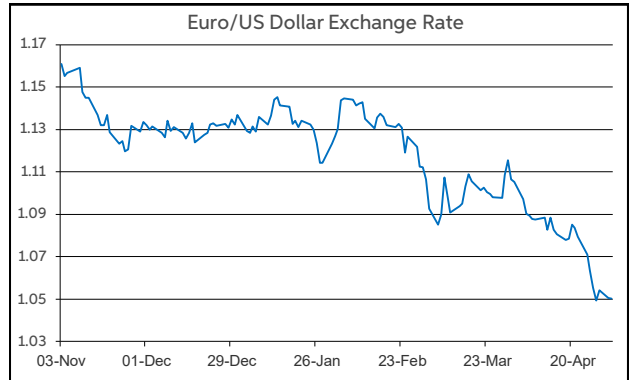
In level terms, EUR/USD starts this morning pinned down at the \$1.05 mark. Meanwhile, GBP/USD has edged back to the \$1.25 threshold, while USD/JPY is near to ¥130. Elsewhere, EUR/GBP is changing hands near to the 84p handle.

Looking ahead to the remainder of this week, there are some key central bank meetings looming on the horizon. These pose some event risk for currency markets. From a dollar perspective, attention will be centred on the Fed policy meeting on Wednesday (after European close).

The more hawkish Fed and in turn widening interest rate differentials has been a key factor in the dollar's recent rally. The central bank is expected to hike rate by 50bps to a target range of 0.75-1.0%. This is fully priced in, so markets will be seeking guidance about the extent of future rate increases. Futures contracts have US rates getting to around 2.75% by year end.

For sterling, the BoE (Thursday) is also expected to hike rates, raising the Bank Rate by 25bps to 1.00%. The market is anticipating rates getting to at least 2% by December. Therefore, it will be interesting to see if the BoE continues to espouse its recent view of only modest further tightening. Data-wise, the key highlight will be US non-farm payrolls for April due Friday.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0502	-0.16	-7.62
EUR/GBP	0.8396	0.19	-0.05
GBP/USD	1.2506	-0.36	-7.56
GBP/EUR	1.1906	-0.19	0.05
USD/JPY	130.09	-0.22	13.04
EUR/JPY	136.67	-0.36	4.43

* 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	0.375	0.80	1.33	2.52	3.08	3.11
EUR	0.00	-0.54	-0.43	0.26	0.98	1.48
GBP	0.75	0.96	1.23	2.07	2.51	2.38

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

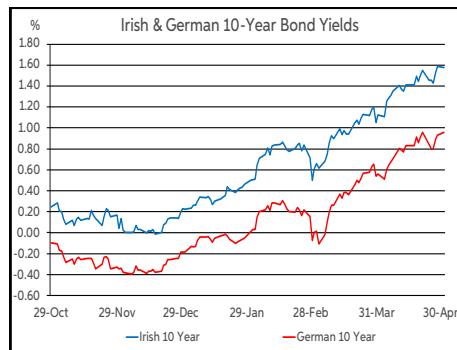
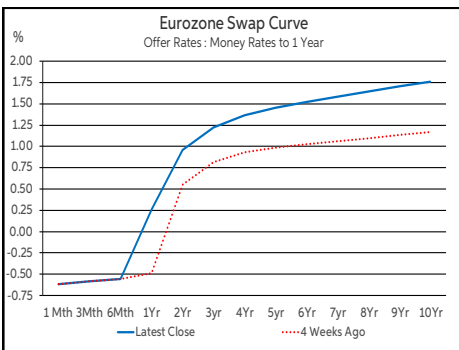
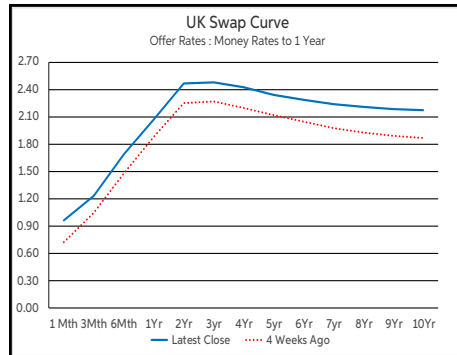
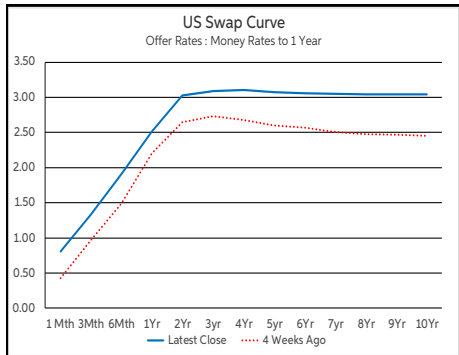
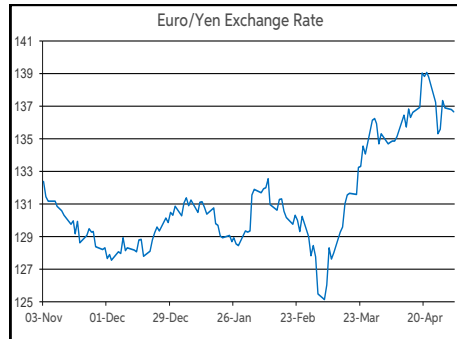
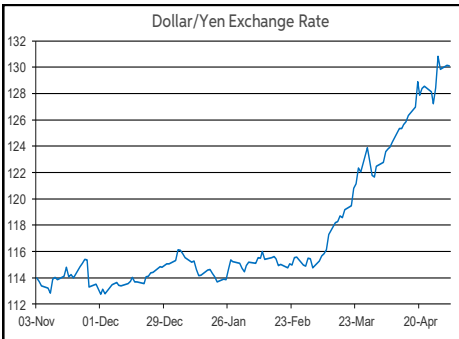
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Tuesday 03 May 2022
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8396	GBP/EUR	1.1906	USD/JPY	130.09
EUR/USD	1.0502	GBP/USD	1.2506	USD/CAD	1.2862
EUR/JPY	136.67	GBP/CAD	1.6086	USD/CHF	0.9782
EUR/SEK	10.409	GBP/NZD	1.9444	USD/CNY	6.608
EUR/DKK	7.4389	GBP/JPY	162.69	USD/BRL	5.0848
EUR/NOK	9.9038	GBP/SEK	12.3931	USD/RUB	68.475
EUR/CHF	1.0277	GBP/DKK	8.857	USD/INR	76.547
EUR/AUD	1.4762	GBP/NOK	11.7956	AUD/USD	0.7114
EUR/HKD	8.2422	GBP/CHF	1.2238	NZD/USD	0.6431
EUR/CAD	1.3508	GBP/AUD	1.7579		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.98	+4	+58	+147
Germany	0.96	+3	+45	+114
UK	1.91	-0	+36	+93
Ireland	1.62	+0	+50	+137
Belgium	1.55	+3	+52	+137
France	1.50	+4	+49	+131
Italy	2.86	+8	+78	+167
Spain	2.02	+4	+56	+143
Portugal	2.08	+5	+71	+159
Greece	3.38	+5	+79	+207
5 Year Swap %				
US	3.08	+7	+51	+174
Eurozone	1.45	+2	+48	+144
UK	2.34	-2	+23	+107
2 Year Swap %				
US	3.03	+1	+42	+208
Eurozone	0.96	+0	+42	+126
UK	2.47	-0	+22	+127
10 Year Government Bond Spreads to Benchmark bps				
Ireland	66	-2	+5	+23
Belgium	59	+1	+7	+23
France	54	+1	+5	+16
Italy	190	+6	+34	+53
Spain	106	+1	+12	+29
Portugal	111	+2	+26	+45
Greece	242	+2	+34	+93

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	107.58	-1.61	+0.05	+38.31
West Texas Oil	105.18	+0.56	+1.83	+39.63
Gold \$	1862.8	-1.77	-3.61	+1.88

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