

Focus on US Fed today

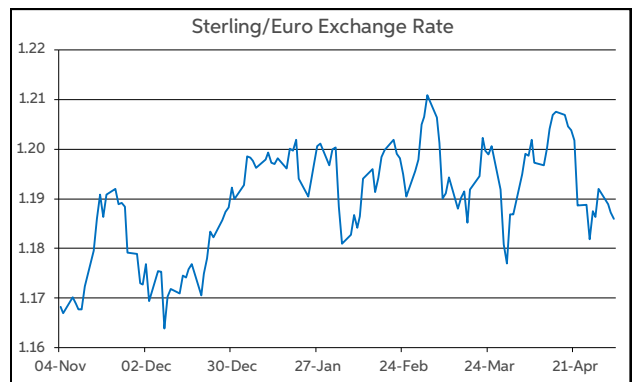
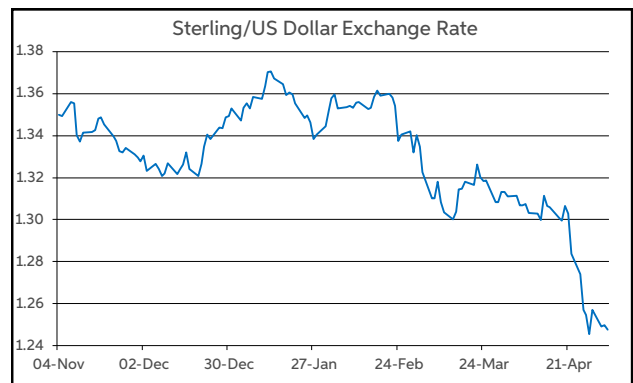
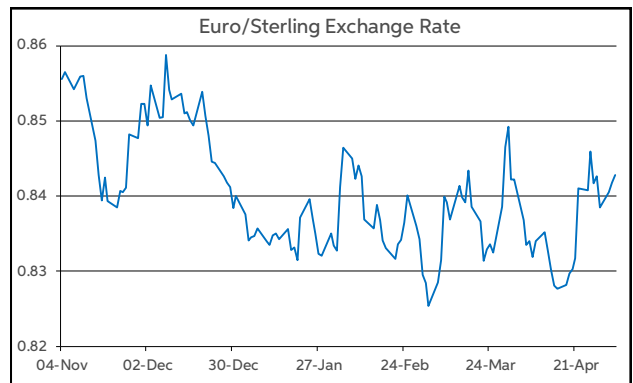
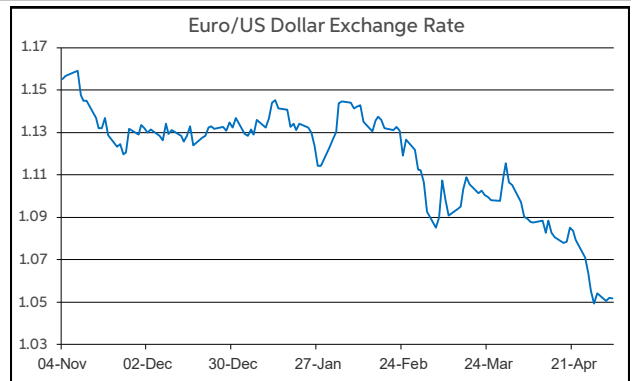
The action on financial markets was generally subdued yesterday. This was against the backdrop of some key central bank events looming on the horizon, including today's US Fed meeting. The main equity indices though managed to register some gains. In Europe, the Euro Stoxx 50 finished the day 0.8% higher. At the closing bell on Wall Street last night, the S&P 500 was up by 0.5% on the day. Meanwhile, on bond markets, the main sovereign benchmark yields were around 2-5bps changed on the day. The 10-year US Treasury yield finished just below the 3% level.

Currency-wise, the majors were confined to tight ranges yesterday, meaning the dollar continues to hold sway. In level terms, EUR/USD has spent most of the last 24 hours within the lower half of the \$1.05-1.06 band. Sterling was holding a slightly softer tone with EUR/GBP regaining some modest ground just above the 84p threshold.

Looking ahead to today, the focus will be on the conclusion (after the European close) of the aforementioned US Fed policy setting meeting for May. The central bank meeting entails some event risk for the dollar. The more hawkish Fed over the last few months has been a key driver of the dollar's recent upward momentum.

The Fed is expected to hike rates 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. In the post-meeting press conference, Fed Chair Powell will face questions in relation to this guidance, including on the possibility of a 75bps rate increase at one of its upcoming meetings over the summer. Futures contracts have US rates getting to around 2.9% by year end.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0516	0.14	-7.49
EUR/GBP	0.8428	0.44	0.33
GBP/USD	1.2474	-0.30	-7.80
GBP/EUR	1.1857	-0.44	-0.33
USD/JPY	130.16	0.02	13.10
EUR/JPY	136.91	0.17	4.62

* 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	0.83	1.36	2.59	3.13	3.13
EUR	0.00	-0.53	-0.42	0.30	1.05	1.57
GBP	0.75	1.01	1.28	2.18	2.56	2.43

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

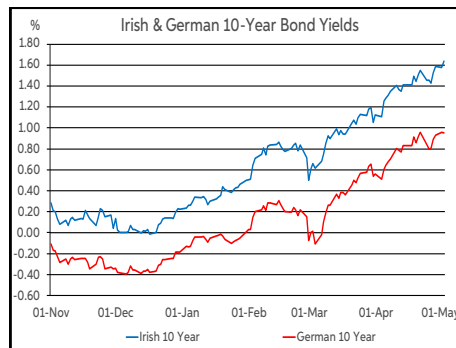
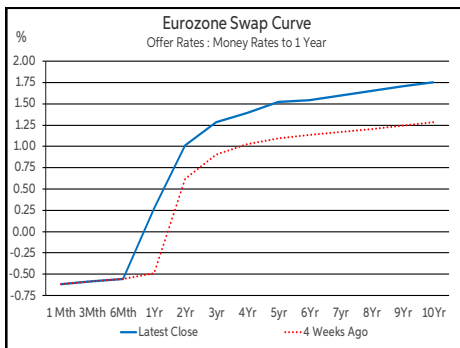
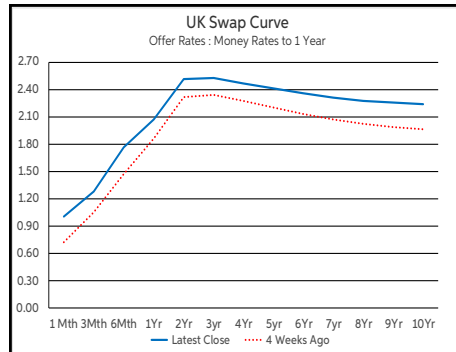
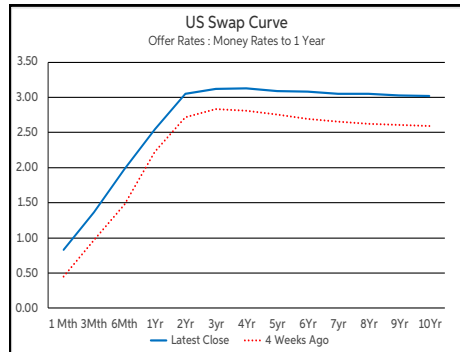
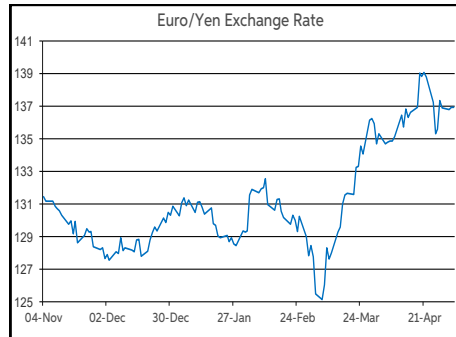
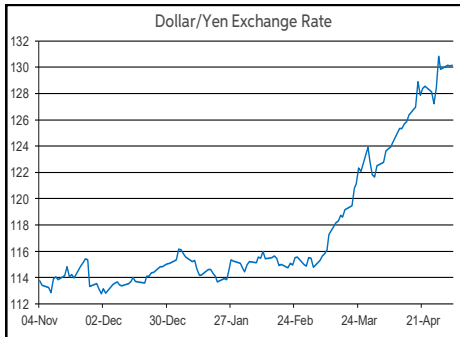
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Wednesday 04 May 2022
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8428	GBP/EUR	1.1857	USD/JPY	130.16
EUR/USD	1.0516	GBP/USD	1.2474	USD/CAD	1.2828
EUR/JPY	136.91	GBP/CAD	1.6003	USD/CHF	0.9788
EUR/SEK	10.3839	GBP/NZD	1.9382	USD/CNY	6.608
EUR/DKK	7.4397	GBP/JPY	162.36	USD/BRL	4.9584
EUR/NOK	9.8782	GBP/SEK	12.314	USD/RUB	66.432
EUR/CHF	1.0294	GBP/DKK	8.8232	USD/INR	76.495
EUR/AUD	1.4776	GBP/NOK	11.715	AUD/USD	0.7116
EUR/HKD	8.2546	GBP/CHF	1.2211	NZD/USD	0.6433
EUR/CAD	1.3491	GBP/AUD	1.7526		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.98	+0	+42	+147
Germany	0.95	-1	+34	+113
UK	1.96	+5	+30	+99
5 Year Swap %				
US	3.09	+3	+38	+176
Eurozone	1.52	+7	+44	+151
UK	2.42	+7	+22	+114
2 Year Swap %				
US	3.05	+3	+35	+211
Eurozone	1.01	+5	+40	+131
UK	2.52	+5	+20	+132
10 Year Government Bond Spreads to Benchmark bps				
Ireland	70	+4	+2	+27
Belgium	59	-0	+2	+23
France	52	-1	-2	+15
Italy	192	+2	+28	+55
Spain	107	+1	+8	+30
Portugal	111	-1	+21	+44
Greece	242	-0	+39	+93

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	104.97	-2.43	-1.57	+34.96
West Texas Oil	102.53	-2.52	+0.54	+36.11
Gold \$	1867.8	+0.27	-2.91	+2.15

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