

EUR/GBP above 85p following BoE meeting

Yesterday, as expected the BoE hiked the Bank rate by 25bps, to 1%. However, the committee appears divided on the outlook for further rate rises, with some members seeing no need to continue signalling rate hikes in the months ahead.

Markets pared back their expectations of rate hikes by circa 10-15bps following the meeting. Sterling moved sharply lower as a result, falling by around 0.8% against a number of currencies. EUR/GBP rose to a new year-to-date high, up above the 85p mark. Meantime, GBP/USD crashed through the \$1.24 threshold for the first time since June 2020, heading towards \$1.23.

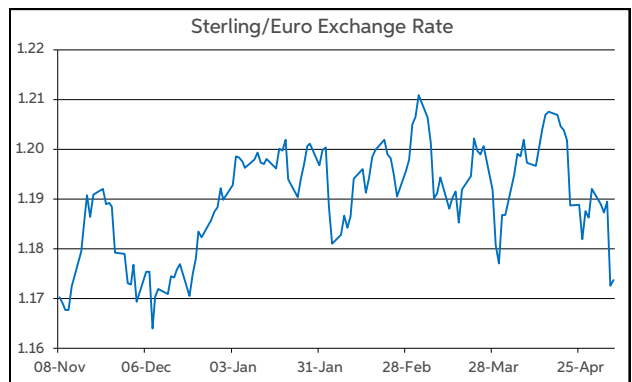
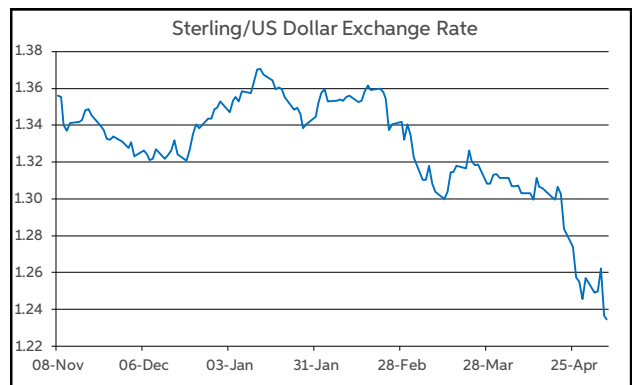
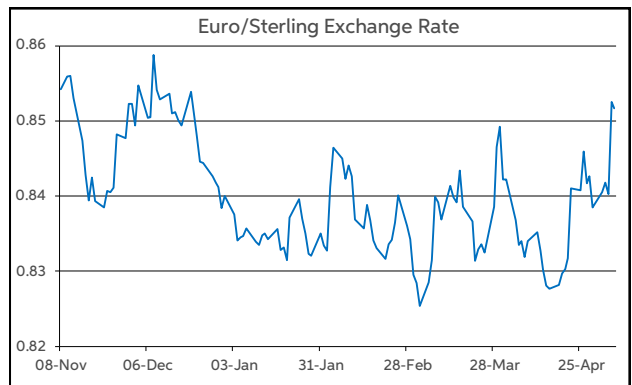
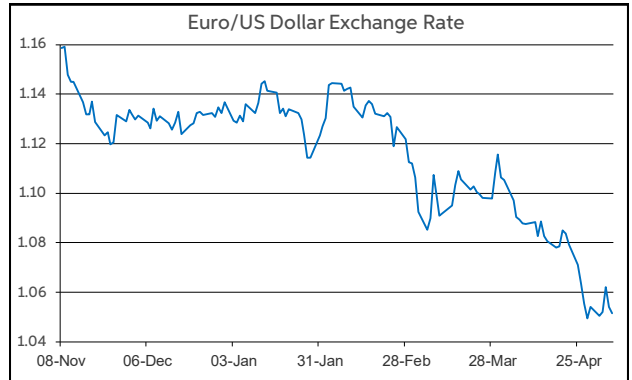
Meanwhile, the dollar was holding a firmer tone, as investors continued to digest the Fed's decision to raise rate by 50bps on Wednesday. The greenback rose by around 1% against the yen and the euro.

Elsewhere on financial markets, US equity indices reversed their gains from the day before, with the S&P falling by 3.5%. On bond markets, US treasury yields continued to move higher, with the 10-year yield rising above the 3% level.

In level terms, the firmer tone to the dollar sees EUR/USD open this morning back down at the \$1.05 handle. Meanwhile, USD/JPY is operating once again up above ¥130.

Ahead today, the main release of note will be the latest US labour market report. The consensus is for payrolls to rise by 391k in April, while the unemployment rate is forecast to edge lower to 3.5% from 3.6%. Meantime, speeches from a number of Fed and BoE officials may also garner close attention on markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0516	-0.90	-7.49
EUR/GBP	0.8517	0.72	1.39
GBP/USD	1.2347	-1.58	-8.74
GBP/EUR	1.1736	-0.72	-1.37
USD/JPY	130.55	1.00	13.44
EUR/JPY	137.33	0.10	4.94

* 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	0.85	1.41	2.51	3.03	3.10
EUR	0.00	-0.54	-0.43	0.26	1.00	1.51
GBP	0.75	1.02	1.30	2.05	2.46	2.38

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

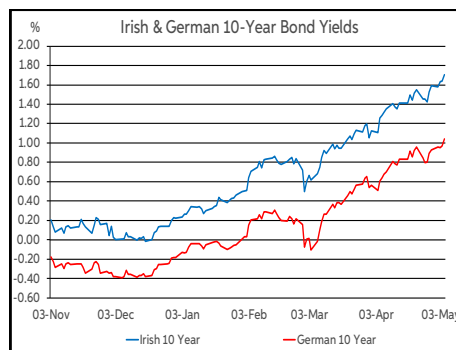
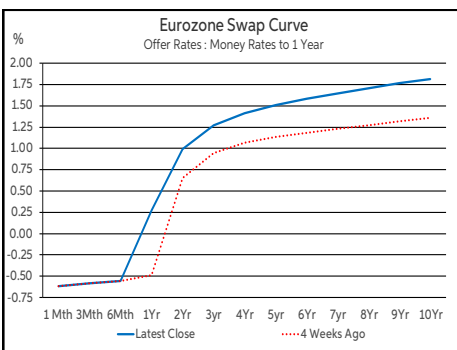
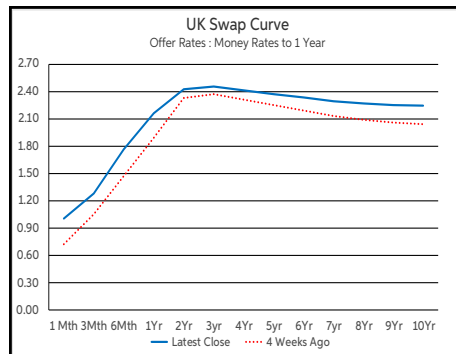
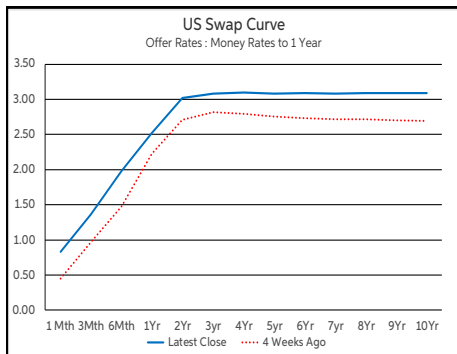
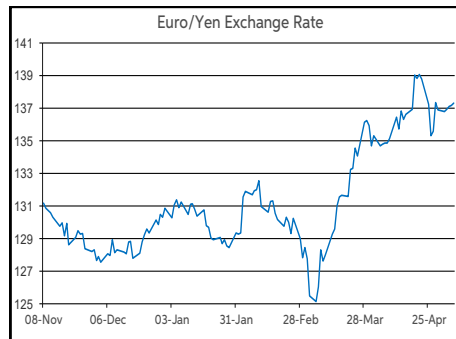
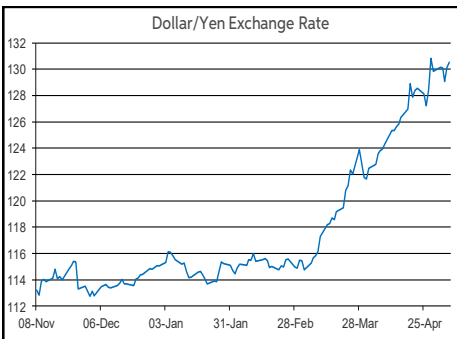
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Friday 06 May 2022
07:35 am



Euro		Sterling		Dollar	
EUR/GBP	0.8518	GBP/EUR	1.1737	USD/JPY	130.54
EUR/USD	1.0517	GBP/USD	1.2346	USD/CAD	1.2841
EUR/JPY	137.32	GBP/CAD	1.5853	USD/CHF	0.9864
EUR/SEK	10.4755	GBP/NZD	1.9237	USD/CNY	6.6775
EUR/DKK	7.4399	GBP/JPY	161.18	USD/BRL	5.0288
EUR/NOK	9.9962	GBP/SEK	12.2953	USD/RUB	63
EUR/CHF	1.0375	GBP/DKK	8.7317	USD/INR	76.802
EUR/AUD	1.4829	GBP/NOK	11.7351	AUD/USD	0.709
EUR/HKD	8.2565	GBP/CHF	1.2179	NZD/USD	0.6415
EUR/CAD	1.3504	GBP/AUD	1.7407		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.03	+9	+37	+152
Germany	1.05	+7	+37	+123
UK	1.97	-0	+24	+99
Ireland	1.75	+8	+41	+150
Belgium	1.63	+5	+40	+145
France	1.57	+6	+35	+138
Italy	3.03	+6	+69	+184
Spain	2.15	+7	+48	+155
Portugal	2.19	+6	+59	+170
Greece	3.39	-4	+56	+208
5 Year Swap %				
US	3.08	+9	+37	+175
Eurozone	1.51	+8	+38	+150
UK	2.37	-6	+12	+110
2 Year Swap %				
US	3.02	+5	+35	+207
Eurozone	0.99	+5	+35	+129
UK	2.43	-12	+10	+123
10 Year Government Bond Spreads to Benchmark bps				
Ireland	70	+1	+4	+27
Belgium	58	-2	+4	+22
France	52	-1	-1	+15
Italy	198	-1	+32	+61
Spain	110	+0	+11	+33
Portugal	114	-1	+22	+47
Greece	234	-11	+19	+85

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	110.9	+0.69	+10.26	+42.58
West Texas Oil	108.17	+0.31	+12.62	+43.59
Gold \$	1876.8	-0.22	-2.86	+2.65

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