

## Sterling on the front foot in early trading

It was another quiet day on financial markets yesterday, amid a light data schedule on both sides of the Atlantic. Against this backdrop, the S&P 500 rose by 0.3%. Meantime, the Euro Stoxx 50 declined by 0.5%. Elsewhere, oil prices fell by 1%, with Brent crude now back below \$83 per barrel.

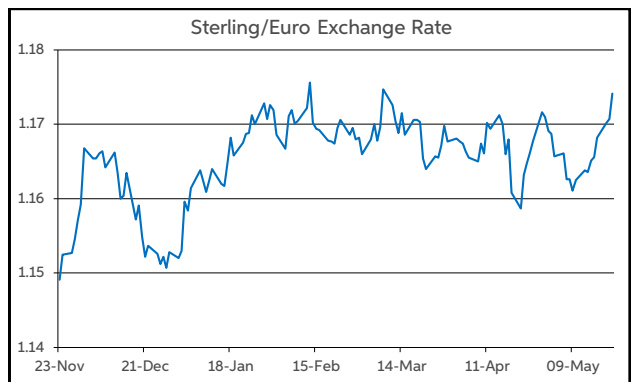
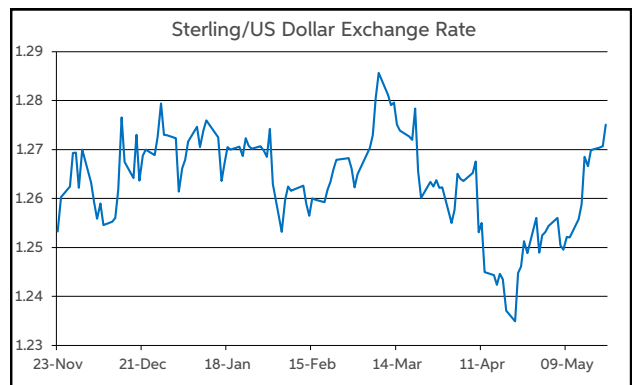
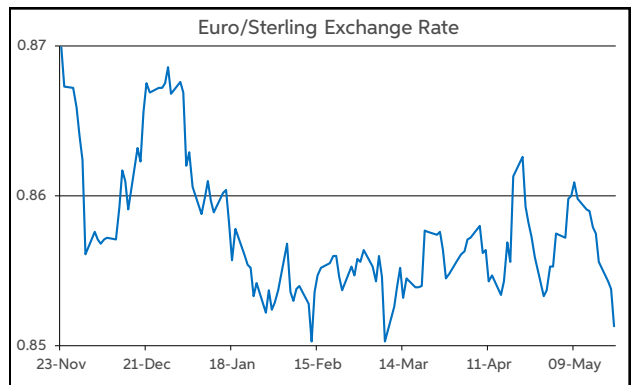
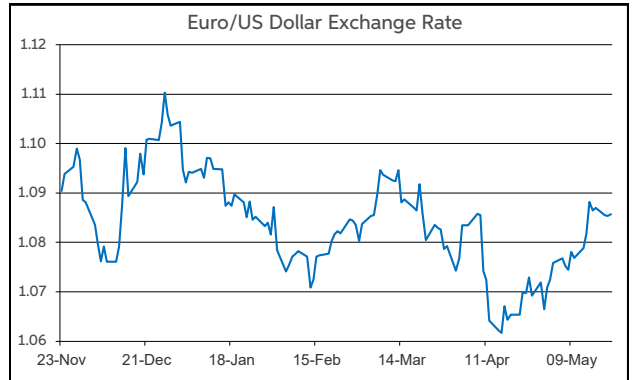
Remarks from a number of central bank officials were in focus once again yesterday. ECB President Lagarde reiterated that a June rate cut was likely. In the US, Fed Governor Waller indicated that the next interest rate policy move is unlikely to be a hike, but more evidence that inflation is falling sustainably to 2% is needed before the Fed can cut rates. Fed officials Bostic and Mester also noted that more information will be needed before the Bank will cut rates.

On the currency front, the main FX pairs were confined to very narrow trading ranges yesterday. \$1.084-1.088 covered all the price action in EUR/USD, while EUR/GBP operated between the 85.3-85.5p corridor.

However, sterling has been on the front foot in early trading this morning, following the release of UK CPI inflation data for April. Both the headline and core rate printed above the consensus, falling to 2.3% (vs. 2.1% f'cast) and 3.9% (vs. 3.6% f'cast), owing to sticky core inflation. The sterling reaction sees EUR/GBP changing hands down near the 85p mark this morning. Elsewhere, GBP/USD is up at the midpoint of the \$1.27-1.28 range.

Looking to the remainder of today, the macro calendar remains muted. On the monetary policy front, the release of the latest Fed FOMC meeting minutes (after the close in Europe) will garner some attention. Remarks from central bank officials will also be in focus.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0857	0.00	-1.62
EUR/GBP	0.8513	-0.33	-1.79
GBP/USD	1.2749	0.31	0.16
GBP/EUR	1.1738	0.33	1.82
USD/JPY	156.44	0.01	10.90
EUR/JPY	169.88	0.00	9.16

\* 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	5.43	5.03	4.52
EUR	4.50	3.81	3.82	3.66	3.35	2.92
GBP	5.25	5.19	5.18	5.02	4.77	4.23

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

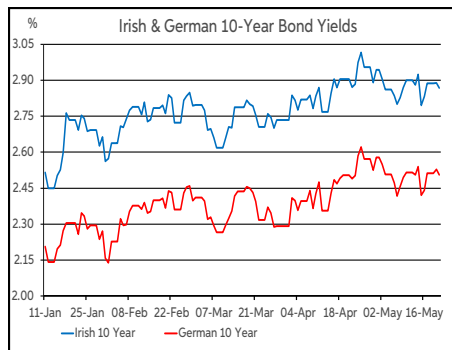
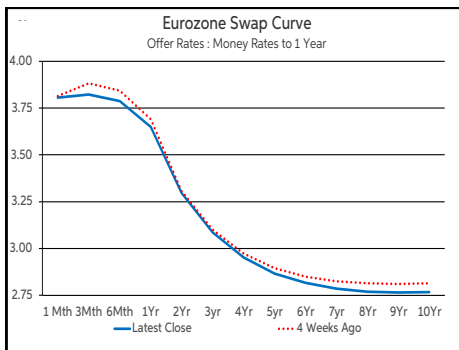
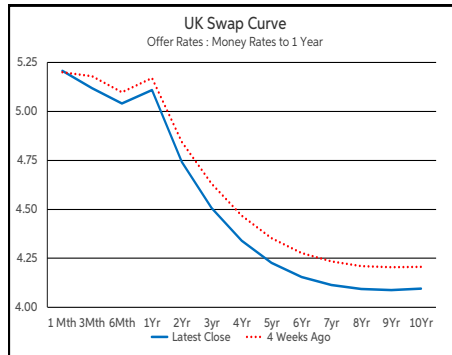
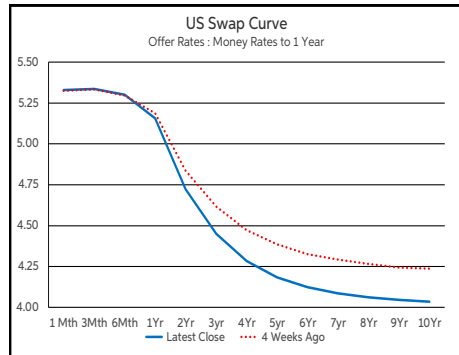
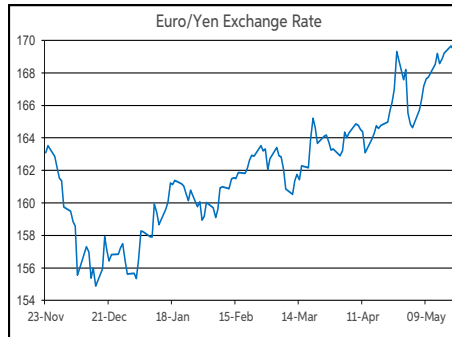
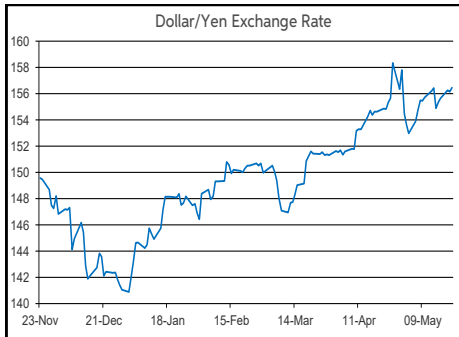
EUR/GBP	0.8513
EUR/USD	1.0857
EUR/JPY	169.88
EUR/SEK	11.6095
EUR/DKK	7.461
EUR/NOK	11.5867
EUR/CHF	0.9904
EUR/AUD	1.6297
EUR/HKD	8.4729
EUR/CAD	1.4819

## Sterling

GBP/EUR	1.1738
GBP/USD	1.2749
GBP/CAD	1.7403
GBP/NZD	2.0834
GBP/JPY	199.43
GBP/SEK	13.6304
GBP/DKK	8.7597
GBP/NOK	13.6069
GBP/CHF	1.1631
GBP/AUD	1.9143

## Dollar

USD/JPY	156.44
USD/CAD	1.3648
USD/CHF	0.912
USD/CNY	7.2389
USD/BRL	5.1225
USD/RUB	89.8225
USD/INR	83.199
AUD/USD	0.6659
NZD/USD	0.6118



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.41	-2	-18	+55
Germany	2.51	-2	+0	+48
UK	4.13	-4	-11	+60
Ireland	2.89	-3	-2	+53
Belgium	3.06	-1	+0	+37
France	3.00	-2	-0	+44
Italy	3.80	-1	-1	+10
Spain	3.27	-1	-0	+28
Portugal	3.15	-1	+1	+36
Greece	3.49	-3	+4	+42
<b>5 Year Swap %</b>				
US	4.44	-4	-19	+65
Eurozone	2.87	-3	-2	+44
UK	4.23	-3	-12	+58
<b>2 Year Swap %</b>				
US	4.97	-4	-11	+63
Eurozone	3.30	-3	-1	+50
UK	4.74	-2	-10	+48
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-0	-2	+5
Belgium	55	+2	-0	-11
France	49	+0	-0	-4
Italy	130	+1	-1	-38
Spain	77	+1	-0	-20
Portugal	64	+2	+1	-12
Greece	99	-0	+4	-6

Commodities				
	Close	Day	% Change	
			4 Weeks	End 23
Brent Oil	82.88	-0.99	-6.27	+7.58
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2421.6	-0.14	+4.30	+17.41

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