

ECB to tee-up June rate cut?

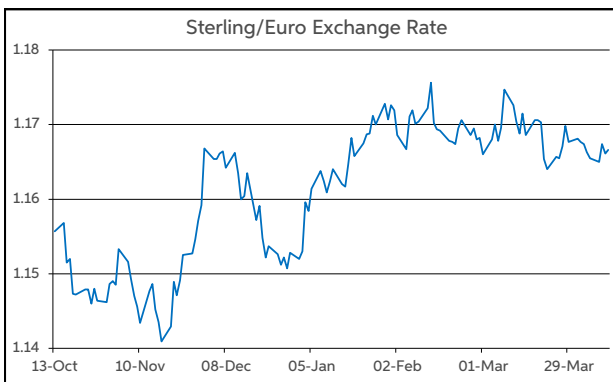
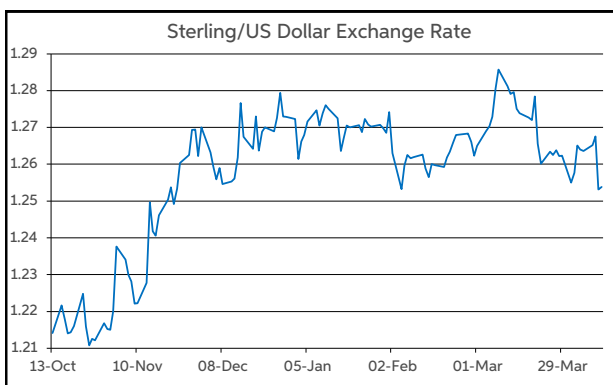
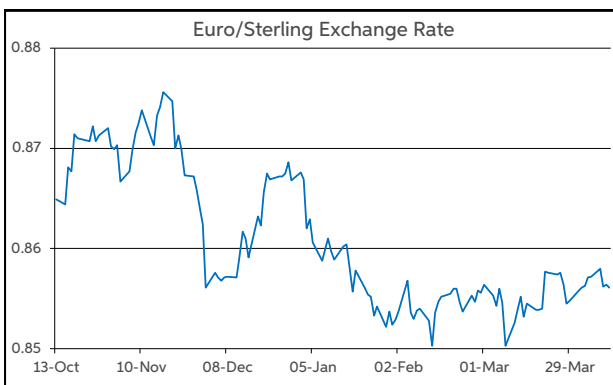
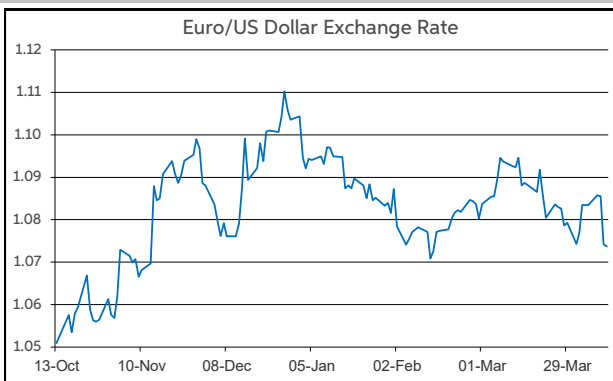
The S&P 500 fell by 0.9% yesterday, amid a marked hardening in US futures contracts, following some stronger than anticipated CPI inflation data. Headline CPI inflation rose to 3.5% in March, versus a 3.4% forecast, while the core rate was unchanged at 3.8% compared to expectations for 3.7%. It was the third straight month where CPI inflation printed above the consensus.

Against this backdrop, futures pricing adjusted, with investors now seeing just a 20% chance of a first Fed rate cut in June, compared to a 60% chance before the release. Furthermore, markets expect 40bps of policy easing in the US by year end, down from 65bps previously. The firming in US rates spilled over to Eurozone and UK futures also. Current pricing is consistent with rate cuts of 75bps in the Eurozone and circa 55bps in the UK by year end. On bond markets, sovereign yields rose by 6-20bps in the US, UK and Eurozone, led higher by the front-end of the curves. The move was most pronounced in the US.

Currency-wise, the dollar was in the ascendancy, as US yields rose by more than elsewhere. Overall, the greenback gained circa 1% across the board. The firmer tone to the dollar is reflected by EUR/USD opening this morning below the midpoint of \$1.07-1.08. GBP/USD is operating down in the \$1.25-1.26 band. Meantime, EUR/GBP remains in the 85-86p range. USD/JPY is up above ¥153, its highest level since July 1990.

Today, the focus will be on the ECB monetary policy meeting decision. The ECB is widely expected to leave rates on hold, but investors will be paying close attention for any guidance on the possibility of a June rate cut. Meantime in the US, PPI inflation for March and the latest weekly initial jobless claims data are due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0737	-1.04	-2.71
EUR/GBP	0.856	0.02	-1.25
GBP/USD	1.2539	-1.09	-1.49
GBP/EUR	1.1676	-0.02	1.26
USD/JPY	153.09	0.87	8.53
EUR/JPY	164.39	-0.20	5.63

* 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	5.43	5.56	5.47	5.16	4.65
EUR	4.50	3.84	3.92	3.67	3.29	2.84
GBP	5.25	5.19	5.19	4.99	4.86	4.29

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 11 April 2024
07:31 am



Euro

EUR/GBP	0.856
EUR/USD	1.0737
EUR/JPY	164.39
EUR/SEK	11.5114
EUR/DKK	7.4593
EUR/NOK	11.6362
EUR/CHF	0.9809
EUR/AUD	1.6455
EUR/HKD	8.4141
EUR/CAD	1.469

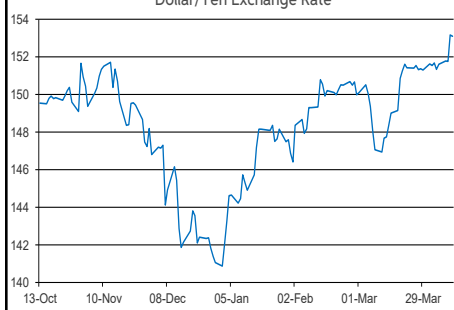
Sterling

GBP/EUR	1.1676
GBP/USD	1.2539
GBP/CAD	1.7157
GBP/NZD	2.095
GBP/JPY	191.96
GBP/SEK	13.4402
GBP/DKK	8.7099
GBP/NOK	13.5886
GBP/CHF	1.1456
GBP/AUD	1.9221

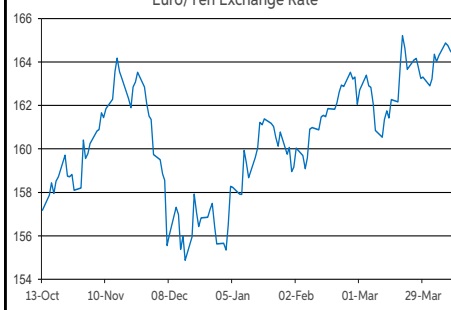
Dollar

USD/JPY	153.09
USD/CAD	1.3682
USD/CHF	0.9135
USD/CNY	7.2365
USD/BRL	5.0657
USD/RUB	93.6125
USD/INR	83.338
AUD/USD	0.6522
NZD/USD	0.5983

Dollar/Yen Exchange Rate

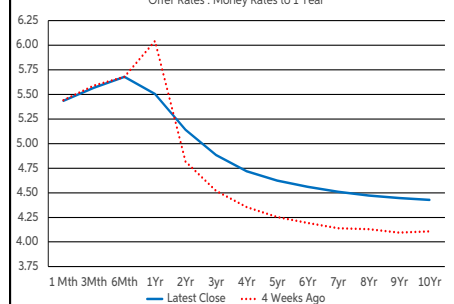


Euro/Yen Exchange Rate



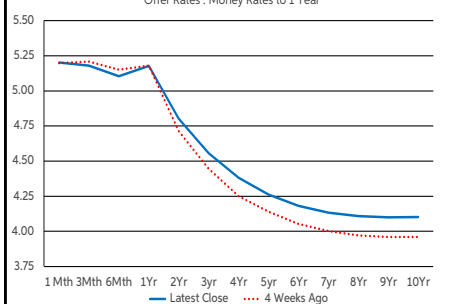
US Swap Curve

Offer Rates : Money Rates to 1 Year



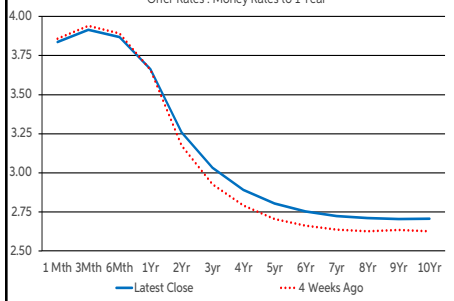
UK Swap Curve

Offer Rates : Money Rates to 1 Year

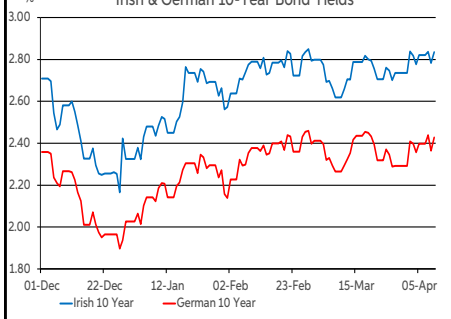


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.56	+19	+37	+70
Germany	2.43	+6	+7	+40
UK	4.15	+12	+13	+61
Ireland	2.86	+5	+11	+50
Belgium	2.98	+6	+10	+29
France	2.92	+6	+12	+36
Italy	3.77	+5	+18	+7
Spain	3.24	+6	+9	+25
Portugal	3.10	+6	+11	+32
Greece	3.36	+5	+17	+28

5 Year Swap %				
US	4.62	+23	+41	+83
Eurozone	2.80	+6	+11	+38
UK	4.26	+14	+13	+61

2 Year Swap %				
US	5.14	+24	+36	+80
Eurozone	3.26	+5	+9	+46
UK	4.80	+15	+9	+54

10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-1	+3	+9
Belgium	55	+0	+2	-11
France	49	+0	+5	-4
Italy	134	-1	+11	-33
Spain	81	-0	+1	-15
Portugal	67	-0	+4	-9
Greece	93	-1	+10	-12

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	90.48	+1.19	+7.68	+17.45
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2332.8	-0.84	+7.28	+13.10

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