

BoE meeting poses event risk for sterling

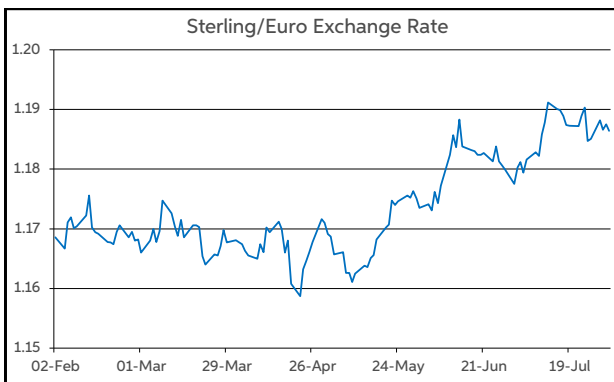
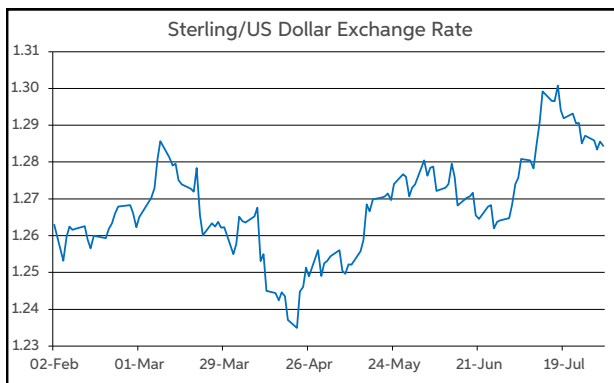
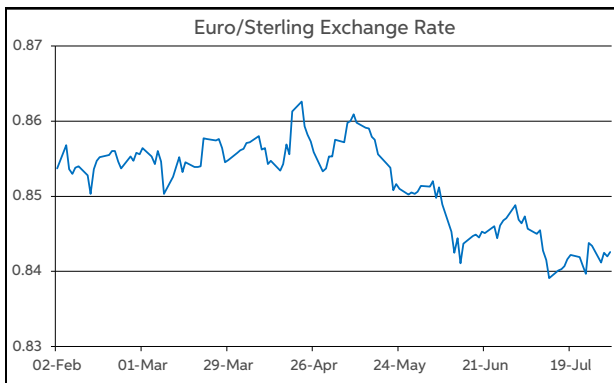
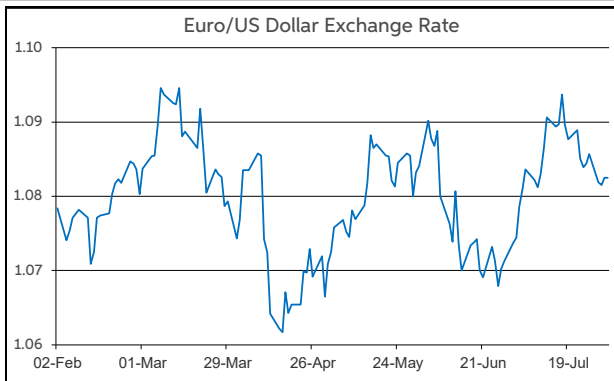
Monetary policy meetings have dominated the macro agenda over the past 24 hours. Investors started yesterday morning digesting the overnight news that the BoJ had, as expected, hiked rates, as well as trimming its bond purchases. Against the backdrop of the BoJ actually matching hawkish expectations/speculation, the yen gained around 2%. USD/JPY traded below the ¥150 threshold.

Meanwhile, yesterday evening's Fed meeting concluded with rates left on hold, in a 5.25-5.50% range, in line with expectations. The statement did not contain any significant changes. However, in the press conference, Chair Powell did state that a rate cut "could be on the table as soon as the next meeting in September". The market was already fully pricing in a 25bps cut next month.

Therefore, from a currency viewpoint, there was no notable or lasting impact on the dollar. This is reflected in some of the main dollar pairs trading this morning very similar to yesterday's opening levels. EUR/USD remains in the lower half of \$1.08-1.09, while GBP/USD is near to the midpoint of \$1.28-1.29. Elsewhere, EUR/GBP continues to change hands within a tight 84.1p-84.5p range.

The focus today shifts to the BoE rate decision. The meeting also includes its latest Monetary Policy Report and press conference. The decision to leave rates unchanged in June was "finely balanced" for some members. However, since then, there has been very little insight from BoE speakers. The market had been very much 50:50 as to whether the BoE would cut rates today. In the last few days though, the futures market has been leaning towards a rate cut (attaching around a 60% probability to such an outcome). Overall, today's BoE policy decision is a close call. Therefore, given this uncertainty, there is some two-way risk for sterling.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0825	-0.01	-1.91
EUR/GBP	0.8426	-0.01	-2.79
GBP/USD	1.2844	-0.01	0.90
GBP/EUR	1.1864	0.01	2.87
USD/JPY	149.58	-1.95	6.04
EUR/JPY	161.93	-1.93	4.05

* 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	5.46	5.50	4.94	4.41	3.95
EUR	4.25	3.61	3.63	3.28	2.84	2.55
GBP	5.25	5.05	5.02	4.67	4.48	4.00

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 01 August 2024
07:02 am



Euro

EUR/GBP	0.8426
EUR/USD	1.0825
EUR/JPY	161.93
EUR/SEK	11.5757
EUR/DKK	7.462
EUR/NOK	11.7918
EUR/CHF	0.949
EUR/AUD	1.6573
EUR/HKD	8.4575
EUR/CAD	1.4949

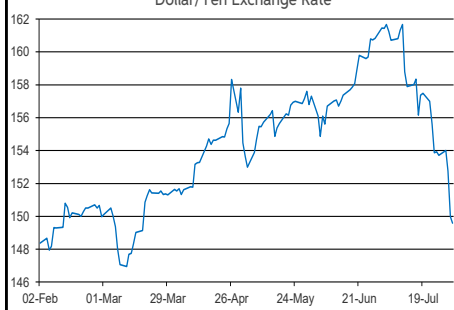
Sterling

GBP/EUR	1.1864
GBP/USD	1.2844
GBP/CAD	1.7735
GBP/NZD	2.1574
GBP/JPY	192.12
GBP/SEK	13.7309
GBP/DKK	8.8518
GBP/NOK	13.9978
GBP/CHF	1.1259
GBP/AUD	1.9662

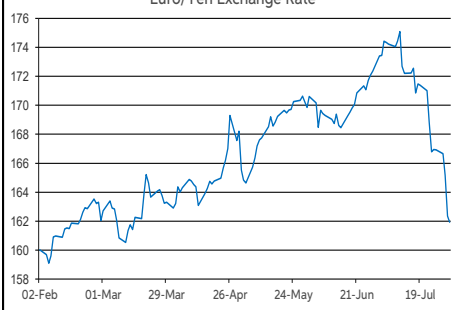
Dollar

USD/JPY	149.58
USD/CAD	1.381
USD/CHF	0.8766
USD/CNY	7.2296
USD/BRL	5.6575
USD/RUB	86.1
USD/INR	83.707
AUD/USD	0.6531
NZD/USD	0.5953

Dollar/Yen Exchange Rate

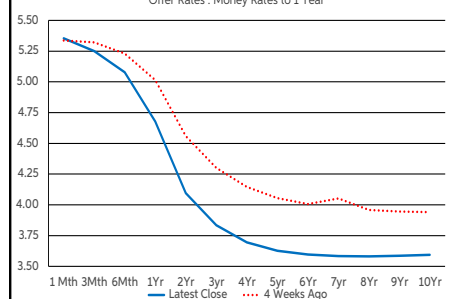


Euro/Yen Exchange Rate



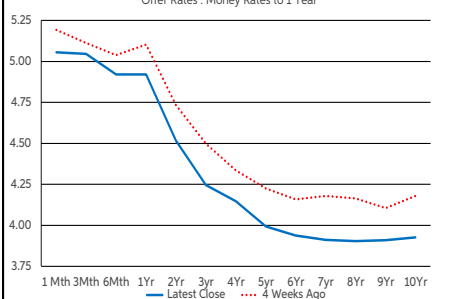
US Swap Curve

Offer Rates : Money Rates to 1 Year



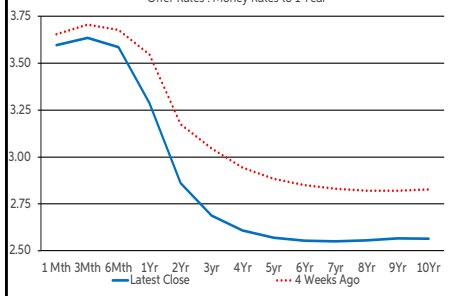
UK Swap Curve

Offer Rates : Money Rates to 1 Year

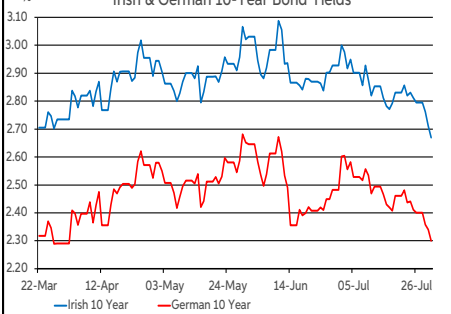


Eurozone Swap Curve

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	4.11	-4	-24	+25
Germany	2.30	-4	-26	+27
UK	3.97	-8	-20	+43
Ireland	2.70	-4	-25	+33
Belgium	2.89	-5	-24	+20
France	3.01	-4	-24	+46
Italy	3.65	-5	-34	-5
Spain	3.12	-5	-27	+13
Portugal	2.93	-5	-27	+14
Greece	3.35	-3	-35	+28
5 Year Swap %				
US	3.89	-10	-42	+10
Eurozone	2.57	-3	-30	+14
UK	3.99	-6	-23	+34
2 Year Swap %				
US	4.35	-10	-47	+1
Eurozone	2.86	-3	-31	+7
UK	4.48	-4	-25	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-0	+0	+6
Belgium	59	-1	+1	-7
France	71	-0	+1	+18
Italy	135	-1	-8	-32
Spain	82	-1	-1	-15
Portugal	63	-1	-2	-13
Greece	105	+1	-10	+0

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	80.72	+2.66	-7.58	+4.78
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2448.1	+1.65	+3.91	+18.69

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