

## ECB expected to cut rates by 25bps

Equity markets moved higher on both sides of the Atlantic yesterday, amid a modest softening in US market rate expectations and as investors prepared for a rate cut from the ECB today. Rate sensitive tech-stocks led the way higher, with the Euro Stoxx 50 and S&P 500 gaining 1.7% and 1.2%, respectively. Meantime on bond markets, US Treasury and German Bund yields were 4-5bps.

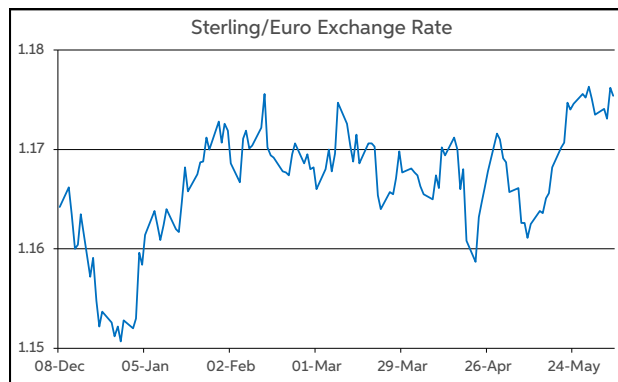
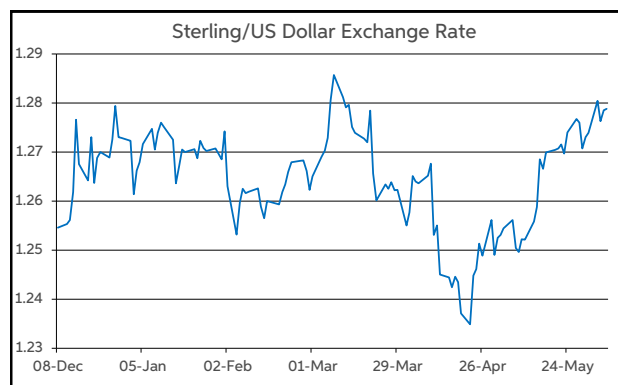
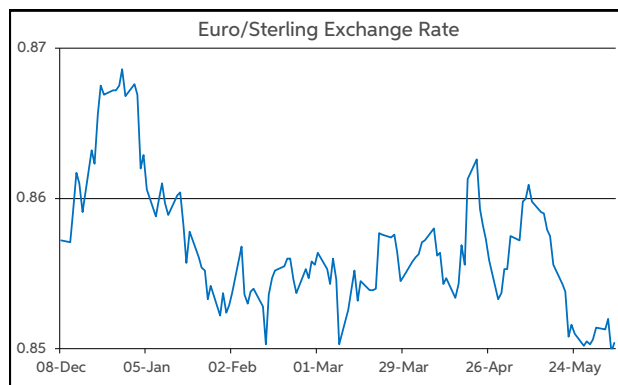
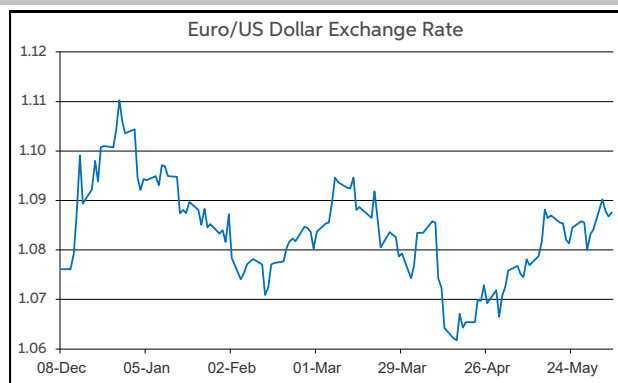
Currency-wise, the main FX pairs operated in very tight ranges. A limited data schedule likely contributed the lacklustre price action. The main release of note, the US non-manufacturing ISM for May printed well above the consensus, rising to 53.8 (vs. 50.8 f'cast). The survey also indicated that prices in the sector rose more slowly in the month. However, the data had no major impact on the dollar.

In level terms, EUR/USD opens this morning in the top half of the \$1.08-1.09 corridor. Meantime, EUR/GBP continues to change hands just above the 85p threshold. Elsewhere, GBP/USD is operating in the upper half of the \$1.27-1.28 trading band.

Today, the main highlight will be the ECB Governing Council meeting, which poses some event risk for the euro. Expectations are for a 25bps cut in interest rates, as the central bank reduces the level of restrictiveness of monetary policy. However, given the first rate cut is widely anticipated, the focus will be on any guidance on the potential for further cuts in the months ahead. In this regard, the meeting statement, press conference and the updated macro-projections will warrant close attention.

On the data front, the latest US weekly initial jobless claims data and Eurozone retail sales (April) are due. However, barring any major surprises, the data may not influence currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0876	-0.03	-1.45
EUR/GBP	0.8504	-0.14	-1.89
GBP/USD	1.2787	0.10	0.46
GBP/EUR	1.1753	0.14	1.93
USD/JPY	156.14	0.36	10.69
EUR/JPY	169.85	0.34	9.14

\* 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	5.60	5.34	4.93	4.36
EUR	4.50	3.67	3.77	3.61	3.29	2.87
GBP	5.25	5.20	5.19	5.02	4.88	4.31

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 06 June 2024  
07:32 am



## Euro

EUR/GBP	0.8504
EUR/USD	1.0876
EUR/JPY	169.85
EUR/SEK	11.2919
EUR/DKK	7.4584
EUR/NOK	11.4973
EUR/CHF	0.9699
EUR/AUD	1.6348
EUR/HKD	8.4962
EUR/CAD	1.488

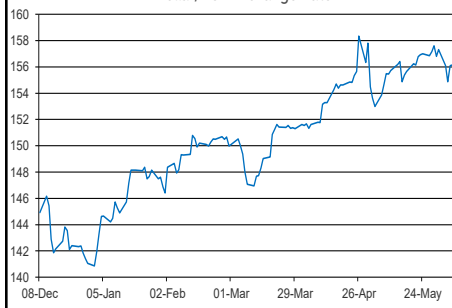
## Sterling

GBP/EUR	1.1753
GBP/USD	1.2787
GBP/CAD	1.7495
GBP/NZD	2.0661
GBP/JPY	199.64
GBP/SEK	13.2736
GBP/DKK	8.7675
GBP/NOK	13.5161
GBP/CHF	1.1403
GBP/AUD	1.9218

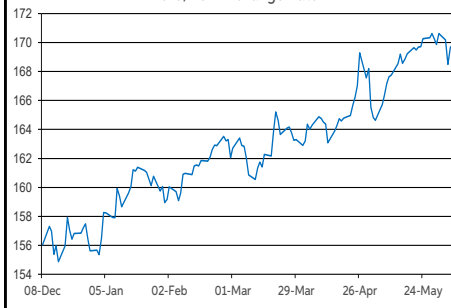
## Dollar

USD/JPY	156.14
USD/CAD	1.368
USD/CHF	0.8916
USD/CNY	7.2461
USD/BRL	5.3016
USD/RUB	88.6925
USD/INR	83.46
AUD/USD	0.6653
NZD/USD	0.6187

Dollar/Yen Exchange Rate

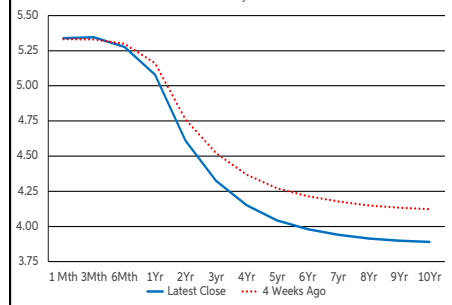


Euro/Yen Exchange Rate



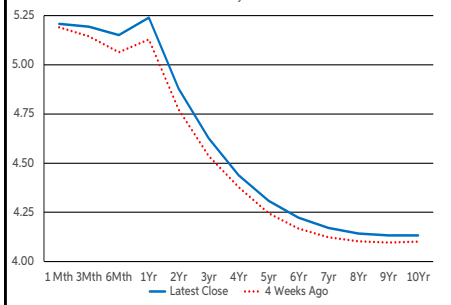
US Swap Curve

Offer Rates : Money Rates to 1 Year



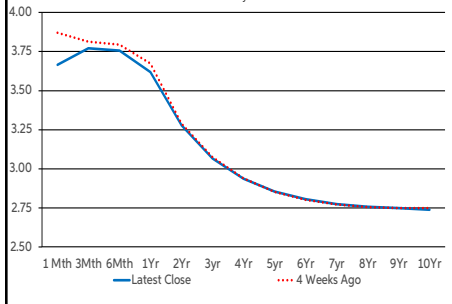
UK Swap Curve

Offer Rates : Money Rates to 1 Year

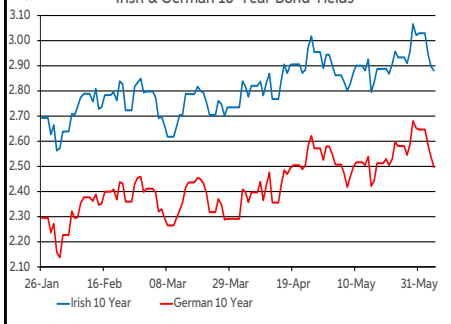


Eurozone Swap Curve

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	4.29	-5	-20	+43
Germany	2.50	-4	+4	+47
UK	4.18	+0	+4	+64
Ireland	2.90	-2	+6	+54
Belgium	3.05	-4	+5	+37
France	2.99	-5	+2	+43
Italy	3.81	-5	+1	+11
Spain	3.23	-5	-2	+24
Portugal	3.10	-4	-1	+31
Greece	3.54	-4	+5	+47
5 Year Swap %				
US	4.31	-5	-21	+52
Eurozone	2.86	-2	+1	+43
UK	4.31	+0	+7	+66
2 Year Swap %				
US	4.87	-5	-14	+53
Eurozone	3.28	-2	+0	+48
UK	4.88	+1	+11	+62
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+2	+2	+7
Belgium	56	+0	+2	-11
France	49	-1	-1	-4
Italy	131	-1	-3	-36
Spain	73	-1	-6	-23
Portugal	60	-0	-5	-16
Greece	104	-0	+1	-1

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.41	+1.15	-6.19	+1.78
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2354.8	+1.16	+2.00	+14.17

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