

Fed meeting in focus today

The cautious tone to investor sentiment continued yesterday, amid a relatively quiet day across financial markets. A light data calendar likely contributed to the limited price action. The only release of note, Eurozone producer price inflation printed below the consensus, falling to 1.9% (vs. 2.5% f'cast) in March, from 3.0%. However, the data had no tangible impact on proceedings.

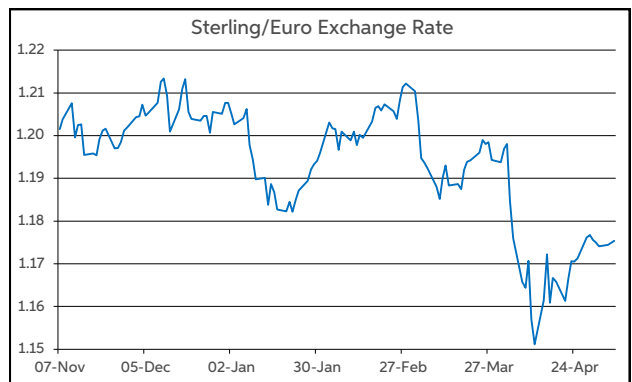
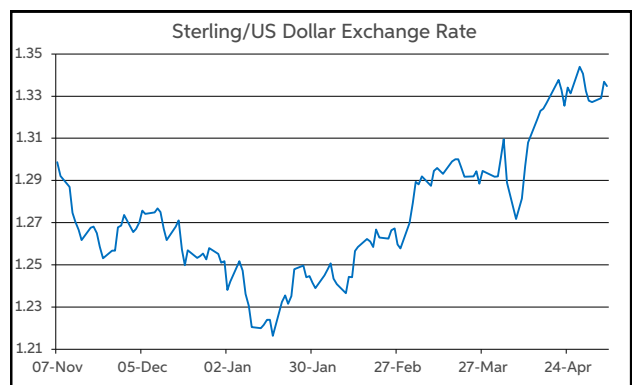
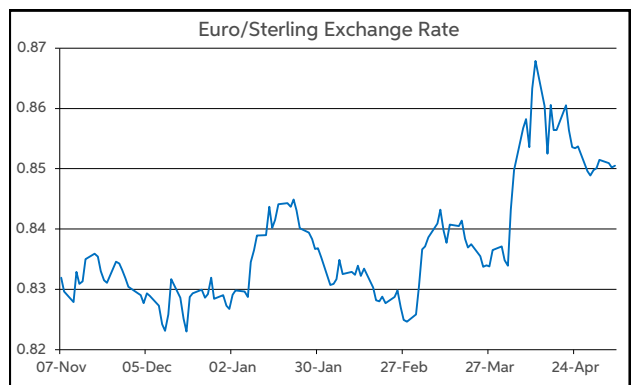
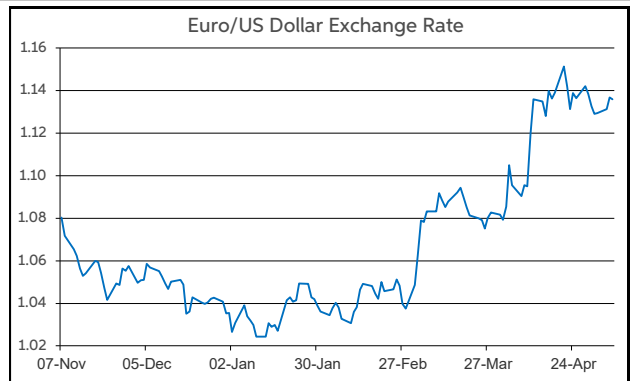
On equity markets, benchmark indices moved lower on both sides of the Atlantic. The Euro Stoxx 50 fell by 0.4% yesterday, while the S&P 500 shed 0.8%. Meanwhile, US Treasury yields inched 2-4bps lower. In contrast, German Bund yields were little changed, and UK Gilts drifted 1-2bps higher. Elsewhere on markets, oil prices continued to rise, with Brent crude moving above \$62 per barrel.

Currency-wise, trading conditions have been somewhat choppy over the past 24 hours. Initially, sterling was in the ascendancy, albeit there was no obvious catalyst for the move. At the same time, the euro was on the defensive, as CDU leader Merz failed to be elected German Chancellor the first time of asking. However, following Merz election at the second attempt, the euro recouped its losses. Overnight, the dollar has been under pressure. The unfavourable move in US Treasury yields was unhelpful for the greenback.

As trading gets underway this morning, this sees EUR/USD open in the top half of the \$1.13-1.14 range. GBP/USD is changing hands up at the midpoint of the \$1.33-1.34 corridor. Meanwhile, EUR/GBP is just above the 85p mark.

Today, the spotlight will be on the US Fed FOMC meeting outcome. The Fed is widely expected to leave policy on hold. Indeed, the focus will be on any remarks on the economic outlook, the potential impact of tariffs, and on the Fed's independence. Data-wise, Eurozone retail sales are forecast to stagnate in March.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2024 |
| EUR/USD | 1.1359 | 0.32 | 9.72 |
| EUR/GBP | 0.8505 | -0.08 | 2.80 |
| GBP/USD | 1.3348 | 0.35 | 6.69 |
| GBP/EUR | 1.1749 | 0.08 | -2.73 |
| USD/JPY | 143.11 | -0.42 | -8.95 |
| EUR/JPY | 162.57 | -0.10 | -0.11 |

* 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 | 4.38 | 4.33 | 4.30 | 3.91 | 3.86 | 3.83 |
| EUR | 2.40 | 2.15 | 2.14 | 1.99 | 1.94 | 2.18 |
| GBP | 4.50 | 4.23 | 4.15 | 3.79 | 3.88 | 3.91 |

All rates quoted are indicative market rates

See Next Page For More Rates &

| | | | | | | | |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| 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 |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

Opening Levels

Wednesday 07 May 2025
06:49 am



Euro

| | |
|---------|---------|
| EUR/GBP | 0.8505 |
| EUR/USD | 1.1359 |
| EUR/JPY | 162.57 |
| EUR/SEK | 10.8777 |
| EUR/DKK | 7.4612 |
| EUR/NOK | 11.6773 |
| EUR/CHF | 0.9365 |
| EUR/AUD | 1.7524 |
| EUR/HKD | 8.8073 |
| EUR/CAD | 1.5667 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1749 |
| GBP/USD | 1.3348 |
| GBP/CAD | 1.8408 |
| GBP/NZD | 2.2226 |
| GBP/JPY | 191.02 |
| GBP/SEK | 12.784 |
| GBP/DKK | 8.7676 |
| GBP/NOK | 13.7204 |
| GBP/CHF | 1.1005 |
| GBP/AUD | 2.0587 |

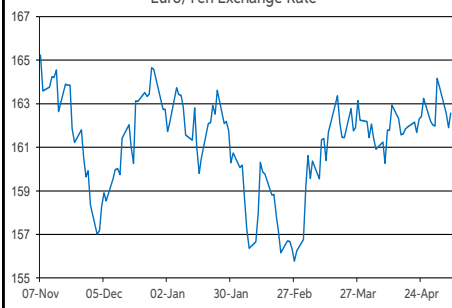
Dollar

| | |
|---------|--------|
| USD/JPY | 143.11 |
| USD/CAD | 1.3792 |
| USD/CHF | 0.8243 |
| USD/CNY | 7.2266 |
| USD/BRL | 5.6878 |
| USD/RUB | 81 |
| USD/INR | 84.519 |
| AUD/USD | 0.6479 |
| NZD/USD | 0.6001 |

Dollar/Yen Exchange Rate

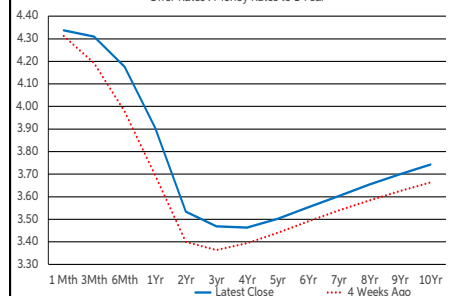


Euro/Yen Exchange Rate



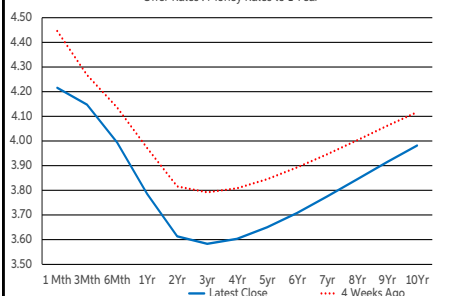
US Swap Curve

Offer Rates : Money Rates to 1 Year



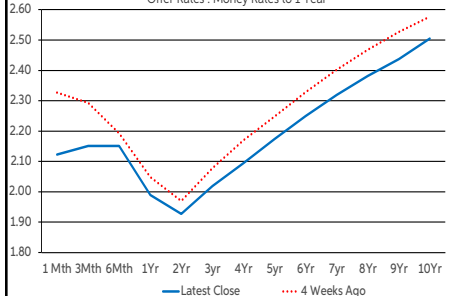
UK Swap Curve

Offer Rates : Money Rates to 1 Year

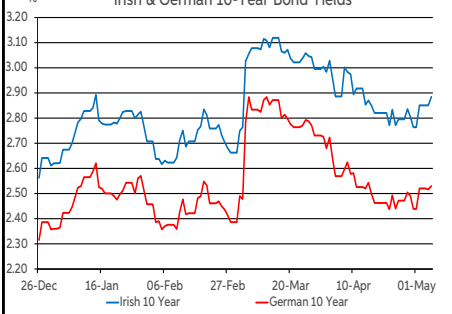


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

| | Close | Change bps | | |
|--|-------|------------|---------|--------|
| | | Day | 4 Weeks | End 24 |
| 10 Year Yield % | | | | |
| US | 4.31 | -4 | +5 | -27 |
| Germany | 2.53 | +1 | -9 | +17 |
| UK | 4.51 | +2 | -9 | -6 |
| 5 Year Swap % | | | | |
| US | 3.77 | -4 | +6 | -52 |
| Eurozone | 2.17 | -2 | -7 | -7 |
| UK | 3.89 | -1 | -16 | -39 |
| 2 Year Swap % | | | | |
| US | 3.79 | -5 | +12 | -54 |
| Eurozone | 1.92 | -2 | -4 | -27 |
| UK | 3.85 | -2 | -16 | -64 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 38 | +2 | -2 | +10 |
| Belgium | 60 | +1 | -1 | -2 |
| France | 73 | +1 | -4 | -11 |
| Italy | 110 | +0 | -13 | -5 |
| Spain | 66 | +1 | -7 | -4 |
| Portugal | 54 | -0 | -8 | +5 |
| Greece | 89 | +3 | -6 | +0 |

Commodities

| | Close | % Change | | |
|----------------|--------|----------|---------|--------|
| | | Day | 4 Weeks | End 24 |
| Brent Oil | 62.15 | +3.19 | -1.07 | -16.73 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 3429.3 | +2.87 | +14.93 | +30.70 |

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