

BoE hints at possibility of a June rate cut

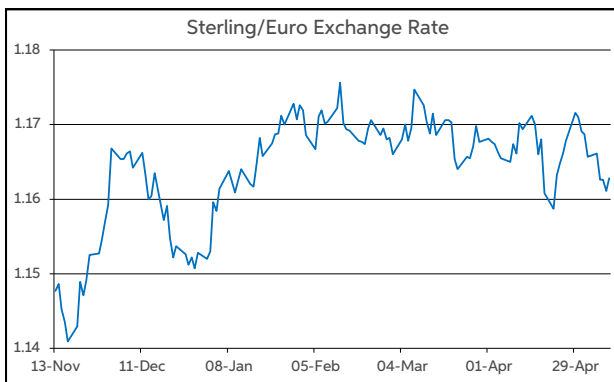
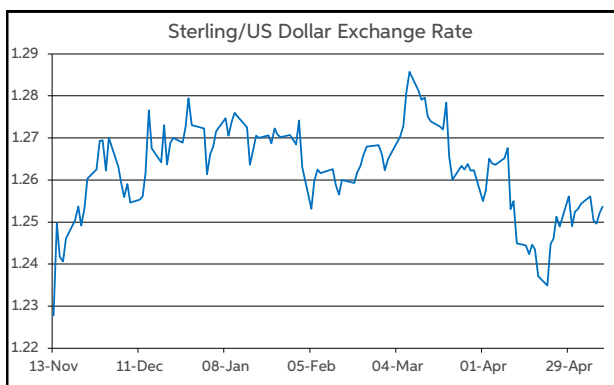
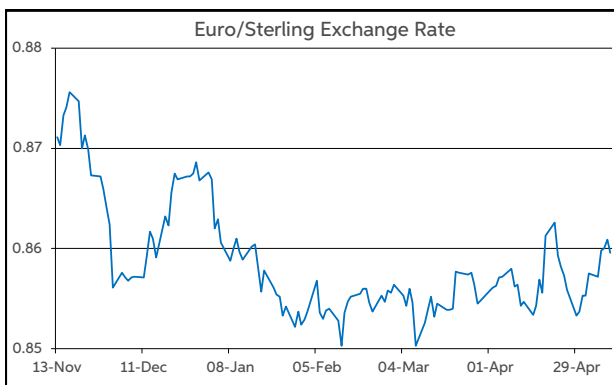
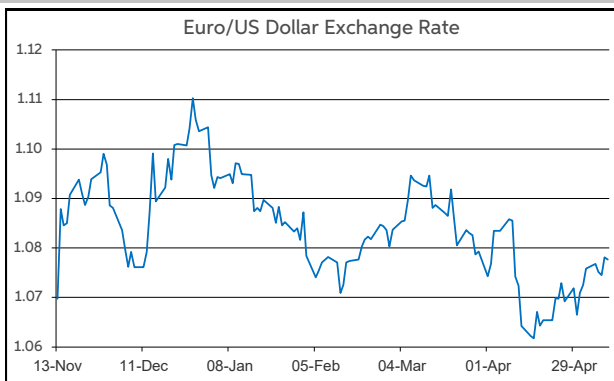
The highlight of Thursday's macro diary was the BoE meeting for May. As widely expected, the central bank left the key interest rate unchanged at 5.25%. However, the BoE espoused a dovish tone. Indeed, Governor Bailey did not rule out a rate cut at its next meeting on June 20th. He commented that by this meeting, the BoE would have two full sets of data, which would include two months of inflation numbers. He also noted that the BoE may need to cut rates by more than is currently priced in by markets.

Market rate expectations though were not overly impacted by Governor Baileys comments or the dovish tone of the meeting statement/minutes. Futures contracts pricing continues to indicate that the market views August as the more likely timing of the first rate cut from the BoE. There is around 60bps of cuts priced in by year end.

Currency-wise, there was some initial downward pressure on sterling during the BoE press conference but this proved to be short lived. Instead, over the past 24 hours, the dollar is marginally lower against both the euro and sterling. The greenback was not helped by a negative surprise in the weekly jobless claims numbers. The EUR/USD pair edged higher into the upper half of \$1.07-1.08, while GBP/USD regained the \$1.25 handle. Meanwhile, EUR/GBP continued to change hands in and around the 86p level.

The UK remains in focus today with the early morning release of Q1 GDP. It showed that the economy returned to growth in the quarter, rising by a better than expected 0.6% q/q (vs. f'cast for 0.4%). The news has provided a supportive start to this morning's FX session for sterling. Later today, the ECB meeting account and US consumer sentiment (May) are the main releases of note.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0777	0.31	-2.35
EUR/GBP	0.8596	-0.05	-0.83
GBP/USD	1.2535	0.35	-1.52
GBP/EUR	1.1627	0.05	0.84
USD/JPY	155.58	0.02	10.29
EUR/JPY	167.71	0.32	7.76

* 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	5.38	5.01	4.52
EUR	4.50	3.87	3.81	3.63	3.28	2.85
GBP	5.25	5.18	5.12	4.86	4.72	4.21

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

Friday 10 May 2024
07:24 am



Euro

EUR/GBP	0.8596
EUR/USD	1.0777
EUR/JPY	167.71
EUR/SEK	11.6974
EUR/DKK	7.4592
EUR/NOK	11.6816
EUR/CHF	0.9768
EUR/AUD	1.6303
EUR/HKD	8.4218
EUR/CAD	1.4745

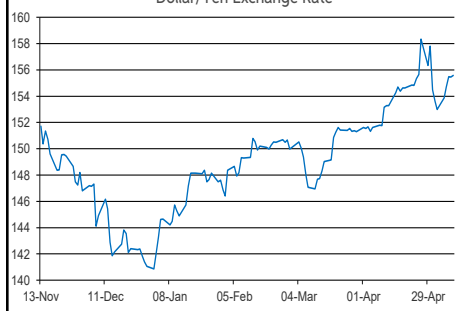
Sterling

GBP/EUR	1.1627
GBP/USD	1.2535
GBP/CAD	1.7151
GBP/NZD	2.0797
GBP/JPY	195.02
GBP/SEK	13.6027
GBP/DKK	8.6746
GBP/NOK	13.579
GBP/CHF	1.1361
GBP/AUD	1.8961

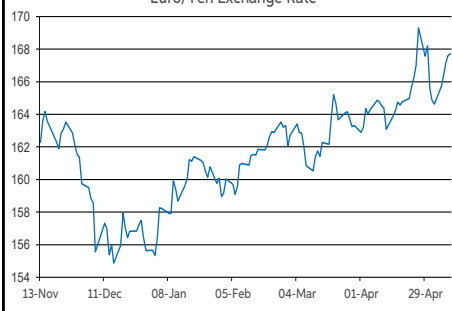
Dollar

USD/JPY	155.58
USD/CAD	1.368
USD/CHF	0.9062
USD/CNY	7.224
USD/BRL	5.142
USD/RUB	92.0225
USD/INR	83.49
AUD/USD	0.661
NZD/USD	0.6025

Dollar/Yen Exchange Rate

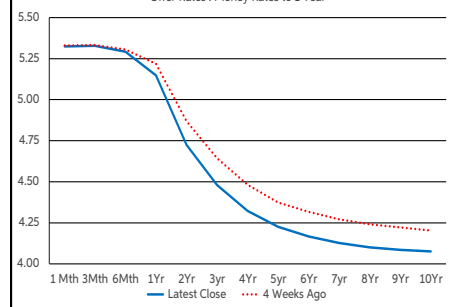


Euro/Yen Exchange Rate



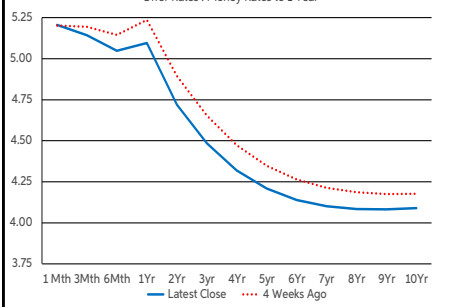
US Swap Curve

Offer Rates : Money Rates to 1 Year



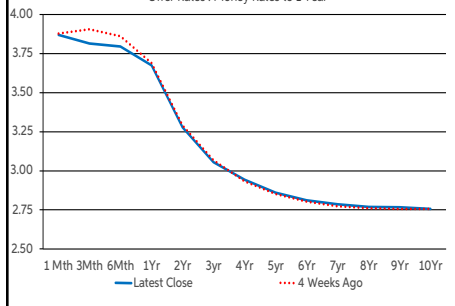
UK Swap Curve

Offer Rates : Money Rates to 1 Year

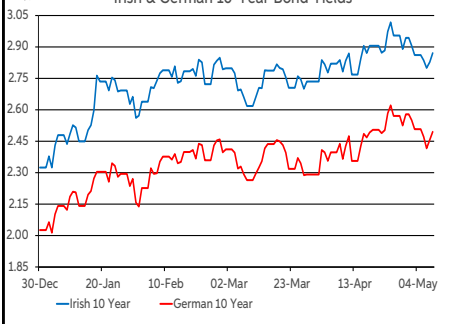


Eurozone Swap Curve

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	4.45	-4	-13	+59
Germany	2.50	+4	+2	+47
UK	4.14	+0	-6	+61
Ireland	2.89	+4	-2	+52
Belgium	3.06	+6	+8	+37
France	3.00	+3	+6	+44
Italy	3.84	+3	-1	+14
Spain	3.28	+3	-0	+29
Portugal	3.15	+3	-2	+36
Greece	3.54	+5	+15	+47
5 Year Swap %				
US	4.48	-3	-16	+69
Eurozone	2.86	+2	+2	+43
UK	4.21	-3	-13	+56
2 Year Swap %				
US	4.97	-4	-17	+63
Eurozone	3.28	+0	-0	+48
UK	4.72	-5	-17	+45
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	-4	+5
Belgium	56	+3	+6	-10
France	50	-0	+4	-3
Italy	134	-0	-4	-33
Spain	79	-1	-2	-18
Portugal	65	-0	-4	-11
Greece	104	+1	+13	-0

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	83.88	+0.36	-6.53	+8.88
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2345.9	+1.61	-1.15	+13.73

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.