

BoE in the spotlight today

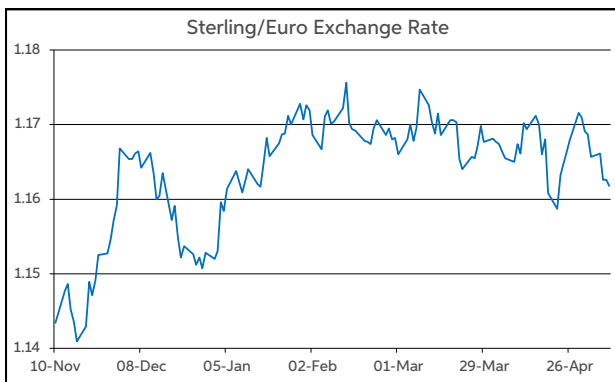
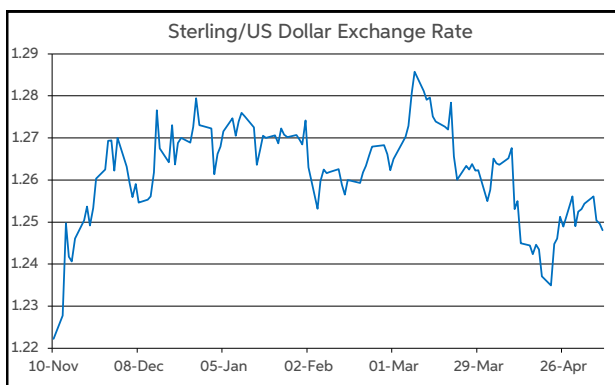
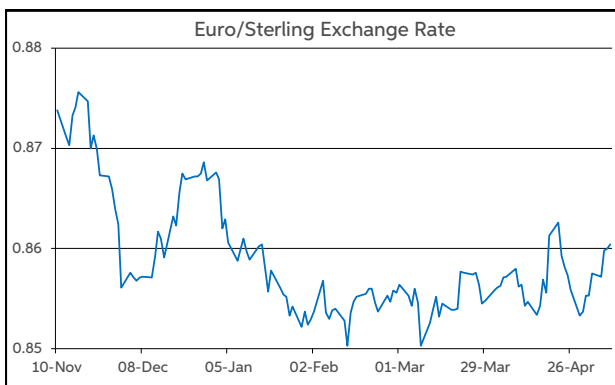
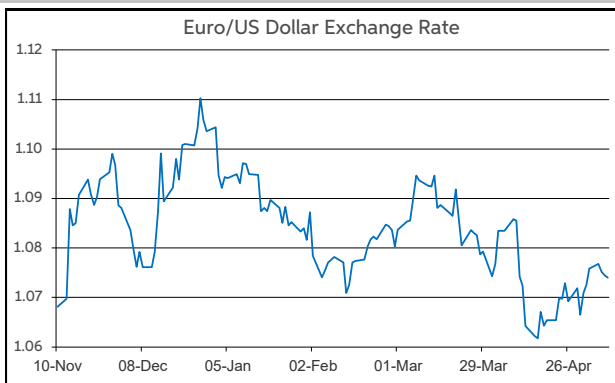
Market action over the past 24 hours has been muted. A quiet data calendar on both sides of the Atlantic has been a contributing factor to the subdued trading conditions. The only data of any note was the early morning release of German industrial output for March. It fell by 0.4% in the month (from +1.7% m/m in Feb), which was slightly better than forecast (-0.6%). However, it rose by 1% in the quarter, after contracting in the previous 3 quarters.

Amid the sparse macro diary, investor sentiment was holding a somewhat cautious tone. In Europe, the Euro Stoxx 50 was 0.4% higher. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 posted a flat performance on the day. On bond markets, benchmark 10-year sovereign yields rose between 1-5bps.

On the currency front, the main pairs were confined to narrow ranges yesterday. This has remained the case in overnight Asia-Pacific trading. As a result, the majors start this morning very similar to yesterday's open, meaning sterling has held onto its weaker footing. In level terms, EUR/GBP has maintained its position up at the 86p threshold, while GBP/USD remains below \$1.25. Meantime, EUR/USD continues to trade in and around the midpoint of the \$1.07-1.08 band.

Looking ahead to today, there is some event risk for sterling with the spotlight on the BoE's policy meeting for May. No rate changes are envisaged. Therefore, attention will be on the meeting statement, Governor Bailey's press conference and the updated macro projections for guidance on when the BoE may cut rates. Futures contracts pricing indicate the market is currently anticipating around 50bps of easing this year, with the first 25bps cut envisaged at the August BoE meeting.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.074	0.01	-2.68
EUR/GBP	0.8603	0.03	-0.75
GBP/USD	1.2481	-0.02	-1.95
GBP/EUR	1.1617	-0.03	0.76
USD/JPY	155.73	0.36	10.40
EUR/JPY	167.3	0.38	7.50

* 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	5.40	5.04	4.57
EUR	4.50	3.88	3.79	3.65	3.30	2.87
GBP	5.25	5.18	5.13	4.89	4.78	4.24

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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Euro

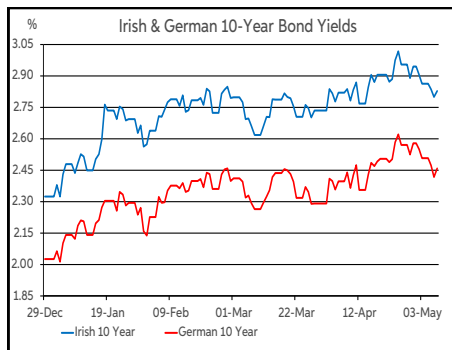
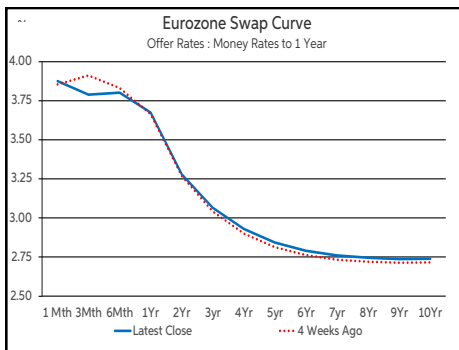
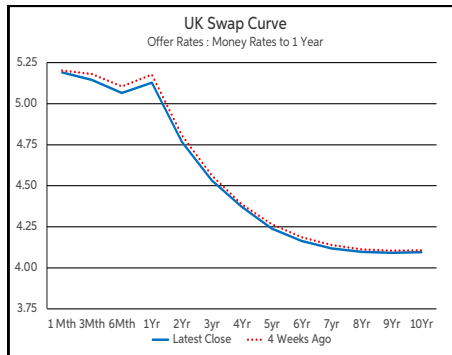
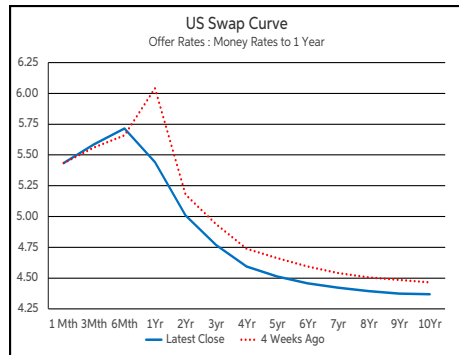
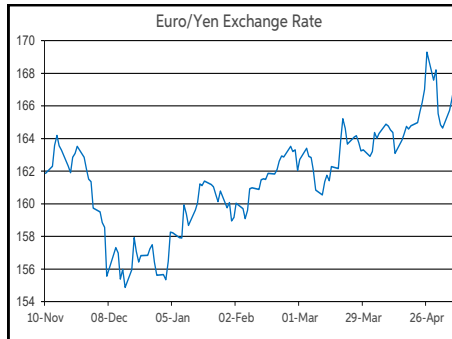
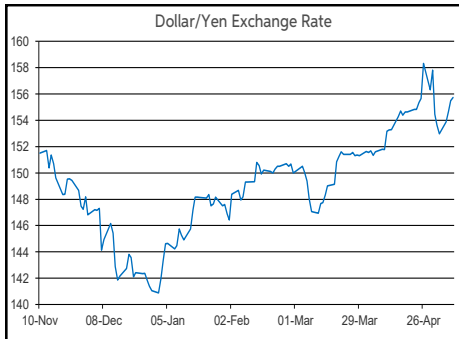
EUR/GBP	0.8603
EUR/USD	1.074
EUR/JPY	167.3
EUR/SEK	11.7323
EUR/DKK	7.4587
EUR/NOK	11.7147
EUR/CHF	0.9758
EUR/AUD	1.6339
EUR/HKD	8.3938
EUR/CAD	1.4752

Sterling

GBP/EUR	1.1617
GBP/USD	1.2481
GBP/CAD	1.7141
GBP/NZD	2.0799
GBP/JPY	194.37
GBP/SEK	13.6286
GBP/DKK	8.6644
GBP/NOK	13.6176
GBP/CHF	1.1338
GBP/AUD	1.899

Dollar

USD/JPY	155.73
USD/CAD	1.3733
USD/CHF	0.9083
USD/CNY	7.2255
USD/BRL	5.0904
USD/RUB	91.7455
USD/INR	83.491
AUD/USD	0.6571
NZD/USD	0.5999



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.49	+3	-7	+63
Germany	2.46	+4	+3	+43
UK	4.14	+1	-1	+60
Ireland	2.85	+4	-1	+48
Belgium	3.00	+4	+2	+31
France	2.97	+5	+4	+41
Italy	3.80	+4	+3	+10
Spain	3.25	+5	+1	+26
Portugal	3.11	+4	+1	+33
Greece	3.49	+2	+13	+42
5 Year Swap %				
US	4.51	+3	-11	+72
Eurozone	2.84	+4	+4	+42
UK	4.24	-0	-2	+59
2 Year Swap %				
US	5.01	+1	-13	+68
Eurozone	3.28	+2	+2	+48
UK	4.77	-0	-3	+50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-5	+5
Belgium	54	-0	-2	-12
France	50	+1	+1	-3
Italy	134	+1	-0	-33
Spain	79	+1	-2	-17
Portugal	65	+0	-2	-11
Greece	103	-2	+10	-2

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	83.58	+0.51	-7.63	+8.49
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2308.6	-0.22	-1.04	+11.93

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