

Dollar softer post-Fed meeting

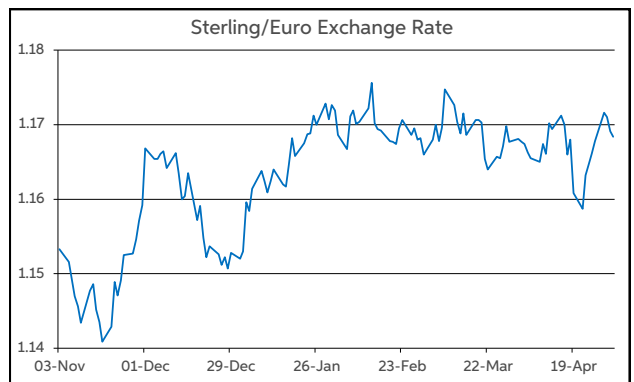
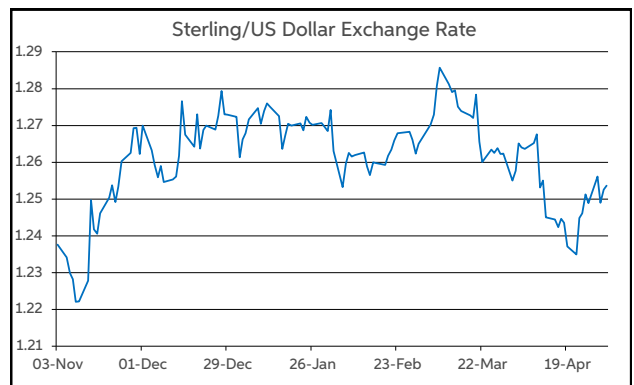
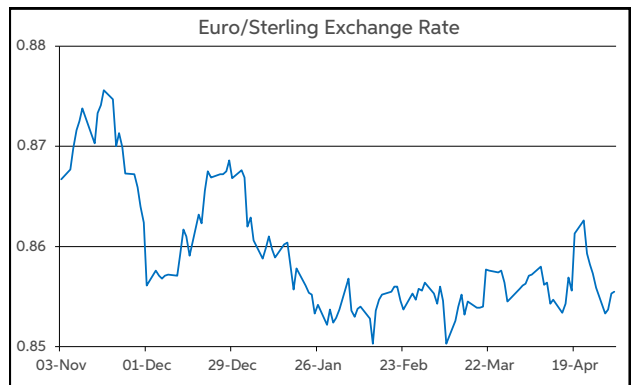
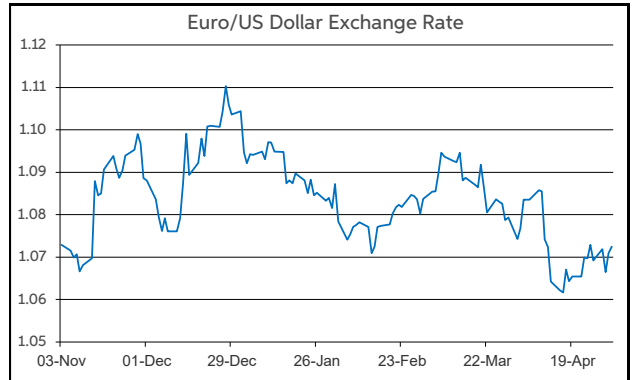
Markets were relatively quiet yesterday, as investors kept their powder dry ahead of the Fed policy decision. A market holiday in most of Europe and a limited data schedule also contributed to the lacklustre price action. The only release of note, the US manufacturing ISM for April printed below the consensus and back in contraction mode, at 49.2 (vs. 50.0 f'cast). Worryingly, the underlying details of the survey suggest inflationary pressures intensified and labour market conditions softened in the sector.

Overnight, the Fed left interest rate policy unchanged, as expected. Meantime, the FOMC announced that it will slow the pace of quantitative tightening for US Treasuries to \$25bn per month from \$60bn currently, in June. However, at the post-meeting press conference, Chair Powell was less hawkish than anticipated. Against this backdrop, US futures contracts softened by circa 5bps, with a total of 35bps worth of rate cuts now priced in by year end.

Currency-wise, the main FX pairs operated in narrow ranges in the led up to yesterday's Fed meeting decision. However, the dollar softened overnight, amid the less hawkish tone from Chair Powell. Meantime, volatility in the yen suggests Japanese government authorities intervened in the market once again overnight. USD/JPY dropped from ¥158 to ¥153 in overnight action. The pair has since edged higher.

As trading gets underway this morning, EUR/USD opens above the \$1.07 threshold. GBP/USD is near the midpoint of the \$1.25-1.26 corridor. Elsewhere, EUR/GBP is at the halfway mark of the 85-86p range. USD/JPY is close to ¥155. Turning to the day ahead, there is a somewhat sparse release schedule on both sides of the Atlantic.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0725	0.67	-2.82
EUR/GBP	0.8555	0.20	-1.30
GBP/USD	1.2535	0.46	-1.52
GBP/EUR	1.1683	-0.20	1.32
USD/JPY	155.23	-1.66	10.05
EUR/JPY	166.53	-1.01	7.00

* 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	5.43	5.59	5.47	5.17	4.69
EUR	4.50	3.87	3.83	3.67	3.39	2.94
GBP	5.25	5.19	5.17	5.01	4.94	4.47

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

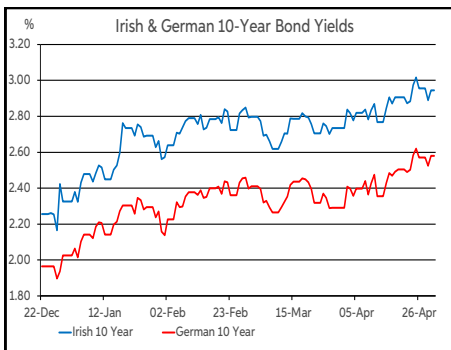
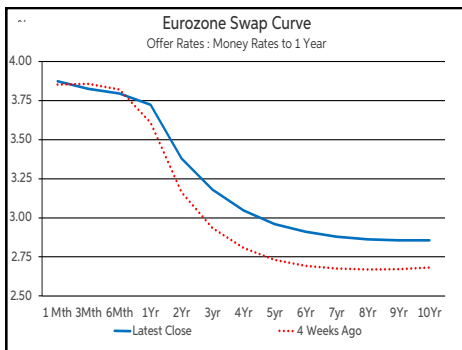
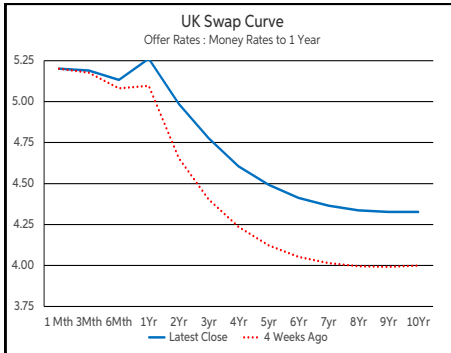
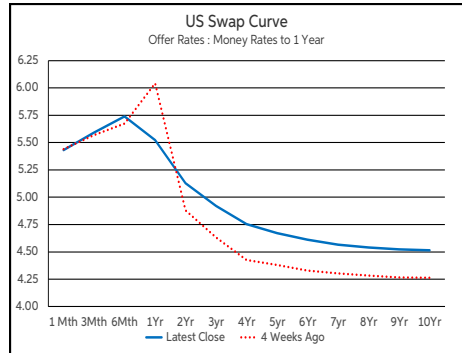
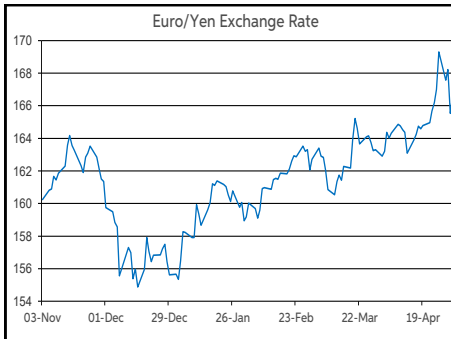
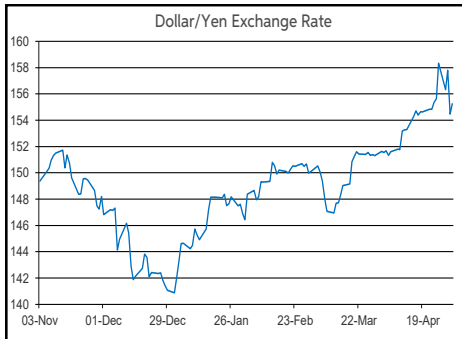
EUR/GBP	0.8555
EUR/USD	1.0725
EUR/JPY	166.53
EUR/SEK	11.6836
EUR/DKK	7.4585
EUR/NOK	11.8175
EUR/CHF	0.977
EUR/AUD	1.6384
EUR/HKD	8.3842
EUR/CAD	1.4704

Sterling

GBP/EUR	1.1683
GBP/USD	1.2535
GBP/CAD	1.7186
GBP/NZD	2.1107
GBP/JPY	194.58
GBP/SEK	13.6542
GBP/DKK	8.7149
GBP/NOK	13.8118
GBP/CHF	1.142
GBP/AUD	1.9147

Dollar

USD/JPY	155.23
USD/CAD	1.3708
USD/CHF	0.9109
USD/CNY	7.2401
USD/BRL	5.1936
USD/RUB	92.6925
USD/INR	83.4525
AUD/USD	0.6546
NZD/USD	0.5938



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.59	-9	+24	+73
Germany	2.58	+5	+18	+55
UK	4.37	+2	+31	+83
Ireland	2.97	+5	+11	+60
Belgium	3.10	+5	+13	+42
France	3.08	+5	+16	+52
Italy	3.88	+6	+5	+18
Spain	3.35	+5	+9	+36
Portugal	3.20	+5	+9	+41
Greece	3.48	+4	+5	+40
5 Year Swap %				
US	4.67	-7	+33	+88
Eurozone	2.96	+0	+24	+53
UK	4.49	+2	+38	+84
2 Year Swap %				
US	5.13	-10	+29	+79
Eurozone	3.38	+0	+23	+59
UK	4.99	+2	+34	+72
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-0	-7	+5
Belgium	52	-0	-6	-14
France	50	-1	-2	-3
Italy	130	+0	-14	-37
Spain	77	-1	-10	-19
Portugal	61	-1	-9	-15
Greece	89	-2	-13	-16

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	83.44	-5.03	-6.61	+8.31
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2317.9	+1.41	+0.81	+12.38

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