

ECB to tee-up June rate cut?

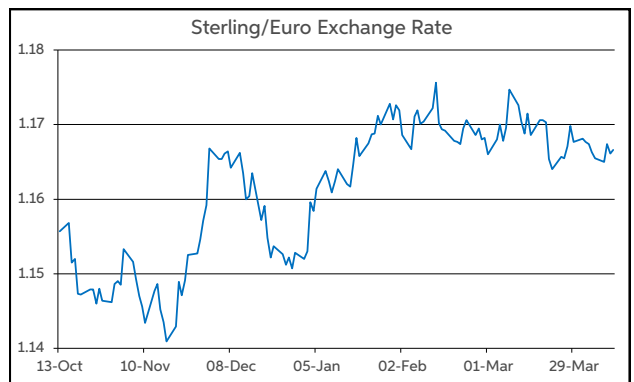
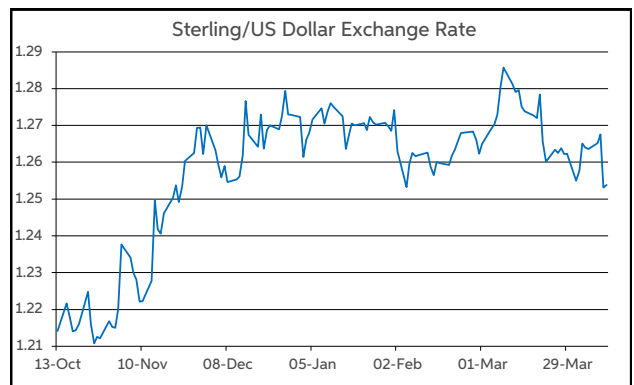
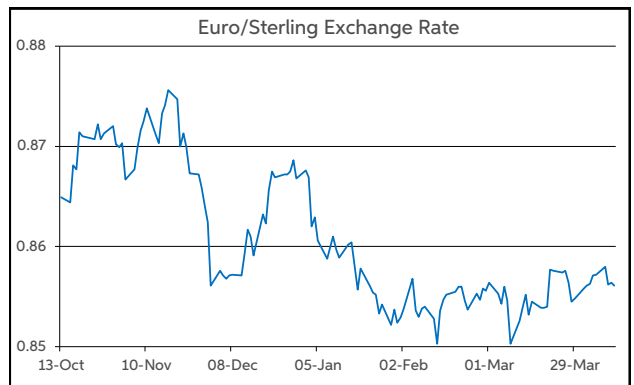
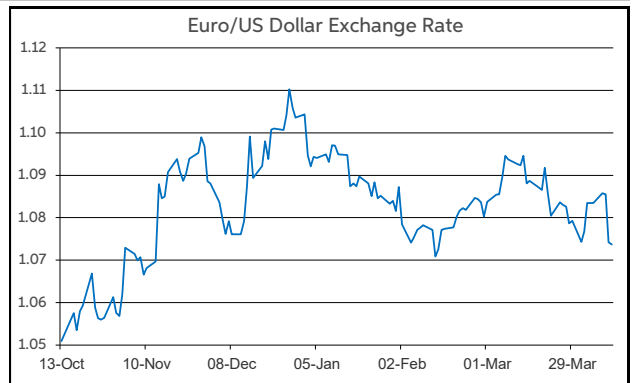
The S&P 500 fell by 0.9% yesterday, amid a marked hardening in US futures contracts, following some stronger than anticipated CPI inflation data. Headline CPI inflation rose to 3.5% in March, versus a 3.4% forecast, while the core rate was unchanged at 3.8% compared to expectations for 3.7%. It was the third straight month where CPI inflation printed above the consensus.

Against this backdrop, futures pricing adjusted, with investors now seeing just a 20% chance of a first Fed rate cut in June, compared to a 60% chance before the release. Furthermore, markets expect 40bps of policy easing in the US by year end, down from 65bps previously. The firming in US rates spilled over to Eurozone and UK futures also. Current pricing is consistent with rate cuts of 75bps in the Eurozone and circa 55bps in the UK by year end. On bond markets, sovereign yields rose by 6-20bps in the US, UK and Eurozone, led higher by the front-end of the curves. The move was most pronounced in the US.

Currency-wise, the dollar was in the ascendancy, as US yields rose by more than elsewhere. Overall, the greenback gained circa 1% across the board. The firmer tone to the dollar is reflected by EUR/USD opening this morning below the midpoint of \$1.07-1.08. GBP/USD is operating down in the \$1.25-1.26 band. Meantime, EUR/GBP remains in the 85-86p range. USD/JPY is up above ¥153, its highest level since July 1990.

Today, the focus will be on the ECB monetary policy meeting decision. The ECB is widely expected to leave rates on hold, but investors will be paying close attention for any guidance on the possibility of a June rate cut. Meantime in the US, PPI inflation for March and the latest weekly initial jobless claims data are due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0737	-1.04	-2.71
EUR/GBP	0.856	0.02	-1.25
GBP/USD	1.2539	-1.09	-1.49
GBP/EUR	1.1676	-0.02	1.26
USD/JPY	153.09	0.87	8.53
EUR/JPY	164.39	-0.20	5.63

* 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	5.56	5.47	5.16	4.65
EUR	4.50	3.84	3.92	3.67	3.29	2.84
GBP	5.25	5.19	5.19	4.99	4.86	4.29

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

Thursday 11 April 2024
07:31 am



Euro

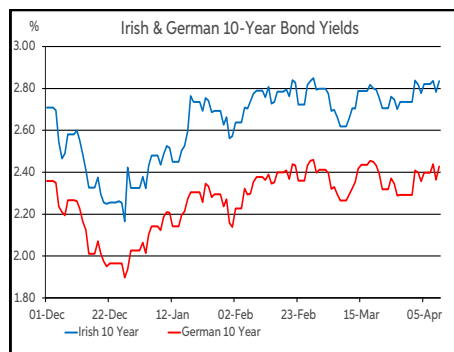
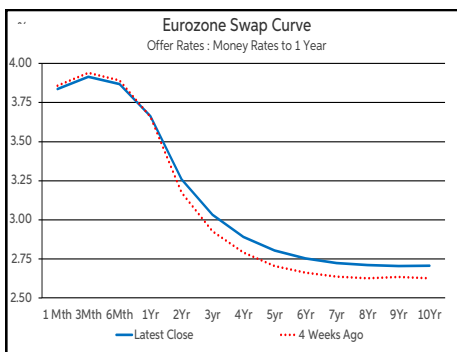
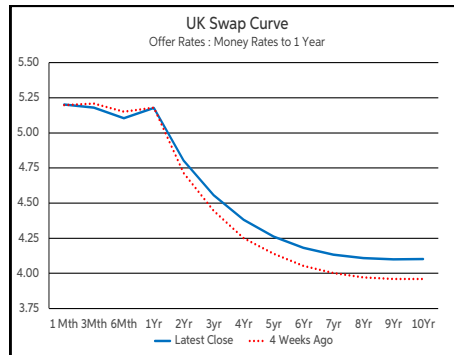
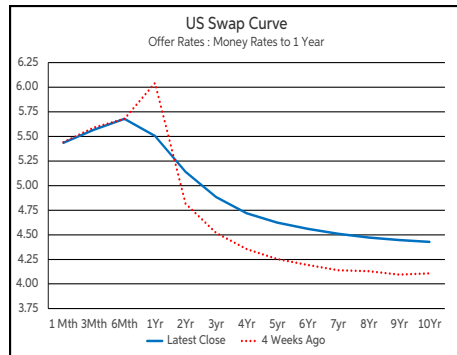
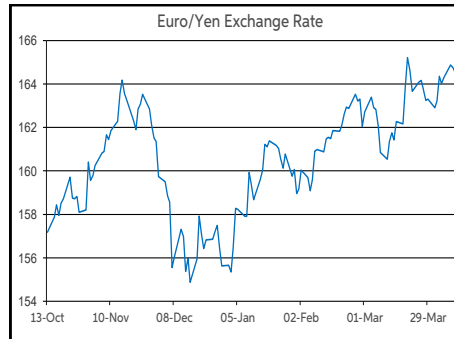
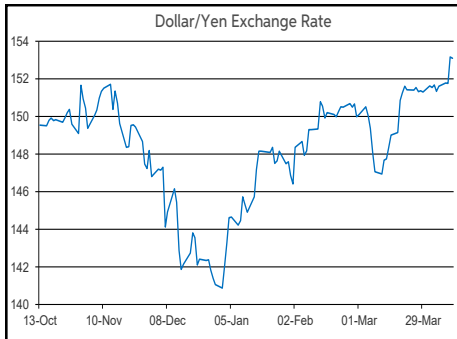
EUR/GBP	0.856
EUR/USD	1.0737
EUR/JPY	164.39
EUR/SEK	11.5114
EUR/DKK	7.4593
EUR/NOK	11.6362
EUR/CHF	0.9809
EUR/AUD	1.6455
EUR/HKD	8.4141
EUR/CAD	1.469

Sterling

GBP/EUR	1.1676
GBP/USD	1.2539
GBP/CAD	1.7157
GBP/NZD	2.095
GBP/JPY	191.96
GBP/SEK	13.4402
GBP/DKK	8.7099
GBP/NOK	13.5886
GBP/CHF	1.1456
GBP/AUD	1.9221

Dollar

USD/JPY	153.09
USD/CAD	1.3682
USD/CHF	0.9135
USD/CNY	7.2365
USD/BRL	5.0657
USD/RUB	93.6125
USD/INR	83.338
AUD/USD	0.6522
NZD/USD	0.5983



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.56	+19	+37	+70
Germany	2.43	+6	+7	+40
UK	4.15	+12	+13	+61
Ireland	2.86	+5	+11	+50
Belgium	2.98	+6	+10	+29
France	2.92	+6	+12	+36
Italy	3.77	+5	+18	+7
Spain	3.24	+6	+9	+25
Portugal	3.10	+6	+11	+32
Greece	3.36	+5	+17	+28
5 Year Swap %				
US	4.62	+23	+41	+83
Eurozone	2.80	+6	+11	+38
UK	4.26	+14	+13	+61
2 Year Swap %				
US	5.14	+24	+36	+80
Eurozone	3.26	+5	+9	+46
UK	4.80	+15	+9	+54
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-1	+3	+9
Belgium	55	+0	+2	-11
France	49	+0	+5	-4
Italy	134	-1	+11	-33
Spain	81	-0	+1	-15
Portugal	67	-0	+4	-9
Greece	93	-1	+10	-12

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	90.48	+1.19	+7.68	+17.45
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2332.8	-0.84	+7.28	+13.10

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.