

US payrolls round out a busy week

In a finely balanced decision, the BoE MPC voted 5:4 in favour of a 25bps rate cut yesterday. In the run up to the announcement, markets were expecting a close call and pricing was slightly leaning towards a rate cut. Meantime, the meeting summary, minutes and press conference offered very little in the way of guidance on the future path of policy.

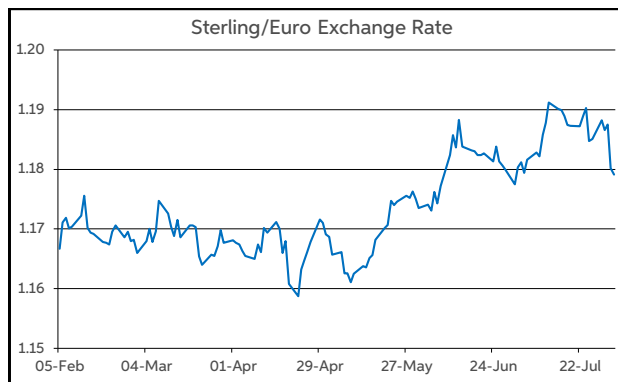
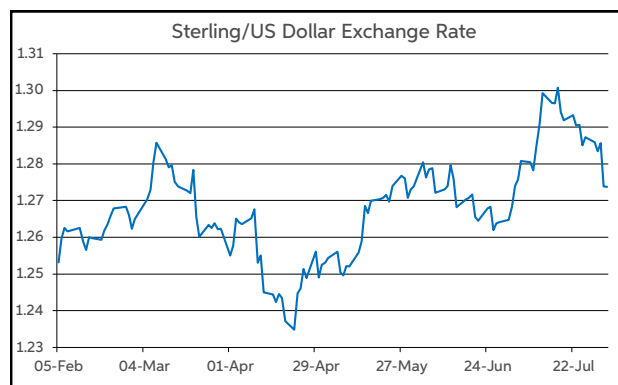
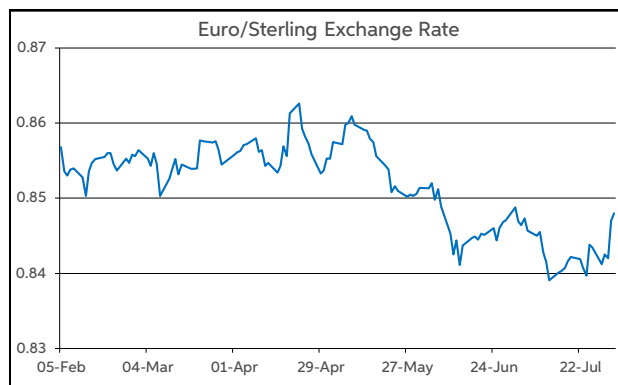
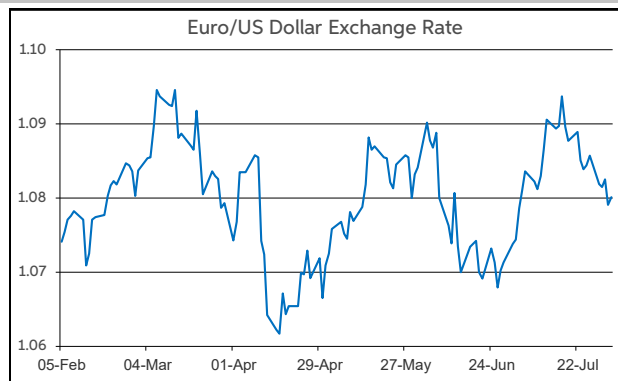
Data-wise, the US manufacturing ISM for July printed well below the consensus of 48.8, falling to 46.8. New orders and employment were quite weak in the month. Meanwhile, US initial jobless claims rose to +249k, their highest level in almost a year. In the Eurozone, the unemployment rate rose to 6.5% in June (vs. 6.4% f'cast).

Amid the BoE decision to cut, and the data misses in the US and Eurozone, there was a softening in market rate expectations yesterday. Around 55bps of policy easing is expected in the Eurozone between now and year end, while rate cuts worth 85bps and 40bps, respectively, are priced in for the US and UK.

Meanwhile, there was a strong risk-off tone to investor sentiment yesterday. The Euro Stoxx 50 shed 2.2%, while the S&P 500 lost 1.4%. Against this backdrop, the dollar was in the ascendancy on currency markets. Elsewhere, sterling was on the defensive. This sees GBP/USD open down in the lower half of \$1.27-1.28. EUR/USD is back at \$1.08. Meantime, EUR/GBP is in the top half of 84-85p.

Today, the US labour market report for July will be the highlight. There have been some signs of softening in the labour market in Q2 and this trend is set to continue. Payrolls are forecast to expand by 175k, down from +206k in June, while the unemployment rate is expected to remain at 4.1%. The release may impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0801	-0.23	-2.13
EUR/GBP	0.848	0.68	-2.17
GBP/USD	1.2738	-0.87	0.07
GBP/EUR	1.1791	-0.67	2.22
USD/JPY	148.9	-0.52	5.56
EUR/JPY	160.85	-0.75	3.35

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Money Market			Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.46	5.50	4.79	4.27	3.82
EUR	4.25	3.63	3.65	3.19	2.76	2.50
GBP	5.25	4.94	4.94	4.50	4.28	3.86

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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Opening Levels

Friday 02 August 2024
07:36 am



Euro

EUR/GBP	0.848
EUR/USD	1.0801
EUR/JPY	160.85
EUR/SEK	11.563
EUR/DKK	7.462
EUR/NOK	11.8
EUR/CHF	0.9417
EUR/AUD	1.6553
EUR/HKD	8.4395
EUR/CAD	1.4967

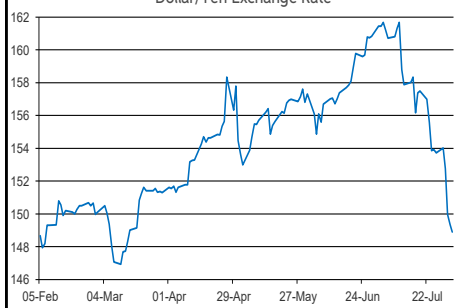
Sterling

GBP/EUR	1.1791
GBP/USD	1.2738
GBP/CAD	1.7648
GBP/NZD	2.1369
GBP/JPY	189.66
GBP/SEK	13.6404
GBP/DKK	8.7987
GBP/NOK	13.909
GBP/CHF	1.1104
GBP/AUD	1.9524

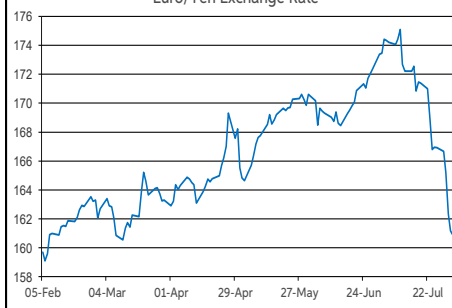
Dollar

USD/JPY	148.9
USD/CAD	1.3855
USD/CHF	0.8718
USD/CNY	7.2045
USD/BRL	5.7518
USD/RUB	85.75
USD/INR	83.703
AUD/USD	0.6524
NZD/USD	0.596

Dollar/Yen Exchange Rate

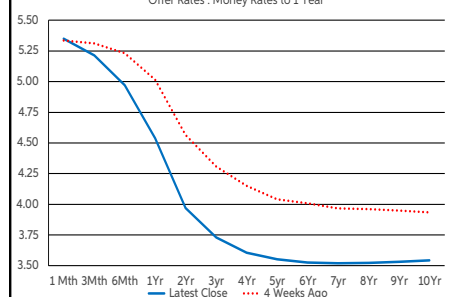


Euro/Yen Exchange Rate



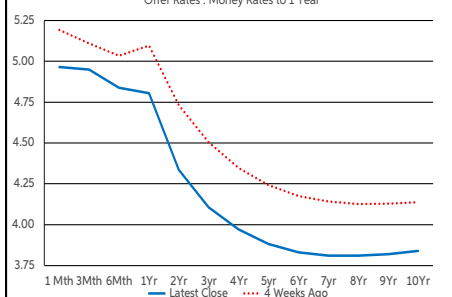
US Swap Curve

Offer Rates : Money Rates to 1 Year



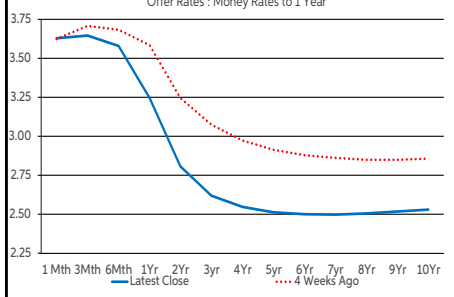
UK Swap Curve

Offer Rates : Money Rates to 1 Year

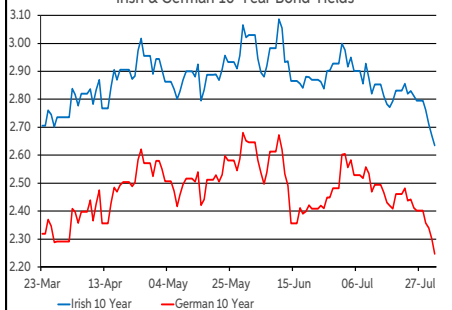


Eurozone Swap Curve

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	3.98	-13	-37	+12
Germany	2.25	-5	-34	+22
UK	3.89	-8	-31	+35
Ireland	2.68	-2	-30	+31
Belgium	2.87	-2	-31	+18
France	2.99	-2	-29	+43
Italy	3.65	-1	-36	-5
Spain	3.09	-2	-31	+10
Portugal	2.90	-3	-33	+11
Greece	3.33	-2	-35	+26
5 Year Swap %				
US	3.81	-8	-50	+2
Eurozone	2.51	-6	-39	+9
UK	3.88	-11	-36	+23
2 Year Swap %				
US	4.22	-14	-59	-11
Eurozone	2.81	-5	-43	+1
UK	4.34	-14	-39	+7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+3	+3	+9
Belgium	62	+3	+3	-4
France	74	+3	+5	+21
Italy	140	+5	-2	-27
Spain	85	+3	+3	-12
Portugal	65	+2	+1	-11
Greece	108	+3	-1	+3

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.52	-1.49	-9.05	+3.22
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2445.4	-0.11	+3.79	+18.56

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