

Risk-off mood continued yesterday

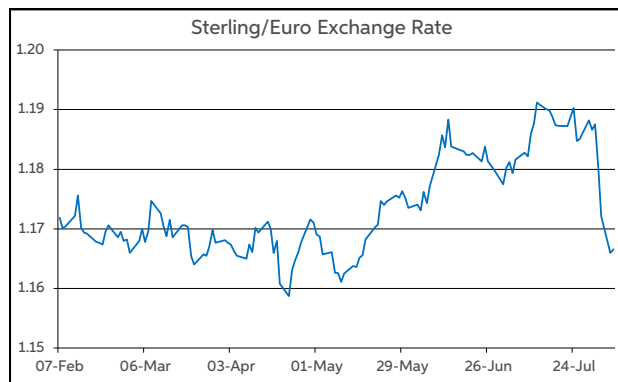
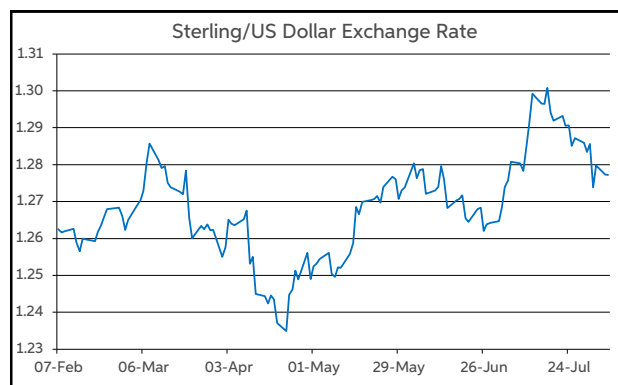
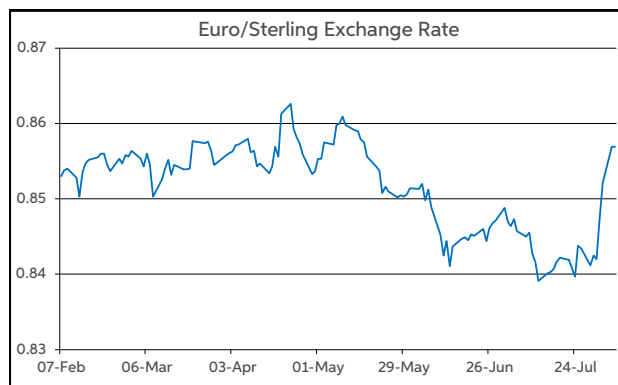
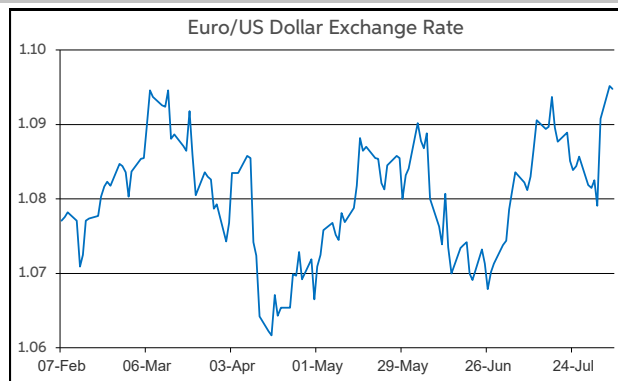
The strong risk-off mood on markets from last week carried through into trading yesterday. Concerns in relation to health of the US economy following last weeks disappointing labour market report, and the unwinding of the significant yen carry trade, have led to increased levels of volatility on markets, with the VIX index spiking to a high of 65 yesterday. Against this backdrop, the Euro Stoxx 50 fell by 1.4% yesterday, while the S&P 500 shed 3%.

On the monetary policy front, Fed officials Goolsbee and Daly sought to clam the market turmoil yesterday. Both indicated that the Fed is open to cutting rates in September, but argued the US economy is slowing and not “falling off a cliff”. Meanwhile, the US non-manufacturing ISM printed above the consensus. It rose to 51.4 in July, from 48.8 (and vs. 51.0 f’cast). Furthermore, the survey details showed new orders and employment expanded in the month. US market rate expectations firmed by circa 10bps along the curve after the release.

Currency-wise, trading conditions remained volatile, particularly in relation to the yen. Indeed, USD/JPY operated in a very wide ¥141.7-146.6 range yesterday. Elsewhere, EUR/USD tested above \$1.10. However, the dollar recouped its losses overnight. In level terms, EUR/USD opens this morning at the midpoint of \$1.09-1.10. GBP/USD is changing hands in the top half \$1.27-1.28. Meantime, EUR/GBP is in the upper half of the 85-86p corridor. USD/JPY is in the ¥145-146 trading band.

Turning to the day ahead, Eurozone retail sales for June will be released. A modest 0.1% contraction is pencilled in for the month. However, the data are unlikely to impact the euro. Indeed, the main focus today will likely remain on trading conditions.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0948	0.16	-0.80
EUR/GBP	0.857	0.36	-1.13
GBP/USD	1.2772	-0.22	0.34
GBP/EUR	1.1665	-0.36	1.14
USD/JPY	145.89	1.90	3.42
EUR/JPY	159.72	2.05	2.63

* 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	5.47	5.49	4.59	4.09	3.72
EUR	4.25	3.61	3.62	3.10	2.76	2.50
GBP	5.00	4.93	4.90	4.49	4.32	3.89

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

Tuesday 06 August 2024
06:46 am



Euro

EUR/GBP	0.857
EUR/USD	1.0948
EUR/JPY	159.72
EUR/SEK	11.5276
EUR/DKK	7.4605
EUR/NOK	12.0109
EUR/CHF	0.9381
EUR/AUD	1.6781
EUR/HKD	8.5322
EUR/CAD	1.5126

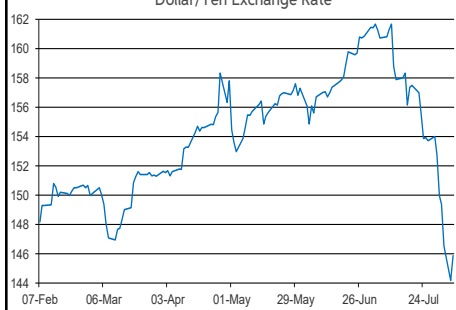
Sterling

GBP/EUR	1.1665
GBP/USD	1.2772
GBP/CAD	1.7647
GBP/NZD	2.1525
GBP/JPY	186.33
GBP/SEK	13.4394
GBP/DKK	8.7033
GBP/NOK	14.0179
GBP/CHF	1.0944
GBP/AUD	1.9576

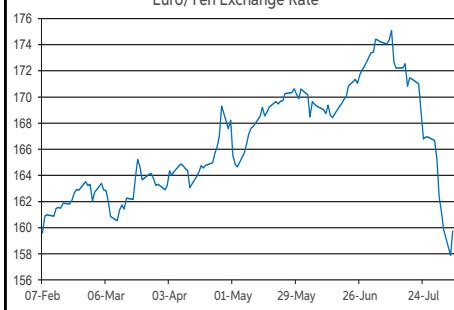
Dollar

USD/JPY	145.89
USD/CAD	1.3816
USD/CHF	0.8568
USD/CNY	7.1491
USD/BRL	5.7239
USD/RUB	85.3
USD/INR	83.871
AUD/USD	0.6523
NZD/USD	0.5932

Dollar/Yen Exchange Rate

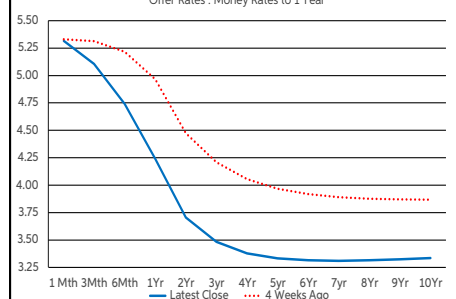


Euro/Yen Exchange Rate



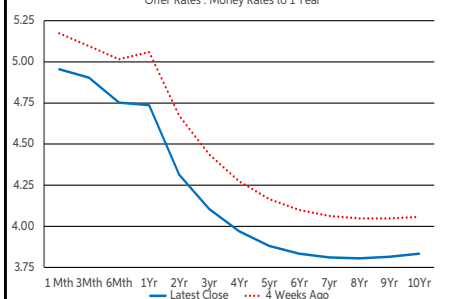
US Swap Curve

Offer Rates : Money Rates to 1 Year



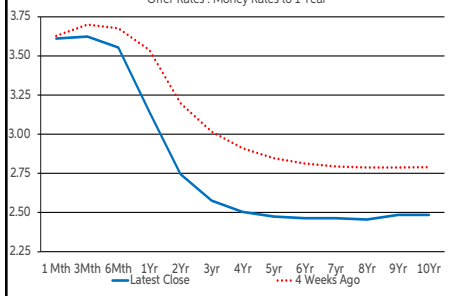
UK Swap Curve

Offer Rates : Money Rates to 1 Year

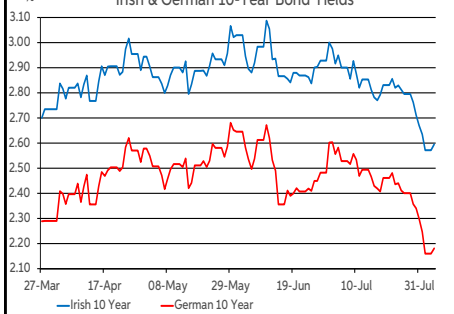


Eurozone Swap Curve

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	3.78	-1	-49	-8
Germany	2.18	+2	-34	+15
UK	3.87	+4	-24	+33
Ireland	2.62	+2	-27	+26
Belgium	2.85	+3	-25	+16
France	2.98	+2	-19	+42
Italy	3.69	+6	-21	-1
Spain	3.09	+4	-22	+10
Portugal	2.88	+2	-25	+10
Greece	3.33	+2	-25	+25
5 Year Swap %				
US	3.62	+3	-60	-17
Eurozone	2.48	+2	-36	+5
UK	3.88	+5	-28	+23
2 Year Swap %				
US	3.98	+4	-75	-35
Eurozone	2.75	+1	-44	-5
UK	4.31	+5	-35	+5
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	-1	+7	+10
Belgium	66	+1	+9	+0
France	80	-0	+15	+27
Italy	150	+4	+13	-17
Spain	91	+1	+12	-5
Portugal	70	-0	+9	-6
Greece	115	+0	+9	+10

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	76.3	-0.66	-11.02	-0.96
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2407.6	-1.46	+2.07	+16.73

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