

Softer dollar amid weaker US data

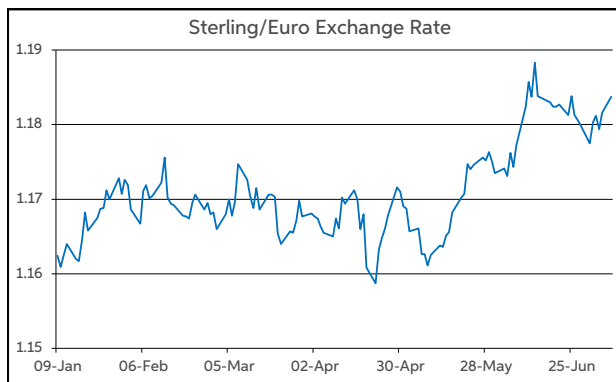
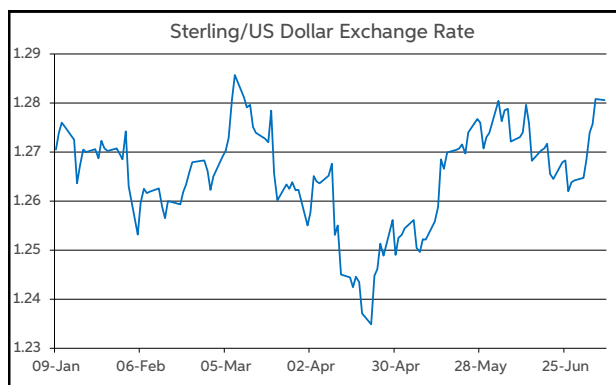
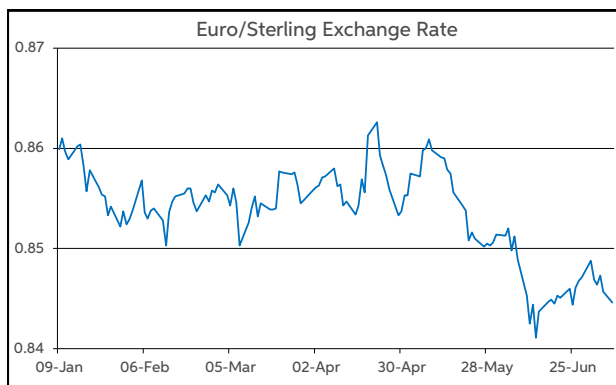
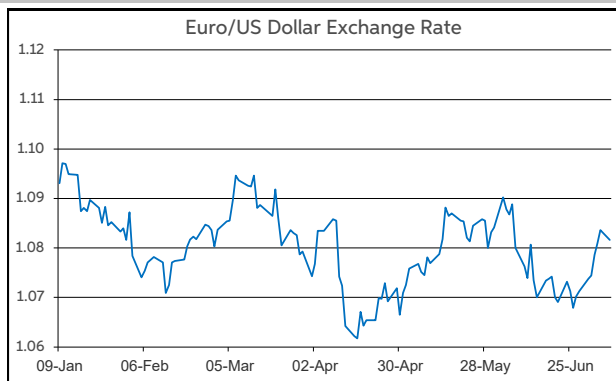
There was plenty for markets to digest last week with some key data, elections and a central banking forum. Currency-wise, the dollar was holding a softer tone. The main catalyst for this was the weaker than expected non-manufacturing ISM (June). Meantime, while headline US payrolls (June) were better than forecast, there were downward revisions to prior months, the private sector metric disappointed and the unemployment rate was higher than forecast.

Looking ahead, politics will remain in the market's thoughts this morning. Investors will be digesting last night's result from the French election, where the 'Left Alliance' unexpectedly became the largest grouping. There was some marginal downward pressure on the euro in the immediate aftermath. The prospect of a hung parliament/political deadlock will mean that French politics will remain a potential source of headline risk for the currency.

Data-wise, this week's macro calendar features two main highlights. For sterling, we get the UK monthly GDP numbers for May. Growth is expected to have picked up modestly (f'cast for 0.2% m/m), after being flat at the start of the quarter. From a dollar perspective, with the Fed being very much 'data dependent' in determining when to start to cut interest rates, the CPI inflation report for June is important. Fed Chair Powell commented last week that recent data "suggest that we are getting back on a disinflationary path". His testimony this week before Congress will also warrant attention. The Eurozone data diary is sparse.

The weaker dollar tone is reflected in EUR/USD starting the week above \$1.08. The combination of a softer dollar and a modest post-UK election bounce for sterling sees GBP/USD up at \$1.28. Meanwhile, EUR/GBP is trading near to the midpoint of 84-85p.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0816	-0.04	-1.99
EUR/GBP	0.8446	-0.33	-2.56
GBP/USD	1.2806	0.30	0.60
GBP/EUR	1.1835	0.33	2.63
USD/JPY	160.54	-0.06	13.81
EUR/JPY	173.69	-0.09	11.60

* 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	5.57	5.22	4.76	4.24
EUR	4.25	3.64	3.71	3.51	3.19	2.87
GBP	5.25	5.17	5.08	4.82	4.71	4.21

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

Monday 08 July 2024
07:11 am



Euro

EUR/GBP	0.8446
EUR/USD	1.0816
EUR/JPY	173.69
EUR/SEK	11.363
EUR/DKK	7.4589
EUR/NOK	11.4338
EUR/CHF	0.9679
EUR/AUD	1.6037
EUR/HKD	8.4476
EUR/CAD	1.4757

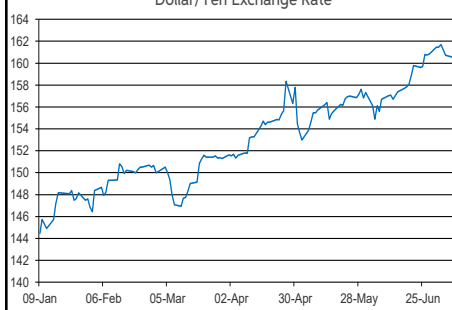
Sterling

GBP/EUR	1.1835
GBP/USD	1.2806
GBP/CAD	1.7472
GBP/NZD	2.0849
GBP/JPY	205.61
GBP/SEK	13.4506
GBP/DKK	8.8284
GBP/NOK	13.531
GBP/CHF	1.1459
GBP/AUD	1.8986

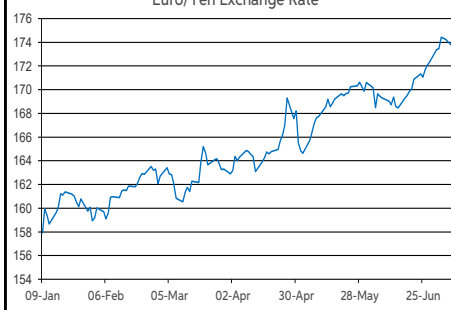
Dollar

USD/JPY	160.54
USD/CAD	1.3642
USD/CHF	0.8947
USD/CNY	7.2693
USD/BRL	5.4594
USD/RUB	87.9955
USD/INR	83.474
AUD/USD	0.6743
NZD/USD	0.6142

Dollar/Yen Exchange Rate

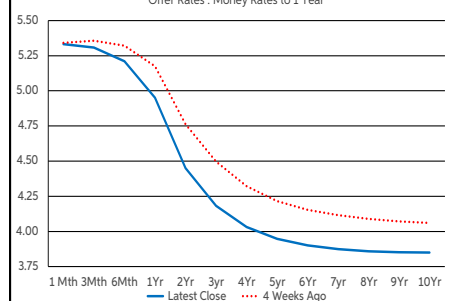


Euro/Yen Exchange Rate



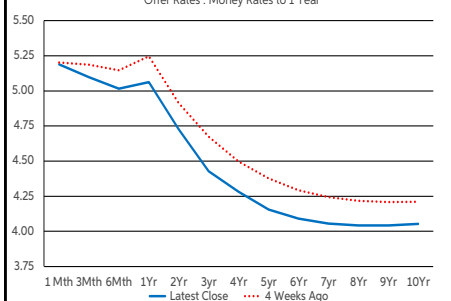
US Swap Curve

Offer Rates : Money Rates to 1 Year



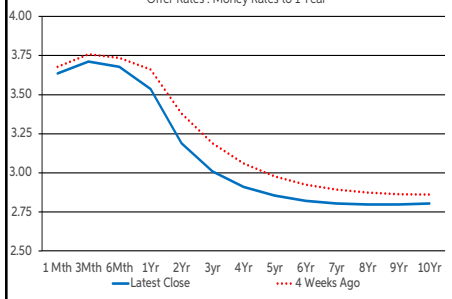
UK Swap Curve

Offer Rates : Money Rates to 1 Year

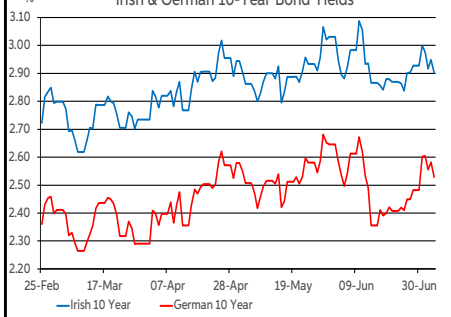


Eurozone Swap Curve

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	4.27	-7	-16	+41
Germany	2.53	-5	-8	+50
UK	4.13	-7	-14	+59
Ireland	2.92	-6	-10	+56
Belgium	3.12	-5	-5	+44
France	3.21	-7	+9	+65
Italy	3.94	-6	-3	+24
Spain	3.35	-5	-5	+35
Portugal	3.18	-5	-5	+39
Greece	3.62	-6	-4	+55
5 Year Swap %				
US	4.22	-9	-26	+42
Eurozone	2.85	-5	-12	+43
UK	4.16	-8	-22	+50
2 Year Swap %				
US	4.69	-12	-32	+36
Eurozone	3.19	-5	-18	+40
UK	4.67	-5	-24	+41
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-1	+5
Belgium	59	+0	+4	-7
France	68	-1	+18	+15
Italy	141	-1	+5	-26
Spain	81	-0	+3	-15
Portugal	64	+0	+3	-12
Greece	109	-0	+4	+4

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	86.54	-1.02	+8.69	+12.33
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2391.5	+1.50	+4.31	+15.94

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