

## EUR/USD remains above \$1.08

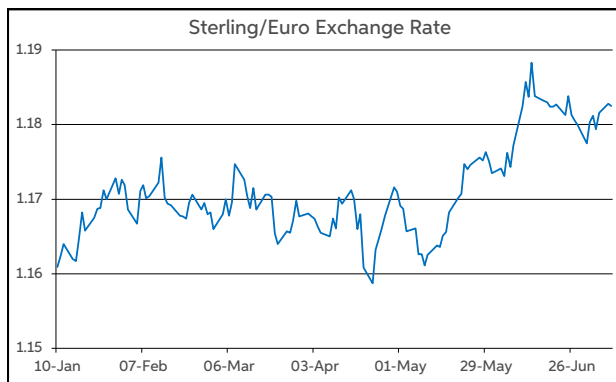
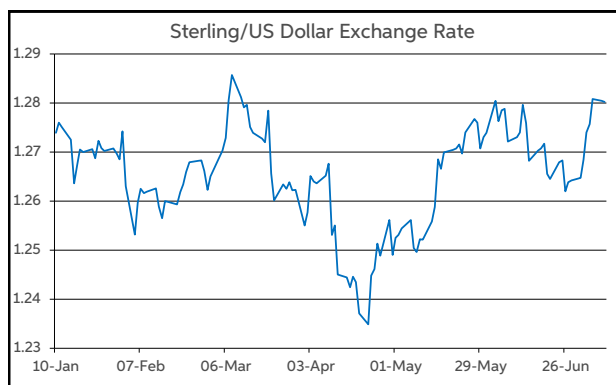
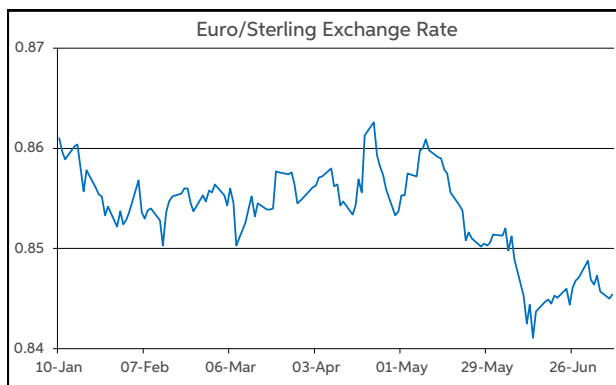
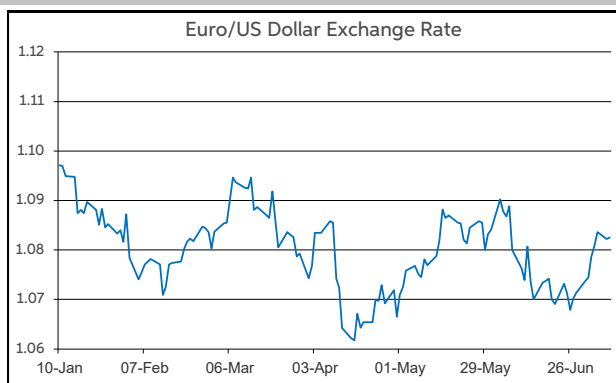
There was a subdued mood across markets yesterday. Investors were digesting the result of the French election. While the overall outcome of a hung parliament was in line with expectations, the 'Left Alliance' becoming the largest grouping and not the National Rally party was a surprise. There was a modest narrowing in the yield spread between 10-year French and German bonds. The euro initially came under some mild downward pressure in the immediate aftermath, but the overall FX impact was limited.

Indeed, looking across the FX majors, the action has been contained within narrow ranges over the past 24 hours. This means that the dollar has for the most part held onto its softer tone which emerged over the course of last week. This occurred against the backdrop of disappointing US macro newsflow, resulting in a softening of US rate expectations and lower US yields, which combined to act as a headwind for the greenback.

In level terms, EUR/USD has maintained its position above the \$1.08 threshold, trading mostly in a very tight \$1.08-1.084 range since yesterday morning. The EUR/GBP pair has continued to operate in and around the midpoint of 84-85p. Meanwhile, GBP/USD opens this morning at \$1.28, very similar to where it started yesterday. Elsewhere, USD/JPY remains below the ¥161 level.

Looking ahead to today, the global macro diary remains sparse. From a currency viewpoint, the main agenda item worthy of attention will be Fed Chair Powell's semi-annual testimony to Congress. Last week, Chair Powell was sounding more dovish, noting that it appears that US inflation is back on a "disinflationary path". If his comments today are in a similar vein, then the dollar may struggle to generate upward momentum.

**John Fahey, Senior Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2023 |
| EUR/USD                  | 1.0825 | -0.02    | -1.91    |
| EUR/GBP                  | 0.8454 | 0.07     | -2.47    |
| GBP/USD                  | 1.2805 | -0.05    | 0.60     |
| GBP/EUR                  | 1.1825 | -0.07    | 2.53     |
| USD/JPY                  | 160.86 | 0.21     | 14.04    |
| EUR/JPY                  | 174.15 | 0.18     | 11.90    |

\* 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  | 5.21       | 4.76 | 4.26 |
| EUR                    | 4.25      | 3.64         | 3.71  | 3.53       | 3.21 | 2.86 |
| GBP                    | 5.25      | 5.16         | 5.08  | 4.82       | 4.67 | 4.16 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

|         |                            |            |            |                  |                           |                 |                                   |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke<br>Shane Gargan | FX Options | Mark Tuite | Reuters<br>Phone | AIBG.I<br>00353-1-7724018 | Morning Comment | John Fahey<br>john.j.fahey@aib.ie |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

# Opening Levels

Tuesday 09 July 2024  
07:22 am



## Euro

|         |         |
|---------|---------|
| EUR/GBP | 0.8454  |
| EUR/USD | 1.0825  |
| EUR/JPY | 174.15  |
| EUR/SEK | 11.4478 |
| EUR/DKK | 7.4582  |
| EUR/NOK | 11.4828 |
| EUR/CHF | 0.9726  |
| EUR/AUD | 1.6062  |
| EUR/HKD | 8.4571  |
| EUR/CAD | 1.4758  |

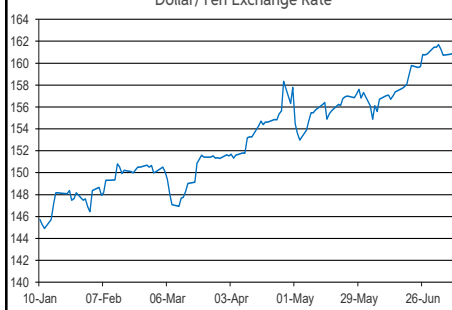
## Sterling

|         |         |
|---------|---------|
| GBP/EUR | 1.1825  |
| GBP/USD | 1.2805  |
| GBP/CAD | 1.7456  |
| GBP/NZD | 2.0912  |
| GBP/JPY | 205.98  |
| GBP/SEK | 13.5352 |
| GBP/DKK | 8.8201  |
| GBP/NOK | 13.575  |
| GBP/CHF | 1.1504  |
| GBP/AUD | 1.8995  |

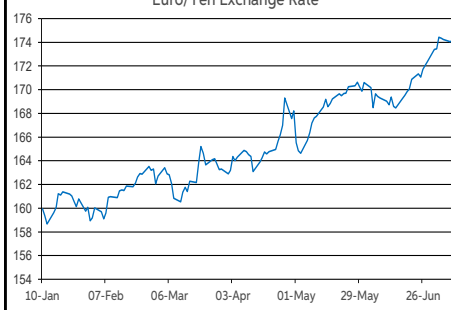
## Dollar

|         |        |
|---------|--------|
| USD/JPY | 160.86 |
| USD/CAD | 1.3632 |
| USD/CHF | 0.8984 |
| USD/CNY | 7.2715 |
| USD/BRL | 5.4714 |
| USD/RUB | 87.8   |
| USD/INR | 83.476 |
| AUD/USD | 0.674  |
| NZD/USD | 0.612  |

Dollar/Yen Exchange Rate

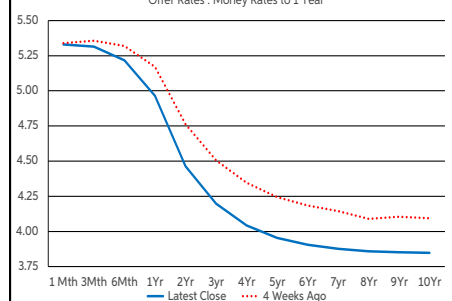


Euro/Yen Exchange Rate



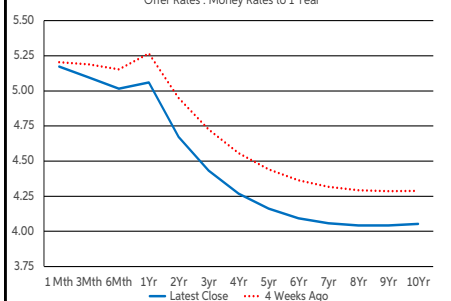
US Swap Curve

Offer Rates : Money Rates to 1 Year



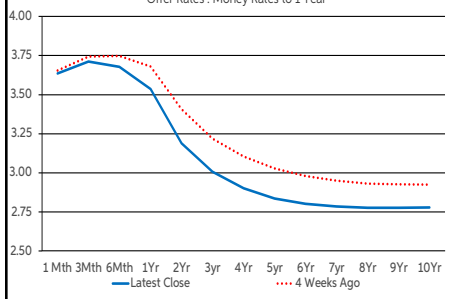
UK Swap Curve

Offer Rates : Money Rates to 1 Year

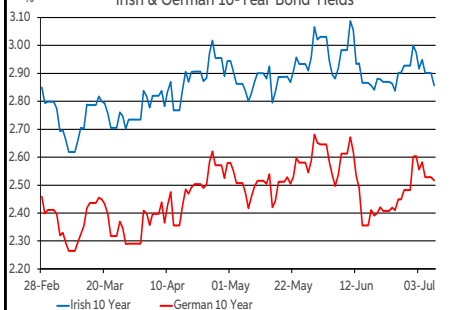


Eurozone Swap Curve

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  | -0         | -20     | +41    |
| Germany  | 2.52  | -1         | -16     | +49    |
| UK   | 4.12  | -1         | -21     | +58    |
| Ireland  | 2.89  | -3         | -22     | +53    |
| Belgium  | 3.10  | -3         | -17     | +41    |
| France   | 3.17  | -4         | -7      | +61    |
| Italy  | 3.89  | -5         | -19     | +19    |
| Spain  | 3.31  | -4         | -19     | +32    |
| Portugal   | 3.13  | -4         | -19     | +35    |
| Greece   | 3.58  | -4         | -19     | +50    |
| -----  |       |            |         |        |
| 5 Year Swap %                                    |       |            |         |        |
| US   | 4.22  | +1         | -27     | +43    |
| Eurozone   | 2.84  | -2         | -18     | +41    |
| UK   | 4.16  | -2         | -28     | +51    |
| -----  |       |            |         |        |
| 2 Year Swap %                                    |       |            |         |        |
| US   | 4.72  | +1         | -29     | +39    |
| Eurozone   | 3.19  | +0         | -21     | +40    |
| UK   | 4.67  | -1         | +467    | +40    |
| -----  |       |            |         |        |
| 10 Year Government Bond Spreads to Benchmark bps |       |            |         |        |
| Ireland  | 37    | -2         | -6      | +3     |
| Belgium  | 58    | -2         | -2      | -8     |
| France   | 65    | -3         | +8      | +12    |
| Italy  | 137   | -4         | -3      | -30    |
| Spain  | 79    | -3         | -3      | -18    |
| Portugal   | 61    | -3         | -4      | -15    |
| Greece   | 106   | -3         | -3      | +1     |

## Commodities

|                | % Change |       |         |        |
|----------------|----------|-------|---------|--------|
|                | Close    | Day   | 4 Weeks | End 23 |
| Brent Oil      | 85.75    | -0.91 | +5.05   | +11.31 |
| West Texas Oil | 71.65    | -0.17 | -1.90   | -1.27  |
| Gold \$        | 2358.8   | -1.37 | +2.09   | +14.36 |

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