

Narrow trading for the FX majors

Yesterday's macro data calendar was very quiet on both sides of the Atlantic. Instead, the main focus was on Fed Chair Powell's semi-annual testimony to Congress. Overall, his prepared remarks and subsequent comments in the Q&A did not provide any surprises or new insight into the Fed's current mindset in relation to when it may start to cut interest rates.

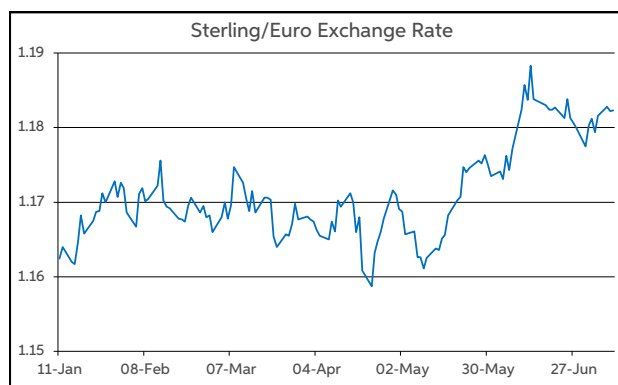
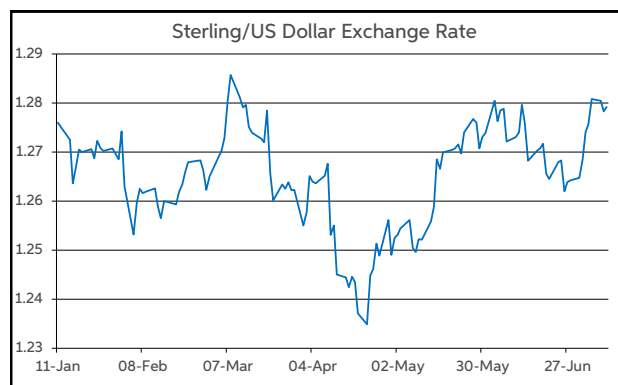
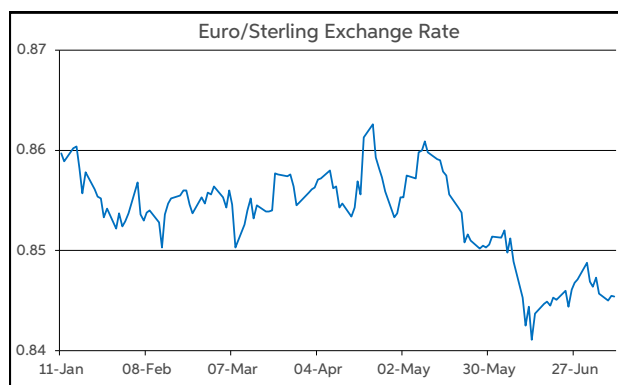
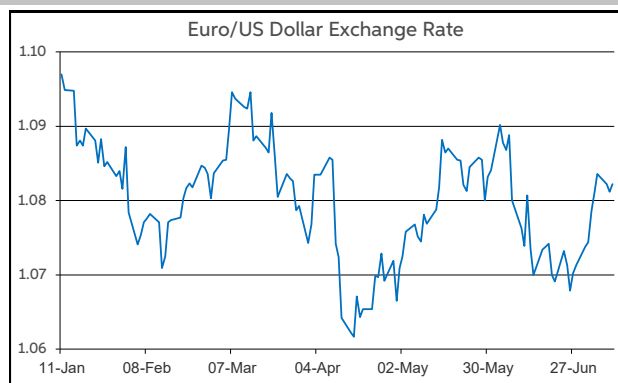
As a result, his testimony had no impact on interest rate expectations or the dollar. Futures contracts continue to indicate that the market is anticipating 50bps of rate cuts in total from the Fed by year end. The market is attaching around a 75% chance that the first 25bps cut could happen in September.

On the currency front, the action on the exchanges yesterday remained characterised by narrow range trading for most of the majors. This has persisted in overnight trading on Asia-Pacific markets. This sees most of the main FX pairs start this morning's European session broadly similar to yesterday's open.

In level terms, EUR/USD remains above the \$1.08 handle. EUR/GBP continues to operate in a very narrow corridor in and around the midpoint of 84-85p. Meanwhile, GBP/USD has spent the past 24 hours straddling the \$1.28 mark. Elsewhere, the yen is slightly softer, with USD/JPY back above the ¥161 threshold.

Looking ahead to today, there is another sparse schedule of data releases. Meanwhile, Fed Chair Powell has his second day of testimony to Congress. However, he is unlikely to provide any additional observations on what he said yesterday. Remarks from other Fed officials may also garner some attention. Overall though, range trading could remain the order of the day on FX markets.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0817	-0.11	-1.98
EUR/GBP	0.8454	-0.01	-2.47
GBP/USD	1.2791	-0.12	0.49
GBP/EUR	1.1821	0.01	2.53
USD/JPY	161.43	0.30	14.44
EUR/JPY	174.64	0.18	12.21

* 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	4.75	4.26
EUR	4.25	3.63	3.70	3.52	3.20	2.85
GBP	5.25	5.15	5.08	4.83	4.69	4.20

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

Wednesday 10 July 2024
07:24 am



Euro

EUR/GBP	0.8454
EUR/USD	1.0817
EUR/JPY	174.64
EUR/SEK	11.4204
EUR/DKK	7.4594
EUR/NOK	11.5195
EUR/CHF	0.9704
EUR/AUD	1.6044
EUR/HKD	8.4511
EUR/CAD	1.4749

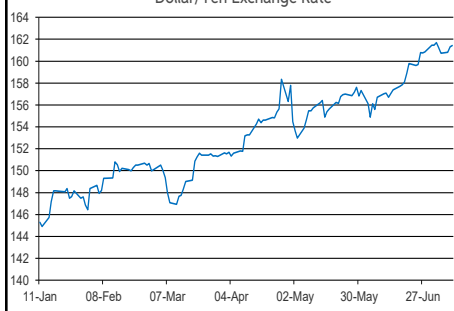
Sterling

GBP/EUR	1.1821
GBP/USD	1.2791
GBP/CAD	1.7441
GBP/NZD	2.1012
GBP/JPY	206.49
GBP/SEK	13.5021
GBP/DKK	8.8198
GBP/NOK	13.6217
GBP/CHF	1.1475
GBP/AUD	1.8972

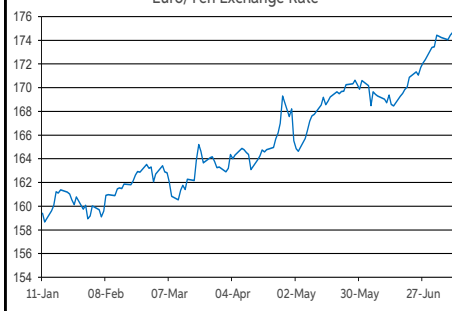
Dollar

USD/JPY	161.43
USD/CAD	1.3633
USD/CHF	0.8972
USD/CNY	7.2756
USD/BRL	5.4177
USD/RUB	87.5
USD/INR	83.48
AUD/USD	0.6742
NZD/USD	0.6086

Dollar/Yen Exchange Rate

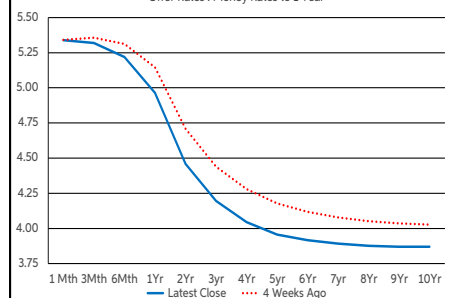


Euro/Yen Exchange Rate



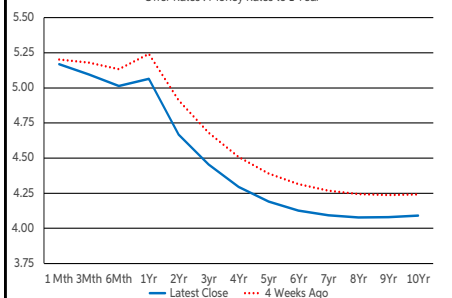
US Swap Curve

Offer Rates : Money Rates to 1 Year



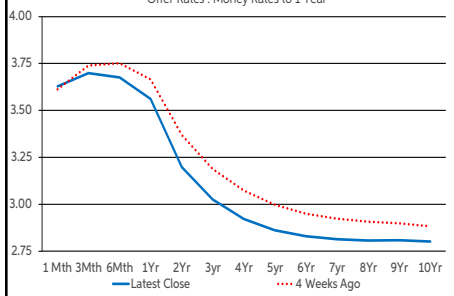
UK Swap Curve

Offer Rates : Money Rates to 1 Year

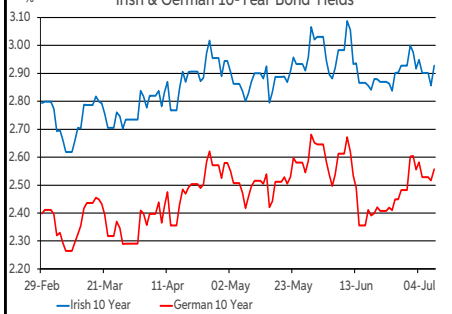


Eurozone Swap Curve

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	4.30	+3	-10	+44
Germany	2.56	+4	-6	+53
UK	4.16	+5	-11	+62
Ireland	2.97	+7	-10	+60
Belgium	3.17	+7	-5	+48
France	3.25	+9	+1	+70
Italy	3.95	+6	-11	+26
Spain	3.37	+6	-9	+38
Portugal	3.20	+7	-8	+41
Greece	3.60	+2	-20	+53
5 Year Swap %				
US	4.22	+0	-21	+43
Eurozone	2.86	+3	-13	+43
UK	4.19	+3	-19	+54
2 Year Swap %				
US	4.71	-2	-24	+37
Eurozone	3.20	+1	-16	+40
UK	4.68	+1	-22	+42
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+3	-4	+7
Belgium	61	+3	+1	-5
France	69	+4	+8	+16
Italy	139	+2	-5	-28
Spain	81	+2	-3	-16
Portugal	64	+3	-2	-12
Greece	104	-2	-14	-1

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	84.66	-1.27	+3.34	+9.89
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2363.6	+0.20	+2.04	+14.59

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