

# Morning Comment

AIB Treasury Economic Research Unit



Monday 29 July 2024  
06:48 am

## Busy week ahead

There was a mixed mood on markets last week, amid somewhat choppy trading conditions. A number of data releases, and central bank newsflow impacted markets during the week. Overall, the S&P 500 fell by 0.8%. Meantime, the Euro Stoxx 50 rebounded by 0.7%, having suffered heavy losses the week prior.

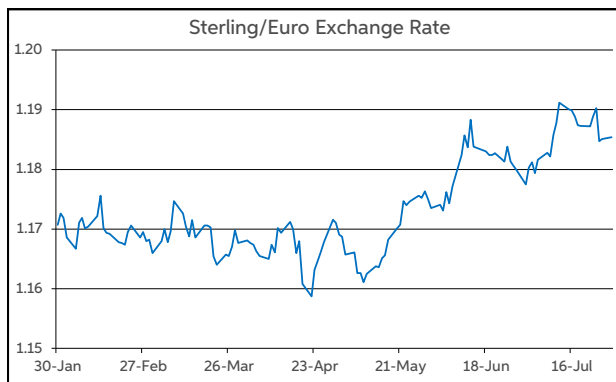
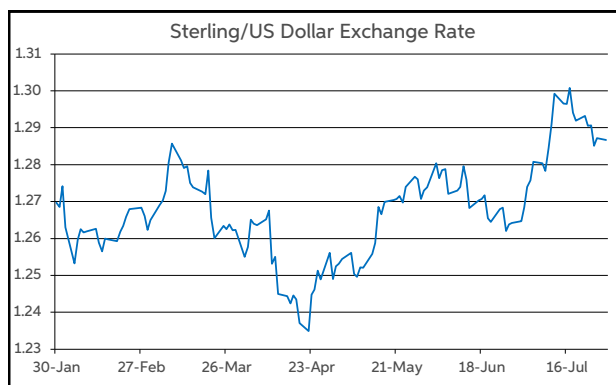
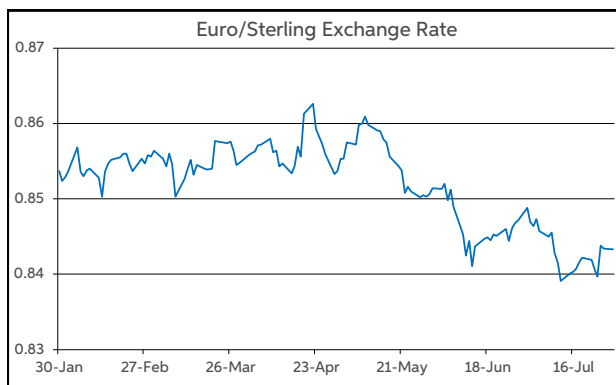
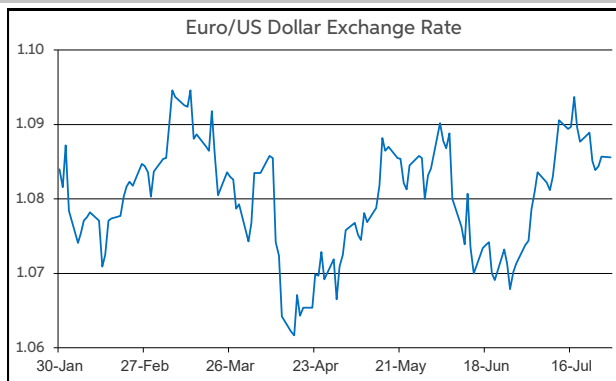
Currency-wise, the yen remained volatile. This was in reaction to growing speculation that the BoJ may tighten policy at its upcoming meeting. This saw USD/JPY fall to a low of ¥151.9, although the yen was unable to hold onto all of its gains. Meantime, the dollar rose slightly against the euro and sterling amid stronger than expected Q2 US GDP (+2.8% vs. +2.0% f'cast).

As trading gets underway this morning, USD/JPY is operating in the top half of the ¥153-154 range. EUR/USD opens this morning near the midpoint of the \$1.08-1.09 corridor. EUR/GBP is in the bottom half of 84-85p. Meanwhile, GBP/USD is changing hands in the upper end of the \$1.28-1.29 band.

Turning to the week ahead, a number of key central bank meetings will take place. The Fed is expected to leave policy unchanged, but investors will be paying close attention for guidance on a potential rate cut in September. As mentioned above, there are growing reports that the BoJ may raise rates by 15bps. Meantime, the BoE decision to cut rates or leave policy on hold is seen as being 50/50. The meetings pose event risk for the dollar, yen and sterling.

Data-wise, a number of important releases are due. This includes the US labour market report for July. In the Eurozone, the flash reading of HICP inflation for July, and the first reading of Q2 GDP will be the highlights.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0856	0.00	-1.63
EUR/GBP	0.8433	-0.07	-2.71
GBP/USD	1.2869	0.05	1.10
GBP/EUR	1.185	0.07	2.79
USD/JPY	153.64	-0.01	8.92
EUR/JPY	166.81	-0.02	7.18

\* 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	5.46	5.52	4.99	4.50	4.07
EUR	4.25	3.62	3.66	3.34	2.96	2.69
GBP	5.25	5.08	5.04	4.73	4.59	4.13

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

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## Euro

EUR/GBP	0.8433
EUR/USD	1.0856
EUR/JPY	166.81
EUR/SEK	11.7386
EUR/DKK	7.4625
EUR/NOK	11.9478
EUR/CHF	0.9592
EUR/AUD	1.6569
EUR/HKD	8.4777
EUR/CAD	1.501

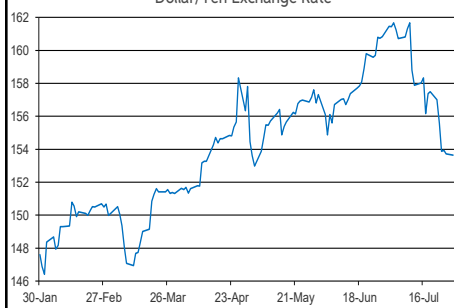
## Sterling

GBP/EUR	1.185
GBP/USD	1.2869
GBP/CAD	1.7791
GBP/NZD	2.1863
GBP/JPY	197.72
GBP/SEK	13.9111
GBP/DKK	8.8438
GBP/NOK	14.1595
GBP/CHF	1.137
GBP/AUD	1.9645

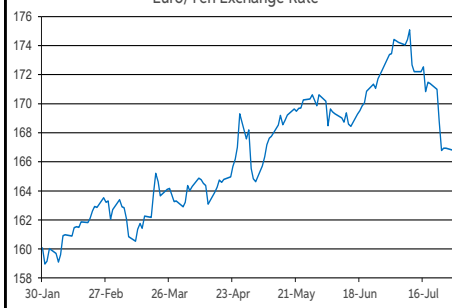
## Dollar

USD/JPY	153.64
USD/CAD	1.3823
USD/CHF	0.8834
USD/CNY	7.2549
USD/BRL	5.6658
USD/RUB	86
USD/INR	83.73
AUD/USD	0.6549
NZD/USD	0.5884

Dollar/Yen Exchange Rate

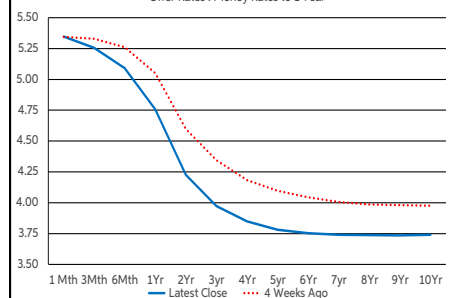


Euro/Yen Exchange Rate



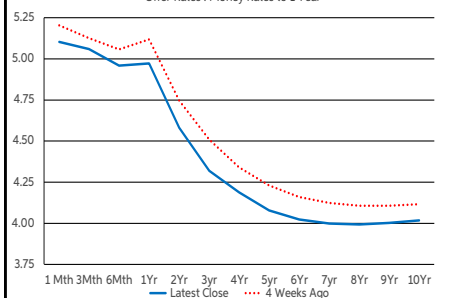
US Swap Curve

Offer Rates : Money Rates to 1 Year



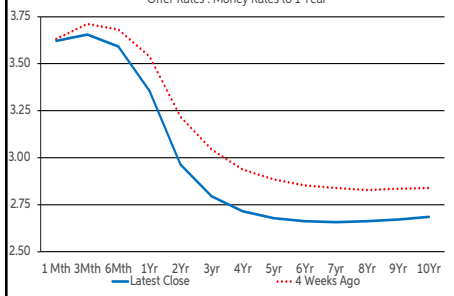
UK Swap Curve

Offer Rates : Money Rates to 1 Year

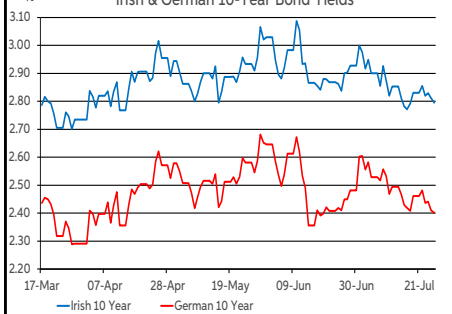


Eurozone Swap Curve

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	4.20	-6	-14	+34
Germany	2.40	-1	-8	+38
UK	4.10	-3	-7	+56
Ireland	2.83	-0	-12	+46
Belgium	2.99	+0	-14	+30
France	3.11	-1	-18	+55
Italy	3.76	-2	-31	+6
Spain	3.23	-1	-18	+24
Portugal	3.05	-0	-19	+27
Greece	3.46	-3	-28	+39
5 Year Swap %				
US	4.04	-4	-31	+25
Eurozone	2.68	-2	-20	+25
UK	4.08	-6	-15	+43
2 Year Swap %				
US	4.46	-5	-40	+13
Eurozone	2.96	-4	-24	+17
UK	4.55	-3	-19	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+1	-4	+9
Belgium	59	+1	-6	-7
France	71	+0	-10	+18
Italy	136	-1	-22	-31
Spain	83	+0	-10	-13
Portugal	65	+1	-11	-11
Greece	106	-2	-19	+1

## Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	81.13	-1.51	-6.11	+5.31
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2385.6	+0.89	+2.57	+15.66

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