

## EUR/USD up at the \$1.09 threshold

On equity markets yesterday, the Euro Stoxx 50 gained 0.4%, while the S&P 500 edged 0.1% higher, amid a slight softening in market rate expectations across the board. Against this backdrop, US Treasury, German Bund and UK Gilt yields fell by 5-11bps.

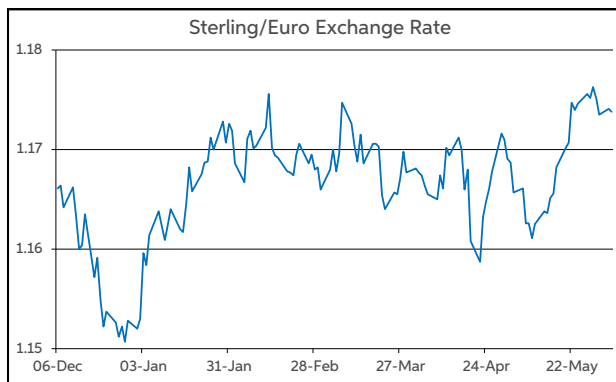
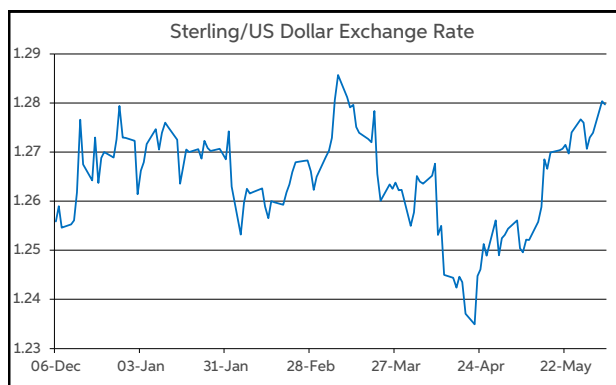
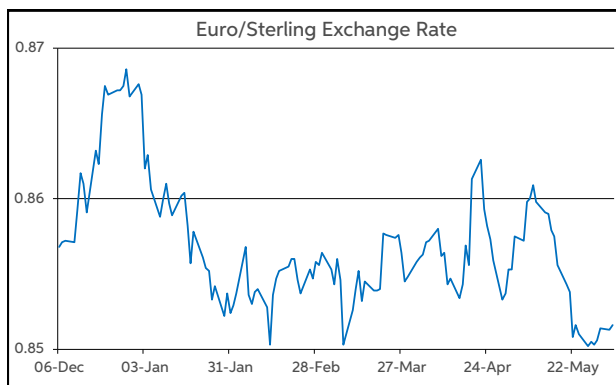
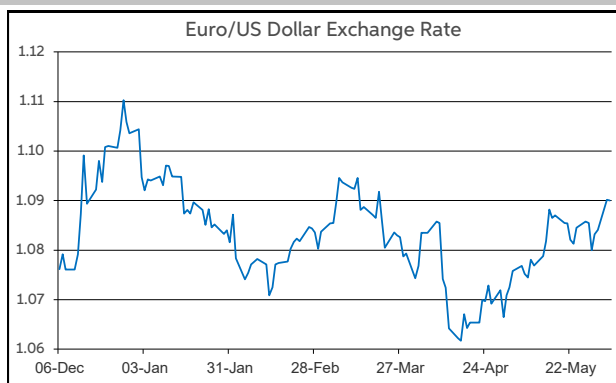
Futures contracts softened by around 5-10bps yesterday, most notably in the US. This coincided with the release of the US manufacturing ISM for May. The index remained in contraction mode and printed below the consensus, falling to 48.7 (vs. 49.6 forecast). The survey details indicated that new orders declined, and inflationary pressures remained elevated, albeit they slowed marginally in the month. Current futures pricing is consistent with policy easing of circa 40bps in the US by year end. Rate cuts in the region of around 60bps and 35bps are priced in for the Eurozone and UK, respectively.

On the currency front, the dollar was under some downward pressure amid the more significant softening in US rates compared to elsewhere. The greenback moved circa 0.4% lower against the euro and sterling, while it shed close to 0.9% versus the yen.

In levels turns, the under pressure dollar is evidenced by EUR/USD opening this morning up at the \$1.09 threshold. Meanwhile, GBP/USD is operating in and around the \$1.28 handle. Elsewhere, EUR/GBP is changing hands in the lower half of the 85-86p range.

Turning to the day ahead, there is a somewhat sparse data schedule on both sides of the Atlantic. The main release of note will be US JOLTS job openings data for April. A modest fall in the number of openings is pencilled in for the month. However, barring any major surprises the release is unlikely to impact the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.09	0.46	-1.23
EUR/GBP	0.8516	0.04	-1.75
GBP/USD	1.2797	0.44	0.53
GBP/EUR	1.1736	-0.04	1.78
USD/JPY	156.03	-0.87	10.61
EUR/JPY	170.09	-0.42	9.29

\* 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	5.60	5.40	5.02	4.47
EUR	4.50	3.72	3.79	3.65	3.34	2.92
GBP	5.25	5.19	5.17	5.01	4.90	4.35

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 04 June 2024  
07:09 am



## Euro

EUR/GBP	0.8516
EUR/USD	1.09
EUR/JPY	170.09
EUR/SEK	11.3534
EUR/DKK	7.4589
EUR/NOK	11.411
EUR/CHF	0.975
EUR/AUD	1.6356
EUR/HKD	8.523
EUR/CAD	1.4878

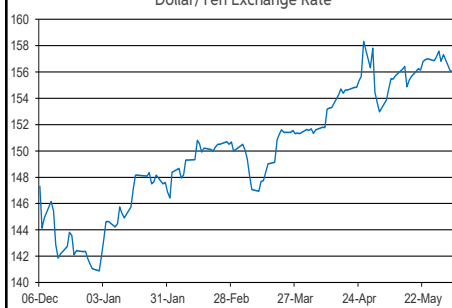
## Sterling

GBP/EUR	1.1736
GBP/USD	1.2797
GBP/CAD	1.7468
GBP/NZD	2.0696
GBP/JPY	199.67
GBP/SEK	13.3261
GBP/DKK	8.7551
GBP/NOK	13.391
GBP/CHF	1.1445
GBP/AUD	1.9202

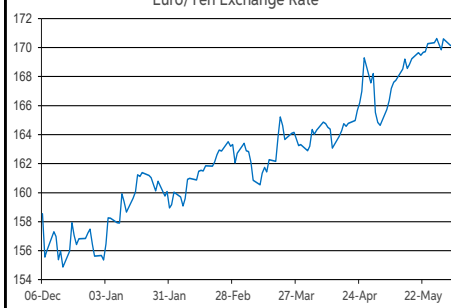
## Dollar

USD/JPY	156.03
USD/CAD	1.3647
USD/CHF	0.8944
USD/CNY	7.2457
USD/BRL	5.2507
USD/RUB	89.27
USD/INR	83.4675
AUD/USD	0.6664
NZD/USD	0.6181

Dollar/Yen Exchange Rate

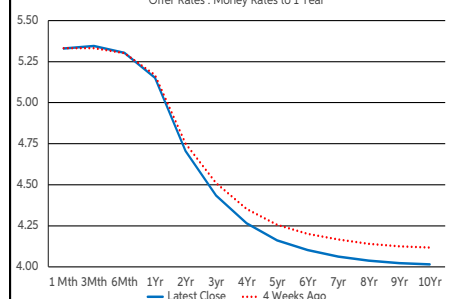


Euro/Yen Exchange Rate



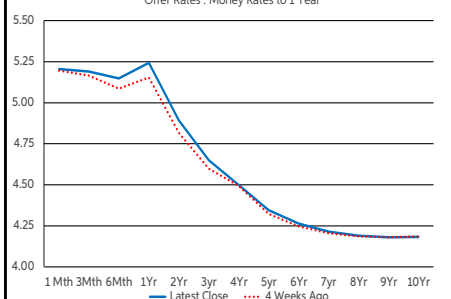
US Swap Curve

Offer Rates : Money Rates to 1 Year



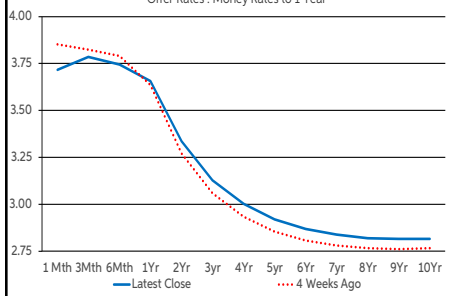
UK Swap Curve

Offer Rates : Money Rates to 1 Year

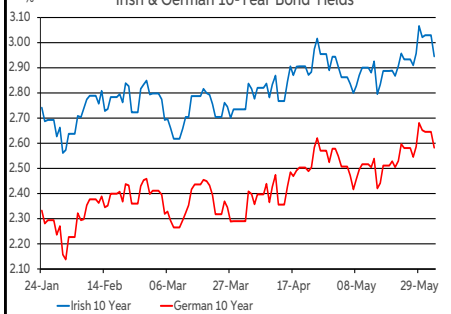


Eurozone Swap Curve

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	4.40	-11	-9	+54
Germany	2.59	-6	+11	+56
UK	4.23	-10	-0	+69
Ireland	2.96	-9	+10	+59
Belgium	3.13	-7	+11	+44
France	3.06	-8	+9	+51
Italy	3.89	-9	+9	+19
Spain	3.30	-9	+5	+31
Portugal	3.17	-7	+5	+38
Greece	3.63	-2	+16	+56
5 Year Swap %				
US	4.42	-11	-8	+62
Eurozone	2.92	-9	+8	+49
UK	4.35	-8	+3	+69
2 Year Swap %				
US	4.95	-9	-5	+61
Eurozone	3.34	-7	+8	+54
UK	4.89	-6	+8	+63
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	-3	-1	+3
Belgium	54	-0	+0	-12
France	48	-2	-2	-5
Italy	130	-2	-2	-37
Spain	72	-3	-6	-25
Portugal	58	-1	-6	-18
Greece	105	+4	+5	-0

## Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.36	-3.99	-5.96	+1.71
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2350.4	+1.00	+1.15	+13.95

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