

Euro starts the week on the defensive

Last week, the ECB cut official interest rates by 25bps. However, the central bank indicated that it remains data dependent and would not pre-commit to a particular rate path, meaning the market impact was muted. In contrast, a stronger than anticipated US labour market report - with both payrolls and wage growth above the consensus - had a major bearing on risk appetite.

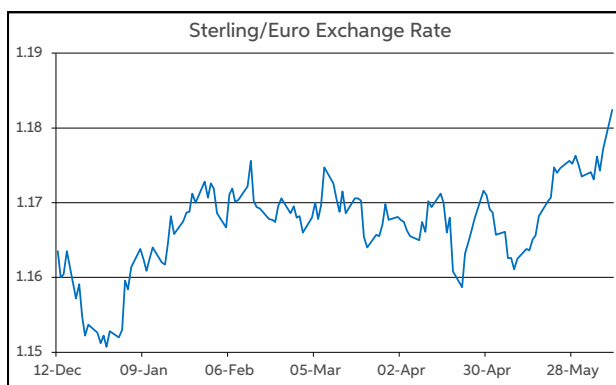
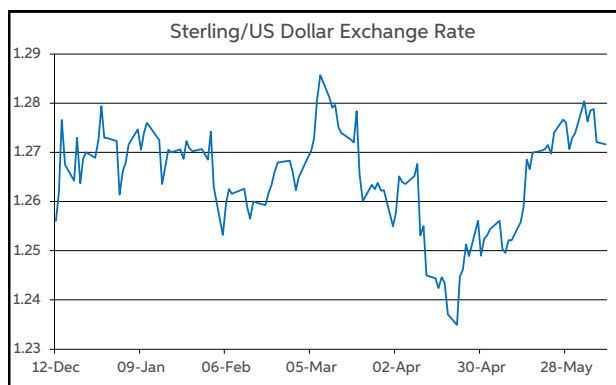
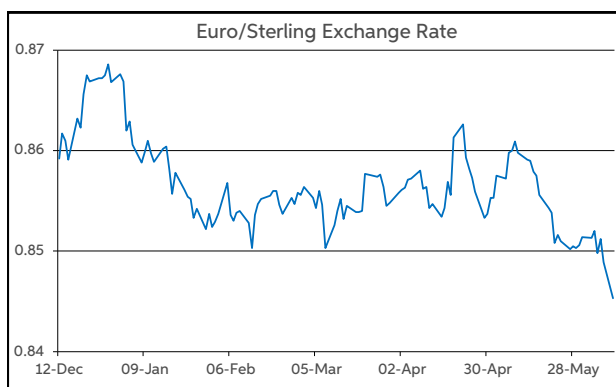
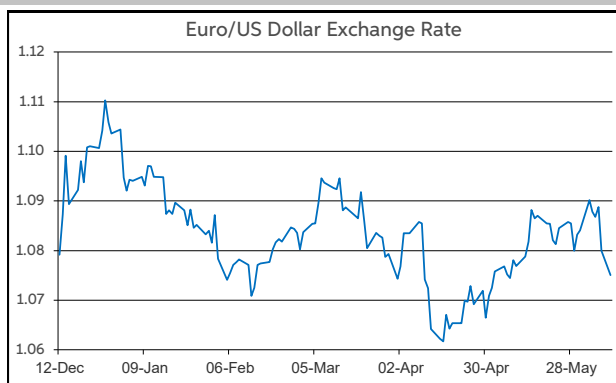
Having softened earlier in the week, US futures contracts firmed in the aftermath of the US jobs data on Friday. Current pricing is consistent with circa 35bps of rate cuts by year end (was 50bps of easing). Similarly, US Treasury yields moved off their weekly lows, while the dollar gained the ascendancy heading into the weekend.

Despite some volatility on currency markets last week, for the most part, the main FX pairs remained within their well defined recent ranges, with EUR/USD in and around \$1.08-1.09 and EUR/GBP close to the 85p threshold. However, the euro has been under some downward pressure during the APAC trading session today, as investors digest a poor showing for the Governing political parties in France and Germany in the EU Parliamentary Elections.

The softer tone to the euro sees EUR/USD operating down at the midpoint of \$1.07-1.08. Elsewhere, EUR/GBP is trading at the halfway mark of 84-85p. GBP/USD is in the lower half of \$1.27-1.28.

Turning to the week ahead, the monetary policy spotlight will be on the US Fed. The central bank is expected to leave policy on hold, but the updated economic projections, including the interest rate dotplot, and the press conference with Chair Powell will garner significant attention. Data-wise, US CPI (May), as well as UK labour market and GDP (both April) will be in focus.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0753	-1.29	-2.56
EUR/GBP	0.8453	-0.76	-2.48
GBP/USD	1.2716	-0.57	-0.10
GBP/EUR	1.1824	0.77	2.54
USD/JPY	157.02	0.93	11.31
EUR/JPY	168.86	-0.38	8.50

* 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	5.43	5.06	4.52
EUR	4.50	3.68	3.76	3.64	3.38	2.98
GBP	5.25	5.19	5.17	5.02	4.95	4.40

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

Monday 10 June 2024
07:00 am



Euro

EUR/GBP	0.8453
EUR/USD	1.0753
EUR/JPY	168.86
EUR/SEK	11.3676
EUR/DKK	7.4605
EUR/NOK	11.5301
EUR/CHF	0.9643
EUR/AUD	1.6309
EUR/HKD	8.4011
EUR/CAD	1.4798

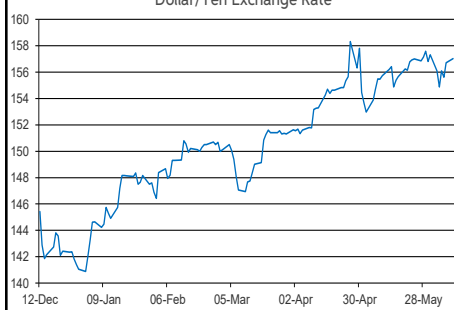
Sterling

GBP/EUR	1.1824
GBP/USD	1.2716
GBP/CAD	1.75
GBP/NZD	2.082
GBP/JPY	199.68
GBP/SEK	13.4442
GBP/DKK	8.8208
GBP/NOK	13.6556
GBP/CHF	1.1405
GBP/AUD	1.9288

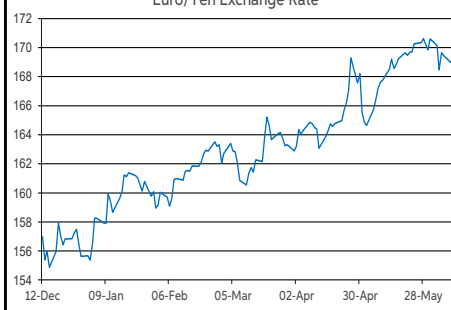
Dollar

USD/JPY	157.02
USD/CAD	1.3762
USD/CHF	0.8968
USD/CNY	7.2475
USD/BRL	5.353
USD/RUB	89.3525
USD/INR	83.485
AUD/USD	0.6592
NZD/USD	0.6106

Dollar/Yen Exchange Rate

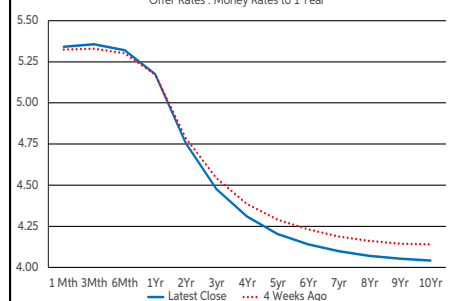


Euro/Yen Exchange Rate



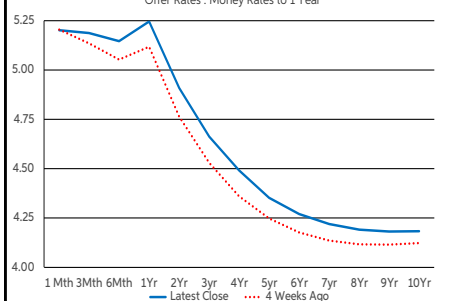
US Swap Curve

Offer Rates : Money Rates to 1 Year



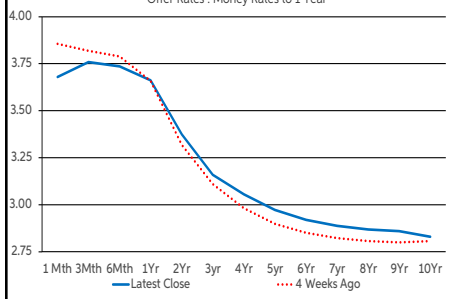
UK Swap Curve

Offer Rates : Money Rates to 1 Year

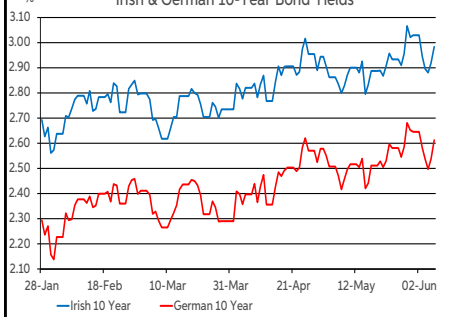


Eurozone Swap Curve

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	4.43	+15	-8	+57
Germany	2.62	+8	+10	+59
UK	4.27	+9	+10	+73
Ireland	3.02	+7	+10	+65
Belgium	3.17	+7	+11	+48
France	3.12	+8	+10	+56
Italy	3.97	+11	+11	+27
Spain	3.40	+12	+9	+41
Portugal	3.23	+7	+6	+44
Greece	3.66	+8	+13	+59

5 Year Swap %				
US	4.47	+16	-7	+68
Eurozone	2.97	+8	+8	+55
UK	4.35	+7	+11	+70

2 Year Swap %				
US	5.02	+16	-1	+69
Eurozone	3.37	+6	+7	+58
UK	4.91	+7	+15	+65

10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-0	+1	+7
Belgium	56	-0	+2	-10
France	50	+0	+0	-3
Italy	135	+3	+2	-32
Spain	78	+4	-1	-18
Portugal	61	-0	-4	-15
Greece	105	+0	+3	-0

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.62	-0.31	-3.83	+3.35
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2292.7	-3.49	-2.86	+11.16

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.