

EU avoids US tariff letter, for now

There was a mixed mood on markets yesterday, as attention turned to US trade policy. Overnight, the White House sent letters to a plethora of trade partners (including Japan) threatening to raise tariffs to 25-40% if trade deals cannot be reached by August 1st. Reports are that the EU does not expect to receive a letter, and that a trade deal with the US may be reached this week. In any case, the market reaction to the letters has been relatively subdued, given the deadline for talks appears to have been extended once again.

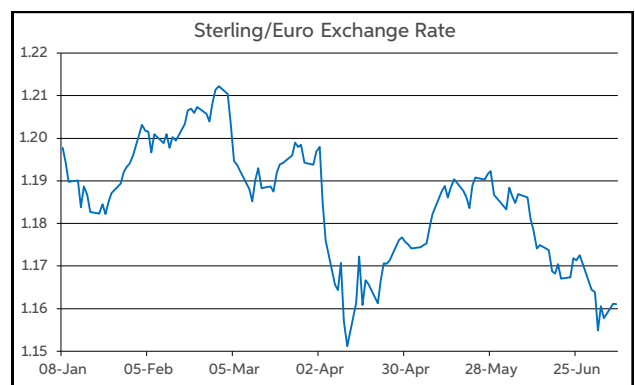
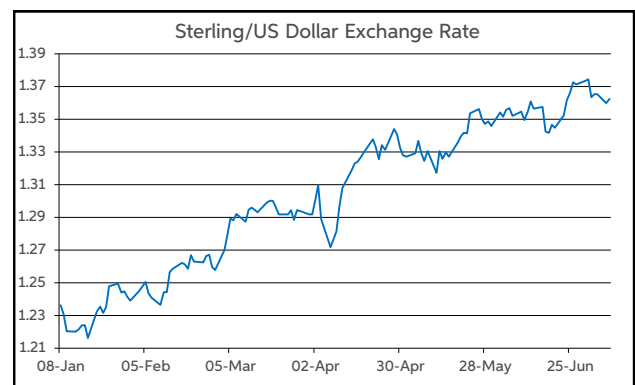
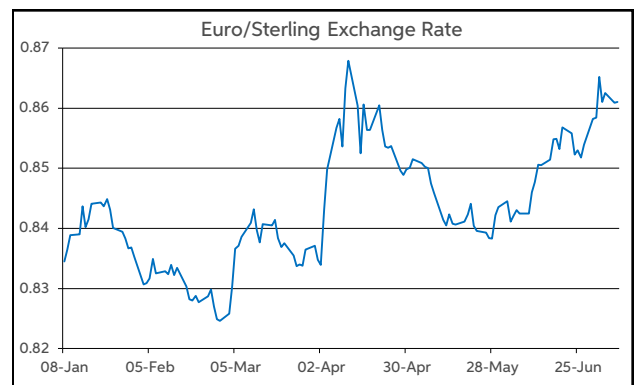
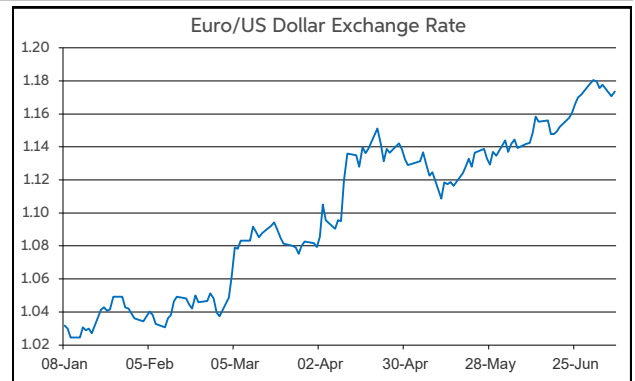
Data-wise, the main releases were in the Eurozone yesterday. Retail sales printed a touch below the consensus, falling by 0.7% in May (-0.6% f'cast), but this was offset by an upward revision to April. Meanwhile, the EU Sentix rose to 4.5 in July (vs. 1.2 f'cast), its highest level since February 2022. At the same time, German industrial output beat expectations, rising by 1.2% in May (vs. -0.2% f'cast).

The better than anticipated data provided a supportive backdrop for European equities yesterday. This saw the Euro Stoxx 50 gain 1.0% on the day. In contrast, the S&P 500 declined by 0.8%. Elsewhere on markets, benchmark sovereign bond yields rose by 3-5bps.

On the currency front, the euro was under downward pressure. The single currency handed back some of its gains registered last week against the dollar and sterling, falling by circa 0.3% versus both yesterday. Meantime, the yen was on the defensive overnight, amid the threat of higher tariffs from the US. As trading gets underway this morning, USD/JPY is north of ¥146. EUR/USD is in the lower half of \$1.17-1.18, while EUR/GBP is just above the 86p threshold.

Ahead today, the data calendar is quite sparse on both sides of the Atlantic. The main highlight will be the second tier release of US NFIB small business optimism for July. However, market attention will remain on any further US trade policy related developments.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1736	-0.25	13.36
EUR/GBP	0.861	-0.34	4.07
GBP/USD	1.3625	0.09	8.90
GBP/EUR	1.1607	0.34	-3.91
USD/JPY	146.06	0.74	-7.07
EUR/JPY	171.45	0.50	5.35

* 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	4.38	4.33	4.32	3.98	3.93	3.86
EUR	2.00	1.87	1.98	1.96	1.98	2.26
GBP	4.25	4.20	4.06	3.78	3.87	3.94

All rates quoted are indicative market rates

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Opening Levels

Tuesday 08 July 2025
06:22 am



Euro

EUR/GBP	0.861
EUR/USD	1.1736
EUR/JPY	171.45
EUR/SEK	11.1565
EUR/DKK	7.4603
EUR/NOK	11.8541
EUR/CHF	0.9348
EUR/AUD	1.7943
EUR/HKD	9.213
EUR/CAD	1.6025

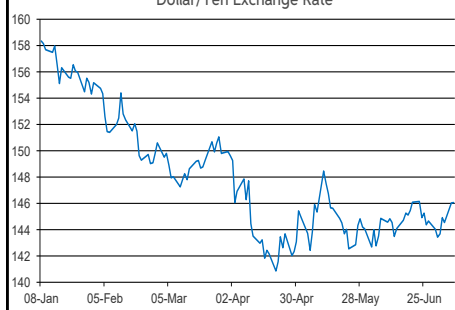
Sterling

GBP/EUR	1.1607
GBP/USD	1.3625
GBP/CAD	1.8605
GBP/NZD	2.2643
GBP/JPY	199.01
GBP/SEK	12.955
GBP/DKK	8.6601
GBP/NOK	13.7637
GBP/CHF	1.0857
GBP/AUD	2.0832

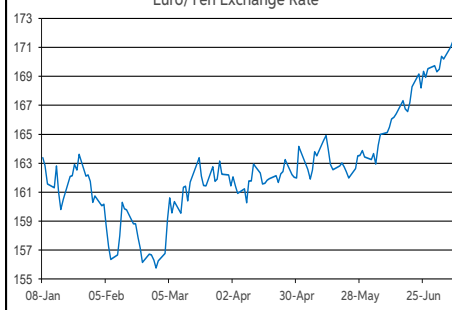
Dollar

USD/JPY	146.06
USD/CAD	1.3655
USD/CHF	0.7965
USD/CNY	7.1718
USD/BRL	5.4881
USD/RUB	78.2
USD/INR	85.706
AUD/USD	0.6537
NZD/USD	0.6013

Dollar/Yen Exchange Rate

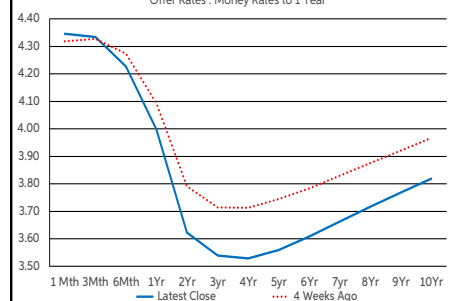


Euro/Yen Exchange Rate



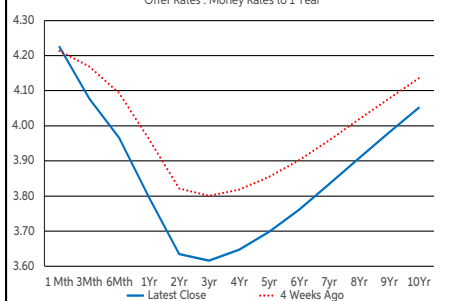
US Swap Curve

Offer Rates : Money Rates to 1 Year



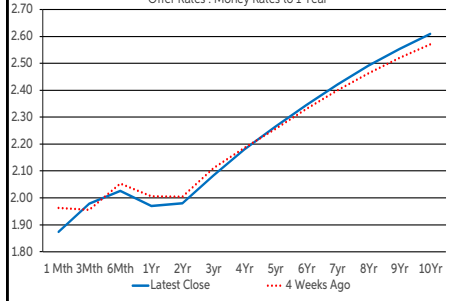
UK Swap Curve

Offer Rates : Money Rates to 1 Year

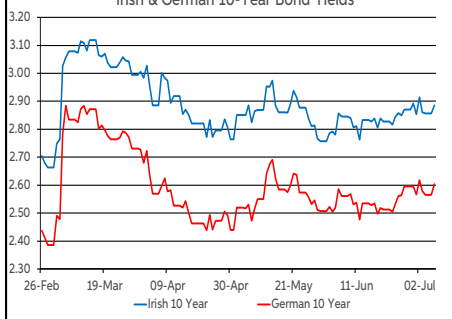


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Day	4 Weeks	End 24
10 Year Yield %				
US	4.40	+5	-9	-18
Germany	2.61	+4	+4	+24
UK	4.59	+3	-4	+2
Ireland	2.90	+3	+2	+25
Belgium	3.20	+4	+10	+22
France	3.32	+4	+8	+13
Italy	3.52	+4	+3	-0
Spain	3.26	+4	+12	+20
Portugal	3.09	+4	+4	+24
Greece	3.36	+6	+5	+11
5 Year Swap %				
US	3.82	+1	-16	-47
Eurozone	2.26	+3	+1	+2
UK	3.94	+2	-15	-35
2 Year Swap %				
US	3.89	+1	-15	-44
Eurozone	1.98	+2	-2	-22
UK	3.86	+1	-18	-63
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	-1	-2	+1
Belgium	59	-0	+6	-3
France	72	+0	+5	-12
Italy	91	+0	-0	-24
Spain	65	-0	+8	-5
Portugal	49	+0	+0	-0
Greece	75	+2	+1	-13

Commodities

	Close	Day	4 Weeks	End 24
% Change				
Brent Oil	69.58	+1.87	+3.79	-6.78
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3335.2	-0.03	+0.23	+27.11

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