

EUR/USD tests \$1.19 again

The action on currency markets yesterday saw the dollar come under pressure. The turn in sentiment toward the greenback coincided with the release of a significantly weaker than expected July ADP figure (+167k vs f'cast 1,500k). The data bode poorly for Friday's employment report for the same month.

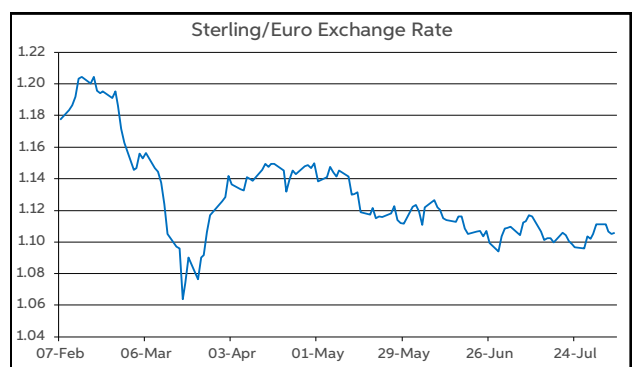
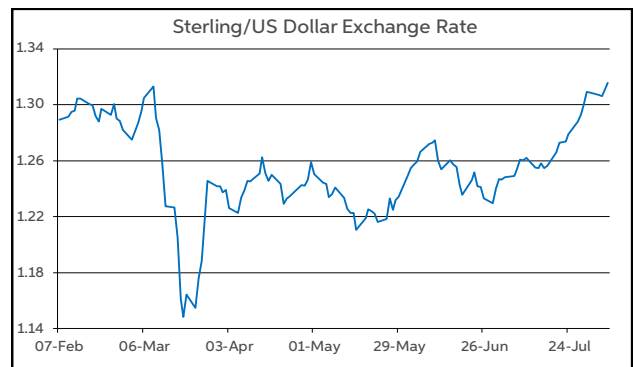
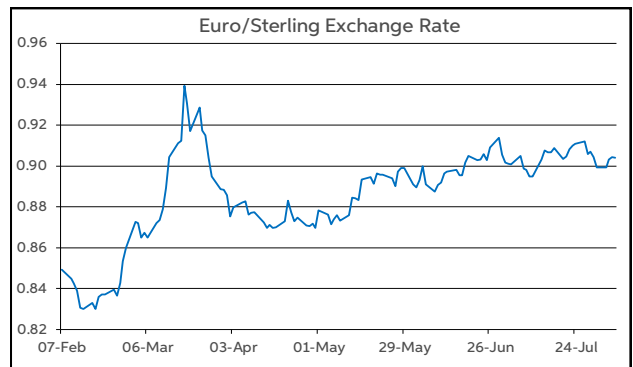
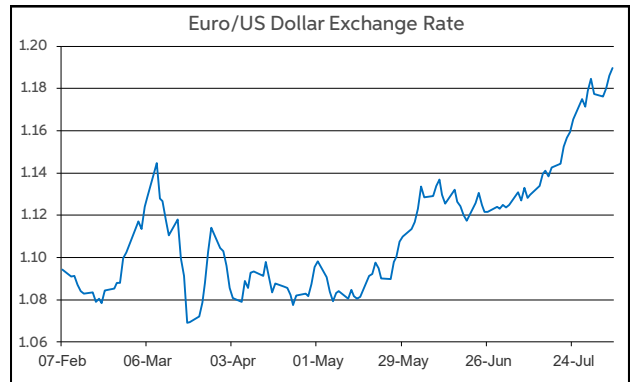
More positively, the non-manufacturing ISM for July surprised strongly to the upside, rising to 58.1 from 57.1 (f'cast 55.0). However, markets paid little heed to the data, which suggested the services sector continued to rebound strongly despite the re-introduction of Covid restrictions in parts of the US in the month.

This morning, the BoE's August MPC meeting concluded as expected with no changes made to policy. As a result, it has been a non-event for sterling. The central bank revised down the fall in UK GDP in 2020 from -14% to -9.5%. Growth in 2020 is forecast at +9%, a less rapid recovery than projected in May (+15%).

In level terms, the renewed downward pressure on the dollar is reflected in EUR/USD opening up near the \$1.19 threshold, having briefly tested above this level this morning. Meantime, cable (GBP/USD) is operating at the midpoint of the \$1.31-1.32 band, while EUR/GBP is changing hands in the lower half of 90-91p.

Turning to the day ahead, the contents of the BoE's press conference will be made available at 10am and will be watched by sterling markets. Data-wise, US jobless claims figures for the week ending August 1st will be of some interest. Another hefty rise in initial claims for benefits (f'cast +1.4m) could, at the margin, be unhelpful to the dollar. The focus today will be on whether EUR/USD can move up nearer to the \$1.20 level.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1892	0.65	6.08
EUR/GBP	0.904	0.20	6.93
GBP/USD	1.3154	0.45	-0.79
GBP/EUR	1.1059	-0.20	-6.48
USD/JPY	105.47	-0.09	-2.89
EUR/JPY	125.45	0.56	2.97

* 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	0.125	0.15	0.24	0.20	0.19	0.28
EUR	0.00	-0.52	-0.47	-0.42	-0.41	-0.37
GBP	0.10	0.06	0.07	0.11	0.10	0.17

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

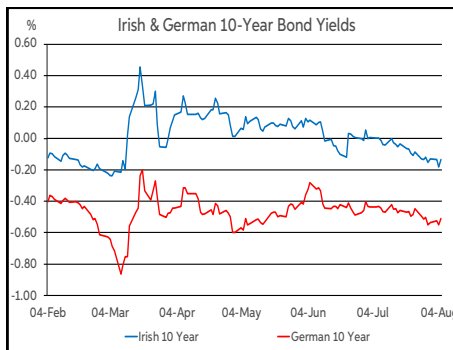
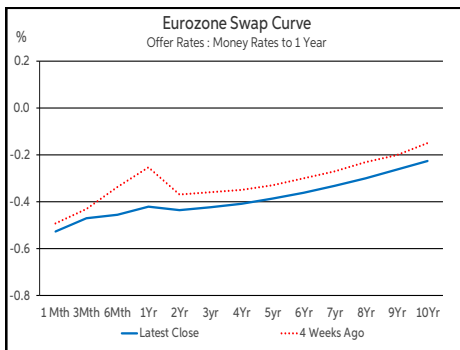
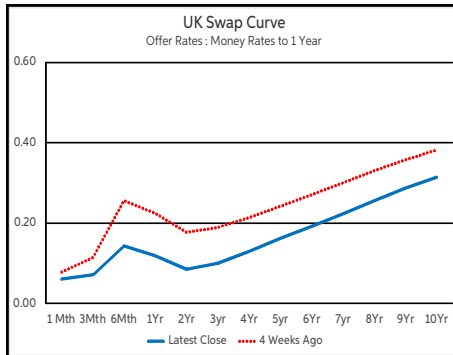
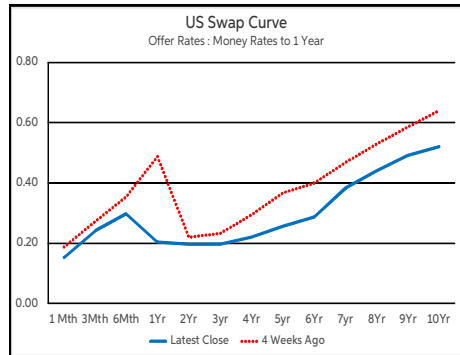
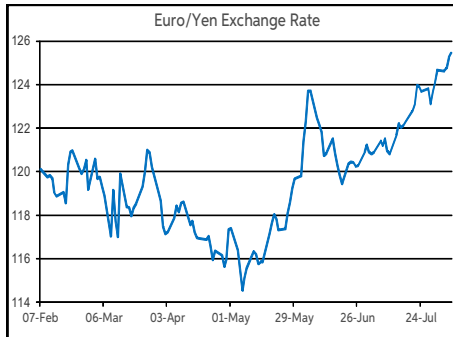
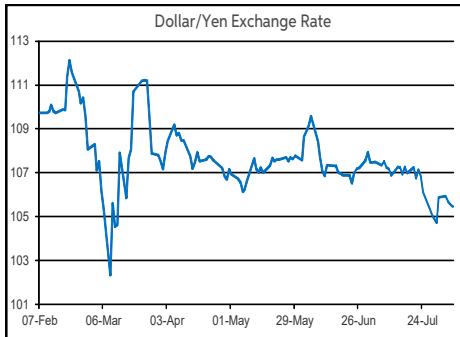
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 06 August 2020
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.904	GBP/EUR	1.1059	USD/JPY	105.47
EUR/USD	1.1892	GBP/USD	1.3154	USD/CAD	1.3252
EUR/JPY	125.45	GBP/CAD	1.7433	USD/CHF	0.9066
EUR/SEK	10.2747	GBP/NZD	1.98	USD/CNY	6.9419
EUR/DKK	7.4503	GBP/JPY	138.76	USD/BRL	5.2903
EUR/NOK	10.616	GBP/SEK	11.3613	USD/RUB	72.776
EUR/CHF	1.0785	GBP/DKK	8.24	USD/INR	74.873
EUR/AUD	1.6499	GBP/NOK	11.7387	AUD/USD	0.7205
EUR/HKD	9.2172	GBP/CHF	1.1929	NZD/USD	0.6641
EUR/CAD	1.5755	GBP/AUD	1.8249		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.55	+4	-12	-137
Germany	-0.51	+4	-7	-32
UK	0.13	+6	-5	-69
5 Year Swap %				
US	0.26	+2	-8	-145
Eurozone	-0.39	+3	-5	-27
UK	0.16	+3	-8	-71
2 Year Swap %				
US	0.20	+4	-2	-146
Eurozone	-0.44	+0	-6	-14
UK	0.09	-1	-8	-71
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-5	+8
Belgium	28	-1	-1	-0
France	31	-1	-0	-0
Italy	155	-2	-17	-7
Spain	84	-0	-2	+18
Portugal	85	-2	-1	+21
Greece	157	-3	+1	-8

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	45.17	+1.67	+4.34	-31.56
West Texas Oil	42.25	+1.39	+3.28	-30.90
Gold \$	2039.4	+1.06	+12.67	+34.44

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