

All eyes on US employment report

Currency market action yesterday saw sterling move slightly higher. This followed the BoE's August policy meeting. While policy was left unchanged as anticipated, the central bank's macro projections were revised upwards by more than expected.

Meanwhile, the dollar also recovered some ground, having come under pressure on Wednesday. The greenback may have been aided by the latest set of US initial weekly jobless claims figures, which were better than anticipated (1.2m vs f'cast 1.4m).

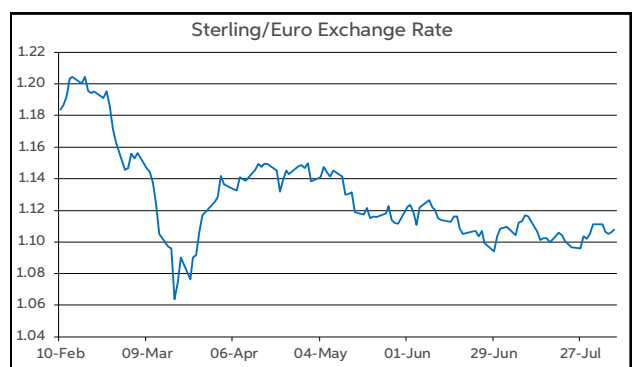
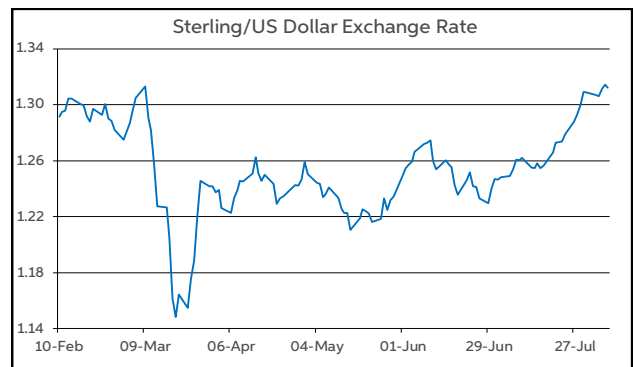
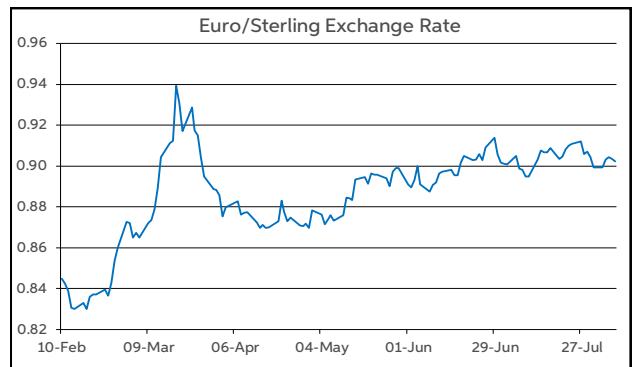
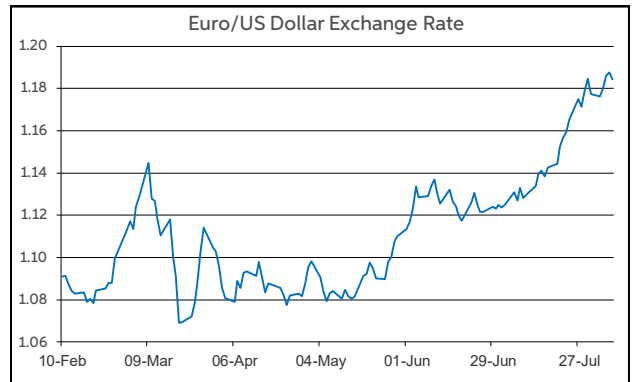
In level terms, the marginally firmer sterling tone is reflected in EUR/GBP opening down near 90p this morning. At the same time, the gains for the dollar see EUR/USD trading back down in the lower half of the \$1.18-1.19 range. Cable (GBP/USD) is continuing to change hands within the \$1.31-1.32 band.

Elsewhere on financial markets yesterday, the mood was mixed. In Europe, equities came under some downward pressure, with the main indices losing 0.5-1.5% on the day. In contrast, the S&P 500 finished the session up 0.7%.

Today, the highlight is the July employment report in the US. A 1.6m increase is pencilled in for payrolls but Wednesday's employment data suggest there are downside risks to this forecast. The re-imposition of Covid restrictions in parts of the US to curtail the virus spread likely weighed on the labour market recovery.

The dollar could come under some pressure if payrolls disappoint. It will be interesting to see if EUR/USD can regain the \$1.19 level in this instance and move up toward \$1.20. There is little out to influence either the euro or sterling today.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1844	-0.29	5.66
EUR/GBP	0.9022	-0.23	6.72
GBP/USD	1.3124	-0.08	-1.02
GBP/EUR	1.1078	0.23	-6.30
USD/JPY	105.56	0.04	-2.81
EUR/JPY	125.02	-0.26	2.62

* 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	0.16	0.24	0.21	0.21	0.29
EUR	0.00	-0.52	-0.47	-0.44	-0.41	-0.40
GBP	0.10	0.06	0.07	0.11	0.11	0.17

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

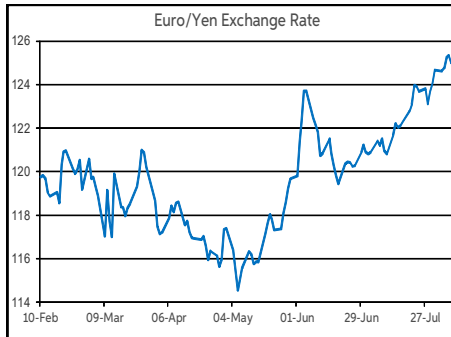
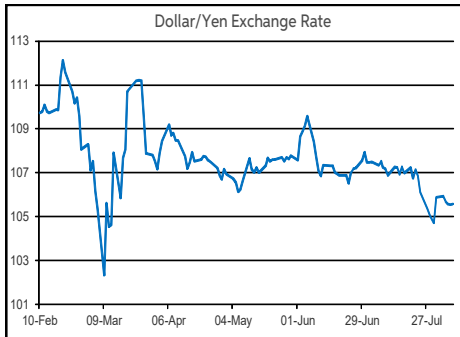
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

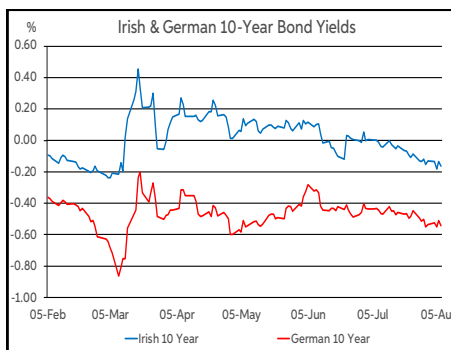
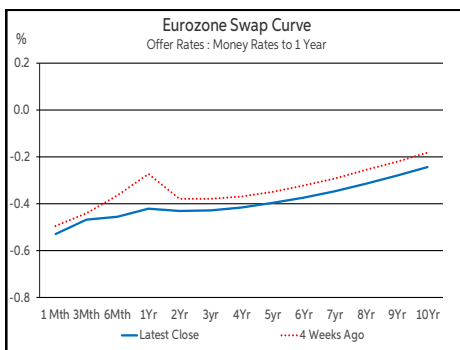
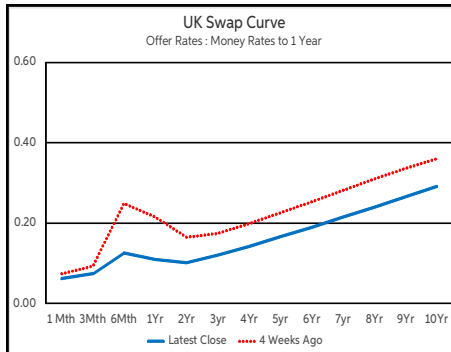
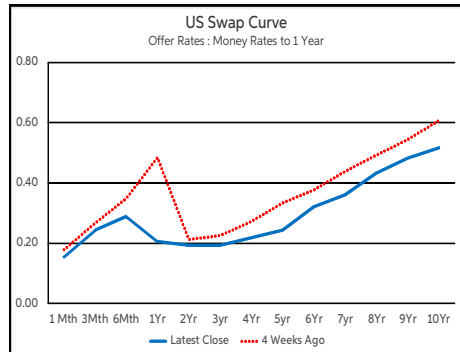
Friday 07 August 2020
07:41 am



Euro		Sterling		Dollar	
EUR/GBP	0.9022	GBP/EUR	1.1078	USD/JPY	105.56
EUR/USD	1.1844	GBP/USD	1.3124	USD/CAD	1.3346
EUR/JPY	125.02	GBP/CAD	1.7516	USD/CHF	0.9114
EUR/SEK	10.3191	GBP/NZD	1.9673	USD/CNY	6.9602
EUR/DKK	7.4506	GBP/JPY	138.53	USD/BRL	5.3315
EUR/NOK	10.663	GBP/SEK	11.4316	USD/RUB	73.4999
EUR/CHF	1.0792	GBP/DKK	8.2558	USD/INR	74.935
EUR/AUD	1.6421	GBP/NOK	11.8122	AUD/USD	0.721
EUR/HKD	9.1769	GBP/CHF	1.1959	NZD/USD	0.6668
EUR/CAD	1.5807	GBP/AUD	1.8196		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.54	-1	-8	-138
Germany	-0.54	-3	-8	-35
UK	0.11	-2	-5	-72
5 Year Swap %				
US	0.24	-0	-5	-146
Eurozone	-0.40	-1	-4	-28
UK	0.17	+0	-6	-71
2 Year Swap %				
US	0.19	+2	-2	-147
Eurozone	-0.43	+1	-4	-14
UK	0.10	+2	-5	-69
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-5	+8
Belgium	29	+1	-2	+0
France	31	+0	-1	-0
Italy	153	-2	-21	-9
Spain	82	-2	-5	+17
Portugal	85	+1	-3	+22
Greece	156	-1	-2	-9



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	45.09	-0.18	+6.47	-31.68
West Texas Oil	41.93	-0.76	+5.78	-31.42
Gold \$	2063.2	+1.17	+14.44	+36.00

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