

Sterling recovers some ground

There was a relatively muted tone to the action on currency markets yesterday. Of the moves to register, sterling made some gains, reflecting an unwinding of its losses from Monday. The currency was supported by comments from the BoE's Haldane suggesting the outlook for the UK economy may have improved.

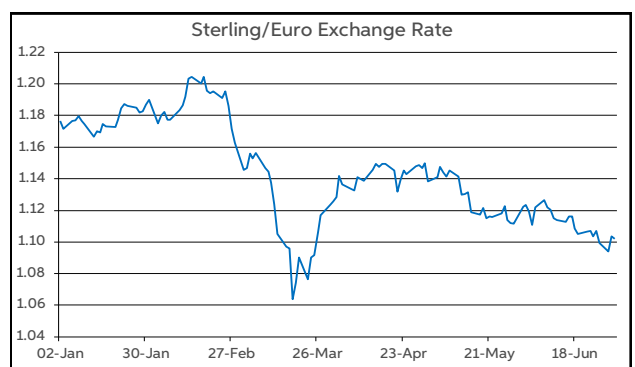
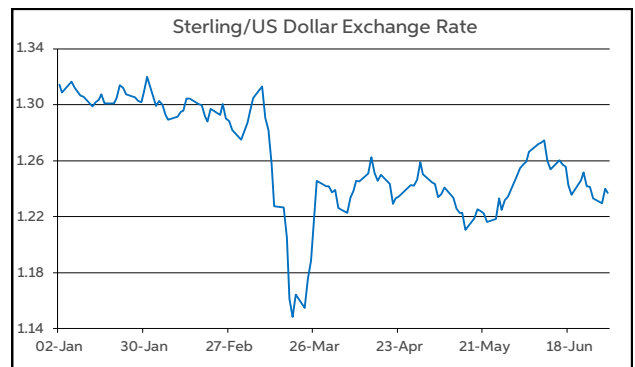
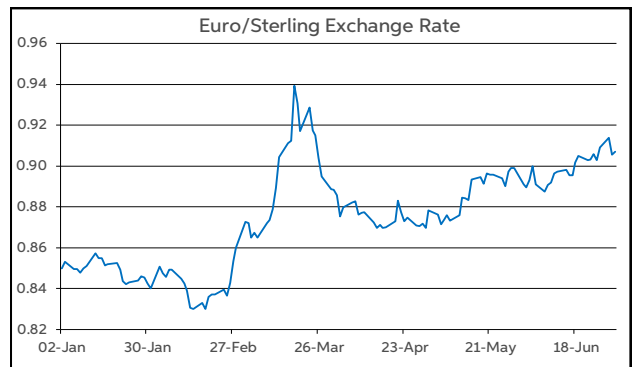
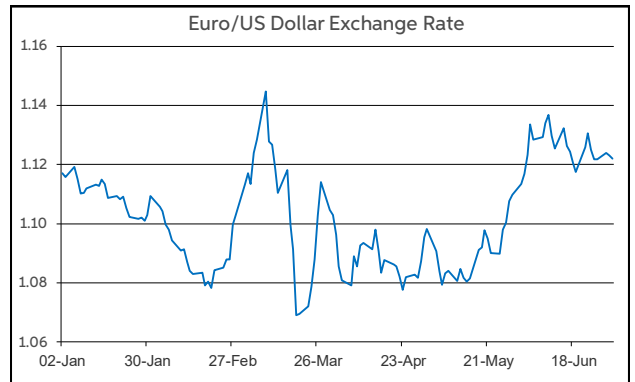
In level terms, the modest firming of sterling is reflected in EUR/GBP opening this morning below the 91p level. At the same time, cable (GBP/USD) is changing hands back up in the \$1.23-1.24 range. Meanwhile, EUR/USD briefly tested below \$1.12 yesterday afternoon, but has since regained this handle.

Elsewhere on financial markets, risk sentiment was mixed yesterday. European equities struggled for much of the day before ending the session flat. In contrast, at the close on Wall Street the S&P 500 had gained 1.5%.

Data-wise, higher oil prices saw headline Eurozone HICP print slightly above expectations at 0.3% in June. The core measure edged down to 1.1% from 1.2%, reflecting the negative demand shock stemming from the Covid crisis. In the US, in keeping with the trend seen in other recent data, consumer confidence rose to a higher than anticipated level in June.

Today, the US manufacturing ISM for June is due. It will be looked to for further evidence that economic activity is rebounding quickly in the US. Although, the recent rise in US Covid cases has muddled this picture. In any case, we don't expect the data to have much of a dollar impact. After the close in Europe, we also get the latest set of Fed meeting minutes. More generally, FX moves, if, are more likely to be as a result of shifts in investor sentiment.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1221	-0.15	0.10
EUR/GBP	0.9071	-0.70	7.30
GBP/USD	1.237	0.56	-6.70
GBP/EUR	1.102	0.71	-6.80
USD/JPY	107.63	-0.07	-0.90
EUR/JPY	120.79	-0.21	-0.85

* 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	0.30	0.25	0.24	0.34
EUR	0.00	-0.51	-0.41	-0.37	-0.39	-0.33
GBP	0.10	0.09	0.14	0.23	0.19	0.24

All rates quoted are indicative market rates

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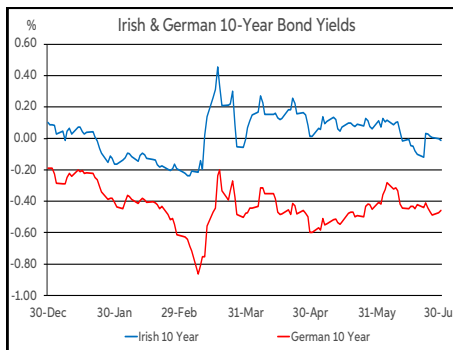
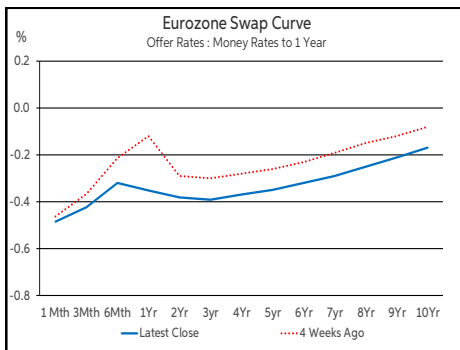
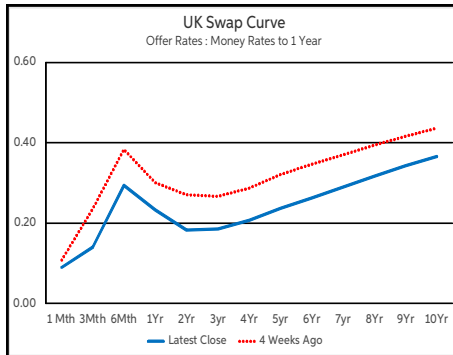
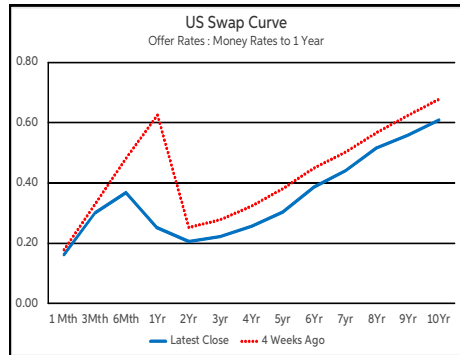
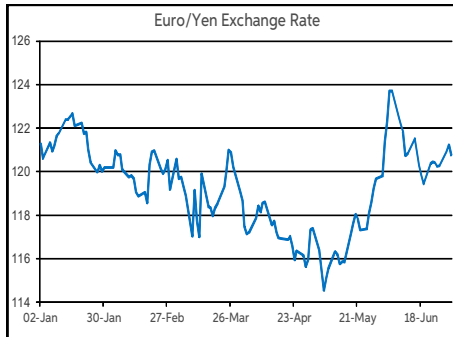
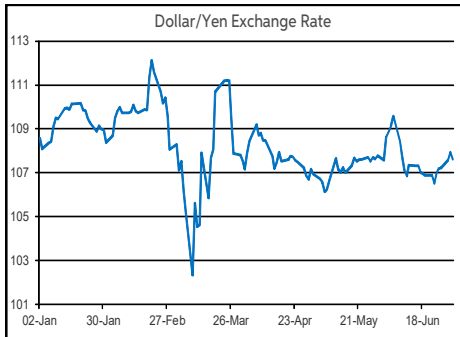
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 01 July 2020
07:11 am



Euro		Sterling		Dollar	
EUR/GBP	0.9071	GBP/EUR	1.1022	USD/JPY	107.62
EUR/USD	1.1222	GBP/USD	1.2371	USD/CAD	1.358
EUR/JPY	120.79	GBP/CAD	1.6794	USD/CHF	0.9467
EUR/SEK	10.4741	GBP/NZD	1.9184	USD/CNY	7.0682
EUR/DKK	7.4519	GBP/JPY	133.15	USD/BRL	5.4627
EUR/NOK	10.8011	GBP/SEK	11.5439	USD/RUB	71.149
EUR/CHF	1.0625	GBP/DKK	8.2132	USD/INR	75.538
EUR/AUD	1.6281	GBP/NOK	11.8985	AUD/USD	0.6892
EUR/HKD	8.6971	GBP/CHF	1.1704	NZD/USD	0.6445
EUR/CAD	1.5241	GBP/AUD	1.7946		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.66	+3	-3	-126
Germany	-0.45	+2	-4	-27
UK	0.17	+1	-5	-65
5 Year Swap %				
US	0.30	-1	-4	-141
Eurozone	-0.35	-1	-8	-23
UK	0.24	+1	-7	-64
2 Year Swap %				
US	0.21	-2	-2	-145
Eurozone	-0.38	+0	-8	-8
UK	0.18	-1	-8	-61
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	-2	-7	+16
Belgium	33	-0	-10	+4
France	34	-1	-3	+3
Italy	178	-5	-14	+17
Spain	93	-3	-5	+27
Portugal	94	-2	+0	+31
Greece	168	-8	-24	+4

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	41.15	-1.34	+3.99	-37.65
West Texas Oil	39.27	-1.01	+6.48	-35.77
Gold \$	1780.7	+0.52	+3.10	+17.38

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