

Softer tone to the euro

There was a cautious tone to market sentiment yesterday. This was reflected in equity markets registering some losses on the day. Meanwhile on currency markets, the euro found itself on the back foot, while the dollar made some gains.

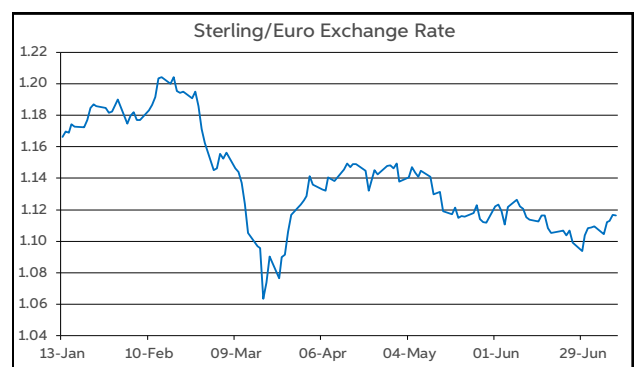
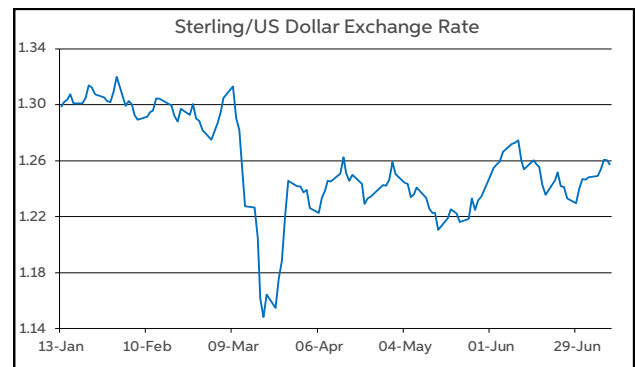
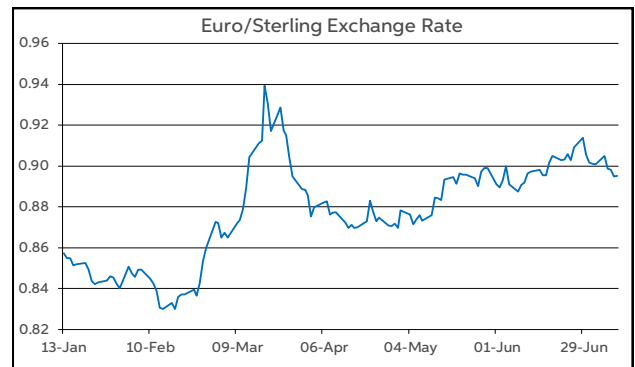
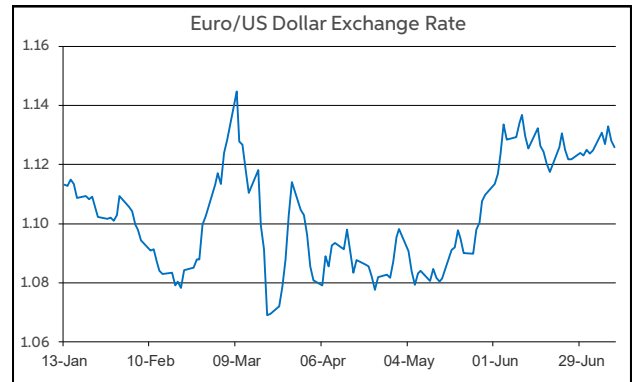
In terms of risk appetite it appears the on-going concerns and uncertainty over how the Covid-19 pandemic will evolve acted as a headwind. This was amid further reports of spikes in cases in a number of countries.

Data-wise, the macro schedule was sparse. Indeed, the only highlight was the latest US weekly jobless claims. Initial claims declined to 1.31m, which was slightly better than expected. However, existing claims remain high at 18m and this could continue over the coming weeks given the re-imposition of partial restrictions in certain states in response to further outbreaks of the virus. There was no noticeable impact on the dollar from the data.

So as the European currency trading session gets underway this morning, the combination of some euro weakness and a firmer dollar is reflected in EUR/USD changing hands down near to the midpoint of \$1.12-1.13. Meantime, EUR/GBP has edged back towards 89.5p. Elsewhere, GBP/USD has been unable to hold on to its position in \$1.26 territory.

Ahead today, from a macro viewpoint, the week comes to a close with an uninspiring release schedule on either side of the Atlantic. Therefore, barring major swings in investor sentiment, the main currency pairs may trade within relatively narrow ranges heading into the weekend.

John Fahey, Senior Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2019 |
| EUR/USD | 1.126 | -0.91 | 0.45 |
| EUR/GBP | 0.8954 | -0.47 | 5.91 |
| GBP/USD | 1.2573 | -0.45 | -5.17 |
| GBP/EUR | 1.1164 | 0.47 | -5.58 |
| USD/JPY | 106.88 | -0.36 | -1.59 |
| EUR/JPY | 120.37 | -1.26 | -1.20 |

* 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 | 0.18 | 0.27 | 0.23 | 0.22 | 0.32 |
| EUR | 0.00 | -0.51 | -0.43 | -0.36 | -0.37 | -0.36 |
| GBP | 0.10 | 0.07 | 0.09 | 0.21 | 0.16 | 0.23 |

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 10 July 2020
07:18 am



Euro

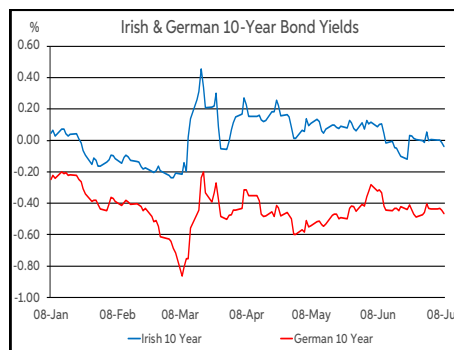
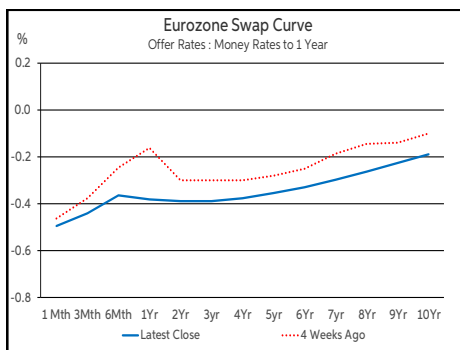
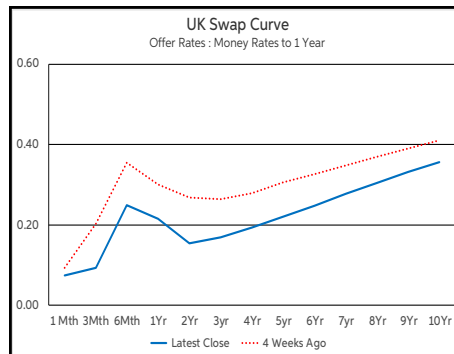
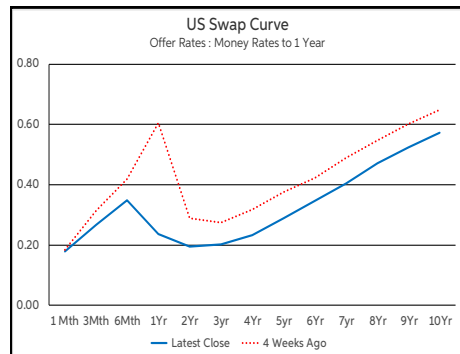
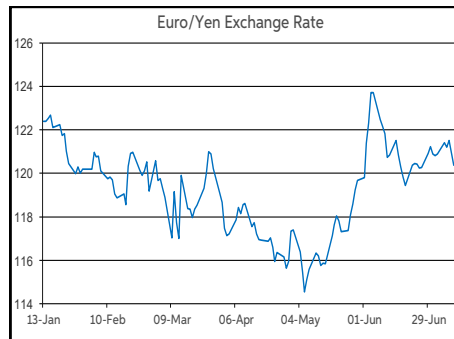
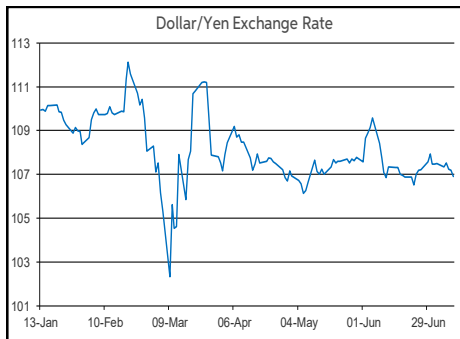
| | |
|---------|---------|
| EUR/GBP | 0.8954 |
| EUR/USD | 1.126 |
| EUR/JPY | 120.37 |
| EUR/SEK | 10.4442 |
| EUR/DKK | 7.4492 |
| EUR/NOK | 10.7407 |
| EUR/CHF | 1.0611 |
| EUR/AUD | 1.6258 |
| EUR/HKD | 8.7254 |
| EUR/CAD | 1.5343 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1164 |
| GBP/USD | 1.2573 |
| GBP/CAD | 1.7133 |
| GBP/NZD | 1.919 |
| GBP/JPY | 134.39 |
| GBP/SEK | 11.6589 |
| GBP/DKK | 8.318 |
| GBP/NOK | 11.9897 |
| GBP/CHF | 1.1849 |
| GBP/AUD | 1.8154 |

Dollar

| | |
|---------|---------|
| USD/JPY | 106.88 |
| USD/CAD | 1.3626 |
| USD/CHF | 0.9424 |
| USD/CNY | 7.0079 |
| USD/BRL | 5.3386 |
| USD/RUB | 71.0586 |
| USD/INR | 75.293 |
| AUD/USD | 0.6925 |
| NZD/USD | 0.6549 |



| Debt Markets | | | | |
|---|-------|-----|---------|--------|
| | Close | Day | 4 Weeks | End 19 |
| 10 Year Yield % | | | | |
| US | 0.61 | -5 | -5 | -131 |
| Germany | -0.46 | -2 | -5 | -27 |
| UK | 0.16 | -2 | -4 | -67 |
| | | | | |
| Ireland | -0.02 | -2 | -8 | -14 |
| Belgium | -0.16 | -1 | -14 | -25 |
| France | -0.14 | -1 | -14 | -26 |
| Italy | 1.28 | +1 | -17 | -15 |
| Spain | 0.41 | -0 | -23 | -6 |
| | | | | |
| Portugal | 0.42 | +1 | -18 | -2 |
| Greece | 1.12 | -0 | -21 | -34 |
| | | | | |
| 5 Year Swap % | | | | |
| US | 0.29 | -5 | -5 | -142 |
| Eurozone | -0.36 | -2 | -7 | -23 |
| UK | 0.22 | -2 | -7 | -66 |
| | | | | |
| 2 Year Swap % | | | | |
| US | 0.19 | -2 | -6 | -147 |
| Eurozone | -0.39 | -1 | -8 | -9 |
| UK | 0.15 | -1 | -10 | -64 |
| | | | | |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 44 | -0 | -4 | +13 |
| Belgium | 30 | +1 | -10 | +2 |
| France | 32 | +1 | -9 | +1 |
| Italy | 174 | +3 | -12 | +13 |
| Spain | 87 | +2 | -18 | +22 |
| Portugal | 88 | +3 | -14 | +25 |
| Greece | 158 | +2 | -16 | -7 |

| Commodities | | | | |
|----------------|--------|-------|---------|--------|
| | Close | Day | 4 Weeks | End 19 |
| Brent Oil | 42.35 | -2.17 | +9.86 | -35.83 |
| West Texas Oil | 39.64 | -3.10 | +8.81 | -35.17 |
| Gold \$ | 1802.8 | -0.40 | +4.38 | +18.84 |

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