

Cautious mood on markets

There has been a cautious mood evident on markets over the past 24 hours. This followed a sell-off in Chinese equity markets on Wednesday night. This was reflected in the Euro Stoxx 50 dipping by 0.4% and the S&P 500 closing down 0.3%.

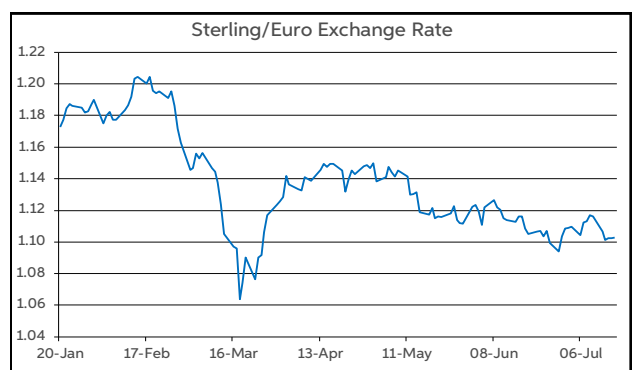
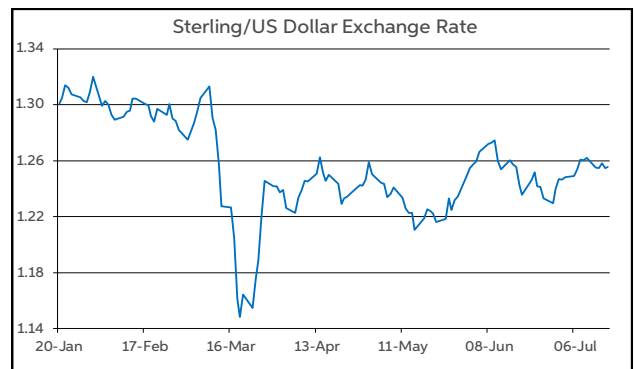
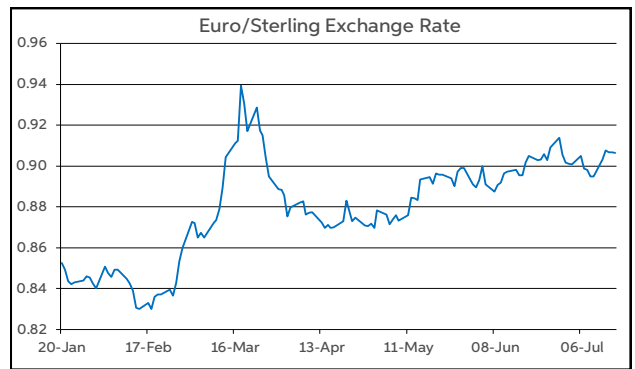
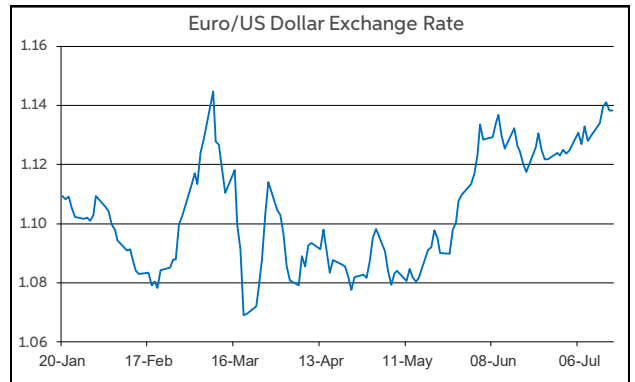
Meanwhile, as expected the ECB's July Governing Council meeting was a non-event for markets. The central bank made no changes to policy and continued to emphasise that monetary conditions will remain extremely loose for some time.

Data-wise, US retail sales printed above expectations in June, increasing by 7.5% (f'cast +5.0%). However, as Covid-19 restrictions have since been re-introduced in large swathes of the US, the outlook for expenditure will be more challenging. Meantime, initial weekly jobless claims surprised to the downside. There was a 1.3m (f'cast 1.25m) increase in new claimants in the week ending July 11th. Dollar reaction, though, was negligible.

Indeed, the action on currency markets yesterday was subdued. A slightly softer euro tone sees EUR/USD edge back below the \$1.14 level, while EUR/GBP opens just above the 90.5p mark. Elsewhere, GBP/USD is trading at the midpoint of the \$1.25-1.26 range.

Today, there is a relatively quiet look to the macro schedule to end the week. The flash July print of the University of Michigan measure of US consumer sentiment is the main data highlight. It will be looked to for evidence of how the aforementioned rise in Covid cases is impacting confidence. However, dollar impact could be limited. For the euro, today's EU Summit will present some event risk. It is hoped some progress will be made in agreeing on the EU Budget for 2021-2027, which includes the Recovery Fund.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1381	-0.20	1.53
EUR/GBP	0.9065	-0.18	7.23
GBP/USD	1.2554	-0.04	-5.32
GBP/EUR	1.1028	0.18	-6.74
USD/JPY	107.2	0.31	-1.30
EUR/JPY	122.04	0.12	0.17

* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.19	0.27	0.23	0.24	0.33
EUR	0.00	-0.51	-0.44	-0.37	-0.39	-0.36
GBP	0.10	0.07	0.08	0.15	0.13	0.19

All rates quoted are indicative market rates

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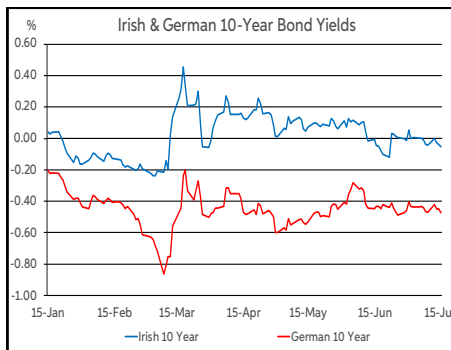
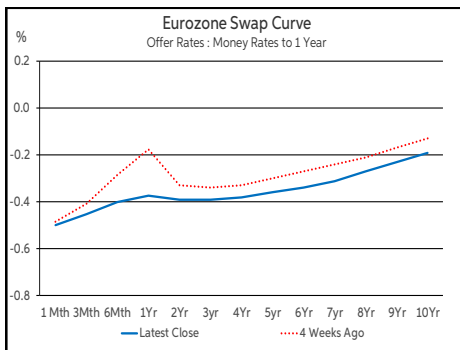
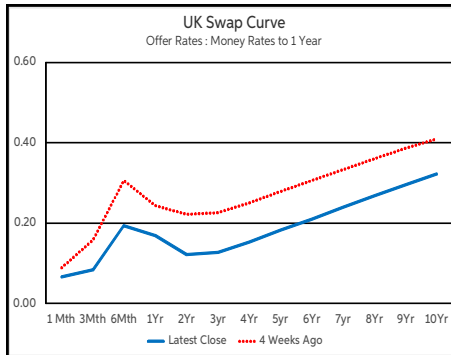
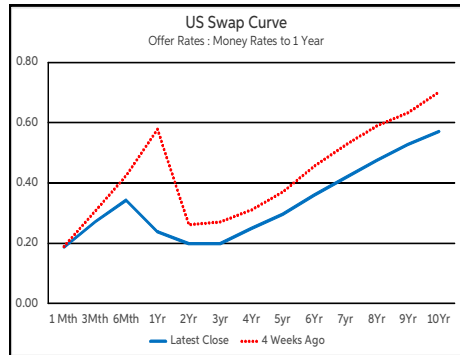
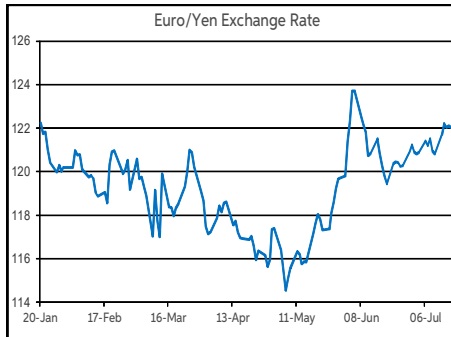
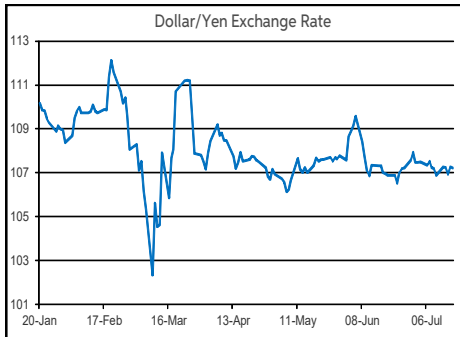
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Friday 17 July 2020
07:16 am



Euro		Sterling		Dollar	
EUR/GBP	0.9065	GBP/EUR	1.1028	USD/JPY	107.2
EUR/USD	1.1381	GBP/USD	1.2554	USD/CAD	1.3581
EUR/JPY	122.04	GBP/CAD	1.7043	USD/CHF	0.945
EUR/SEK	10.3349	GBP/NZD	1.9171	USD/CNY	6.9992
EUR/DKK	7.4448	GBP/JPY	134.58	USD/BRL	5.3311
EUR/NOK	10.5841	GBP/SEK	11.394	USD/RUB	71.3972
EUR/CHF	1.0758	GBP/DKK	8.2096	USD/INR	75.1325
EUR/AUD	1.6297	GBP/NOK	11.6693		
EUR/HKD	8.8246	GBP/CHF	1.1864	AUD/USD	0.6984
EUR/CAD	1.5459	GBP/AUD	1.7973	NZD/USD	0.6546



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.62	-1	-9	-130
Germany	-0.47	-3	-3	-28
UK	0.14	-3	-9	-69
5 Year Swap %				
US	0.30	-3	-7	-141
Eurozone	-0.36	-1	-5	-24
UK	0.18	-2	-8	-69
2 Year Swap %				
US	0.20	-1	-6	-146
Eurozone	-0.39	-1	-5	-9
UK	0.12	-1	-9	-67
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+1	+3	+13
Belgium	30	+1	-7	+2
France	32	+1	-5	+1
Italy	171	-0	-7	+10
Spain	88	+1	-9	+22
Portugal	90	+2	-5	+27
Greece	173	-1	-3	+9

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	43.37	-0.96	+4.48	-34.29
West Texas Oil	40.74	-1.12	+5.03	-33.37
Gold \$	1796.6	-0.81	+4.30	+18.43

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