

US Payrolls under the market spotlight

Sterling started the second half, of what has already been an eventual year for the currency, on the front foot yesterday. It held onto its upward momentum from the previous day. Indeed, the main sterling pairs are now back at the levels they were at prior to Monday's sell-off.

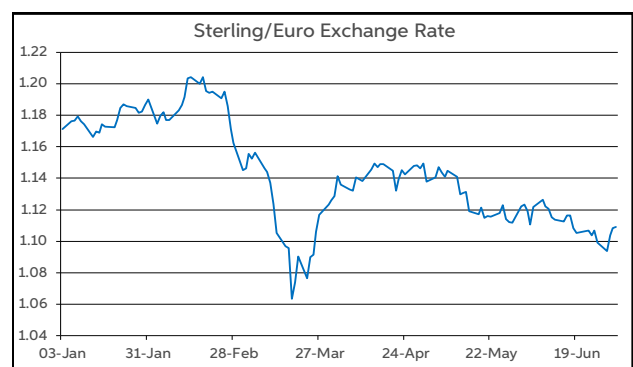
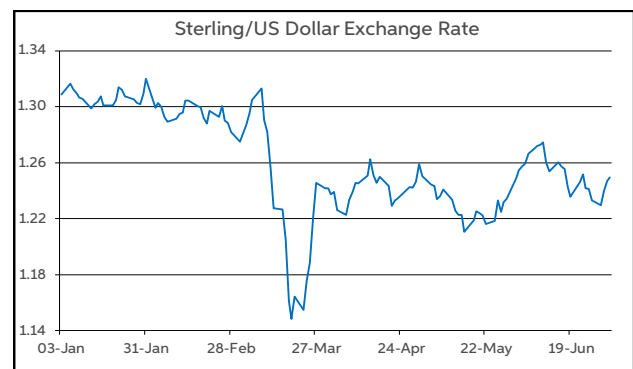
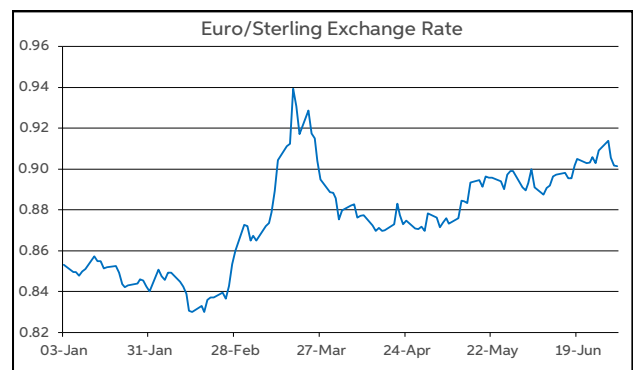
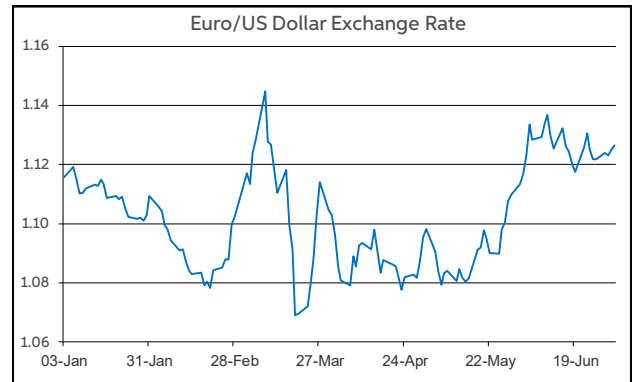
Meanwhile, the dollar found itself under some mild downward pressure. In terms of relevant newsflow, the Fed meeting minutes for June showed that the central bank is moving towards enhancing its forward guidance on monetary policy.

The firmer tone to sterling is reflected in EUR/GBP opening this morning down near to the 90p threshold. At the same time, the combination of a strengthening sterling and a softening dollar sees GBP/USD changing hands up close to the \$1.25 mark. Meanwhile, EUR/USD has edged back up above the midpoint of the \$1.12-1.13 trading band.

Elsewhere on markets, investor sentiment started the third quarter in a generally cautious mood. Most of the main equity indices were trading sideways for much of the day. At the close last night on Wall Street, the S&P 500 managed to register a 0.5% gain.

Ahead today, with the US on its Independence Day market holiday tomorrow, we get a raft of June labour market data that normally gets released on a Friday. This includes the non-farm payroll number. In May, payrolls surprised strongly to the upside of expectations (+2.5m vs. f'cast for -8m). The market consensus is for a 3m gain last month. From an FX perspective, unless there is another significant surprise to the jobs number, its impact on the dollar may be relatively limited.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1266	0.45	0.50
EUR/GBP	0.9015	-0.66	6.64
GBP/USD	1.2498	1.12	-5.74
GBP/EUR	1.109	0.67	-6.22
USD/JPY	107.47	-0.16	-1.05
EUR/JPY	121.09	0.28	-0.61

* 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	0.17	0.30	0.25	0.25	0.35
EUR	0.00	-0.51	-0.42	-0.35	-0.36	-0.32
GBP	0.10	0.08	0.15	0.23	0.20	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

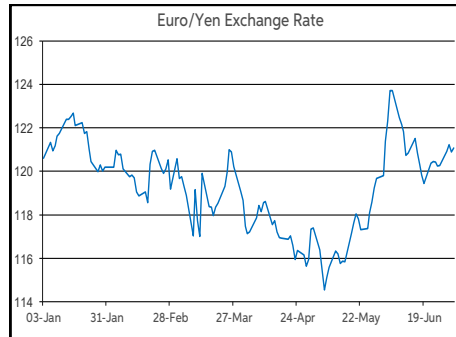
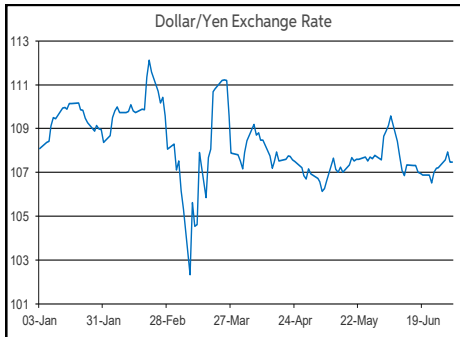
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

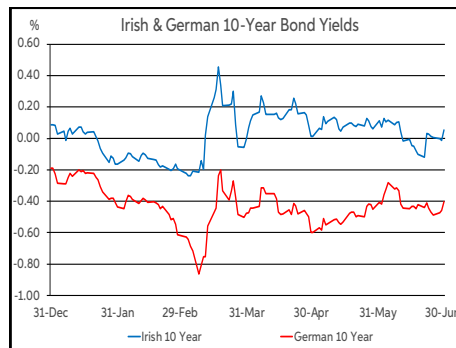
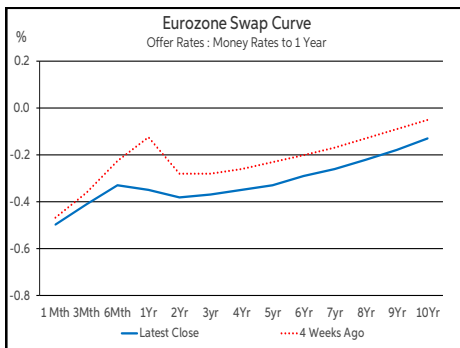
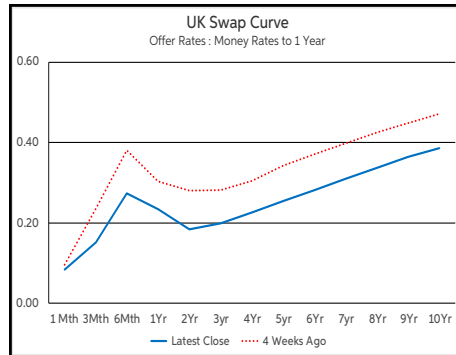
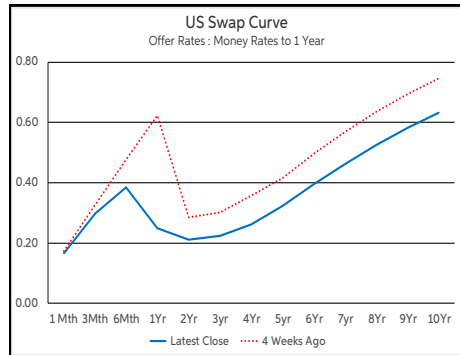
Thursday 02 July 2020
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.9015	GBP/EUR	1.109	USD/JPY	107.47
EUR/USD	1.1266	GBP/USD	1.2498	USD/CAD	1.3599
EUR/JPY	121.09	GBP/CAD	1.699	USD/CHF	0.9456
EUR/SEK	10.4648	GBP/NZD	1.9217	USD/CNY	7.0649
EUR/DKK	7.4514	GBP/JPY	134.32	USD/BRL	5.3172
EUR/NOK	10.6805	GBP/SEK	11.6023	USD/RUB	70.6002
EUR/CHF	1.0655	GBP/DKK	8.264	USD/INR	75.48
EUR/AUD	1.6261	GBP/NOK	11.8412	AUD/USD	0.6929
EUR/HKD	8.7305	GBP/CHF	1.1818	NZD/USD	0.6502
EUR/CAD	1.5323	GBP/AUD	1.8036		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.68	+2	-7	-124
Germany	-0.40	+6	-4	-21
UK	0.21	+4	-7	-62
5 Year Swap %				
US	0.32	+2	-5	-139
Eurozone	-0.33	+2	-9	-21
UK	0.25	+2	-7	-62
2 Year Swap %				
US	0.21	-1	-6	-145
Eurozone	-0.38	+0	-9	-8
UK	0.18	+0	-9	-61
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+1	-3	+16
Belgium	33	+0	-10	+5
France	34	+0	-3	+3
Italy	174	-4	-17	+13
Spain	91	-2	-6	+25
Portugal	89	-5	-6	+25
Greece	159	-9	-27	-5



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	42.03	+2.14	+5.63	-36.32
West Texas Oil	39.88	+1.55	+6.83	-34.77
Gold \$	1770.0	-0.60	+4.27	+16.68

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