

## Dollar little impacted by payrolls

The action on currency markets yesterday was generally confined to narrow trading ranges. This was despite an improvement in risk appetite linked to the release of better than expected labour market data in the US and the Eurozone. On equity markets, this was reflected in the S&P 500 gaining 0.5%, while earlier in the day the Euro Stoxx 50 closed up 2.8%.

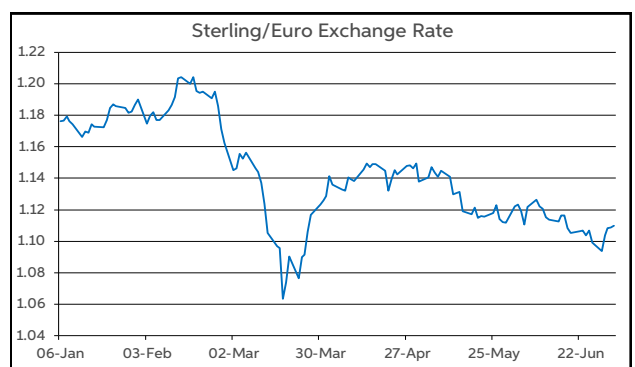
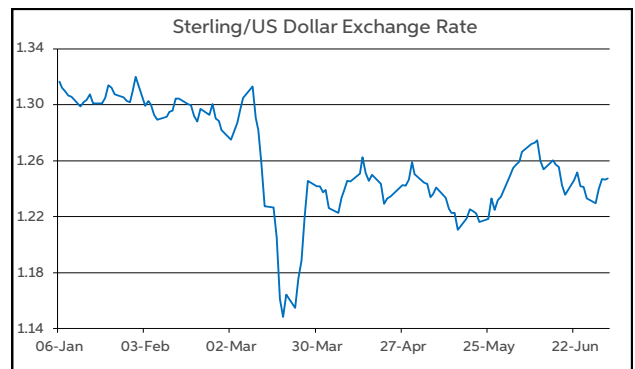
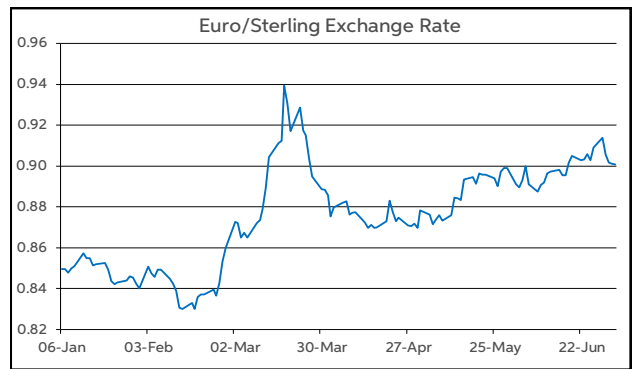
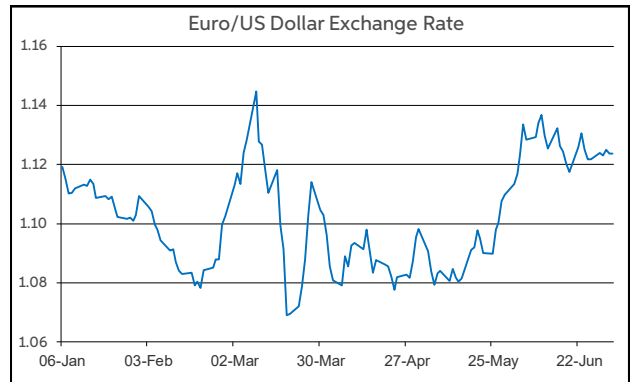
Across the Atlantic, non-farm payrolls printed well ahead of expectations at 4.8m in June (f'cast +3m). This in turn saw the jobless rate fall to 11.1% from 12.3%. In the Eurozone, the success of furloughing schemes meant the unemployment rate only edged up to 7.4% in May, from 7.3% (f'cast 7.7%).

The data from both regions, however, should be treated with caution. For the US, the survey period for the report pre-dates the re-introduction of Covid-19 restrictions in the South and West in the second half of June. In the Eurozone, it is unclear as of yet if lay-offs will spike when short-time working schemes end.

In level terms, the lack of reaction to the data sees the main FX pairs trading at levels unchanged from yesterday's open this morning. EUR/USD is operating just below the \$1.125 mark, while EUR/GBP is holding above the 90p level. Meantime, cable (GBP/USD) is changing hands in the upper half of the \$1.24-1.25 range.

Turning to the day ahead, there is a barren look to the macro schedule. The only items of any note are the final readings of the composite PMIs in the UK and Eurozone. However, they will attract minimal attention from an FX perspective. Overall then, we could be in for a fairly muted session to end the week, especially with US markets closed for the Independence Day holiday.

**Conor Beakey, Economist, AIB**



| Today's Opening FX Rates |        |          |          |
|--------------------------|--------|----------|----------|
|                          |        | % Change |          |
|                          |        | Day *    | End 2019 |
| EUR/USD                  | 1.1237 | -0.24    | 0.24     |
| EUR/GBP                  | 0.9007 | -0.10    | 6.54     |
| GBP/USD                  | 1.2471 | -0.17    | -5.94    |
| GBP/EUR                  | 1.1096 | 0.10     | -6.14    |
| USD/JPY                  | 107.5  | 0.07     | -1.02    |
| EUR/JPY                  | 120.78 | -0.19    | -0.86    |

\* 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        | -0.42 | -0.37      | -0.38 | -0.35 |
| GBP                    | 0.10      | 0.08         | 0.14  | 0.24       | 0.20  | 0.26  |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

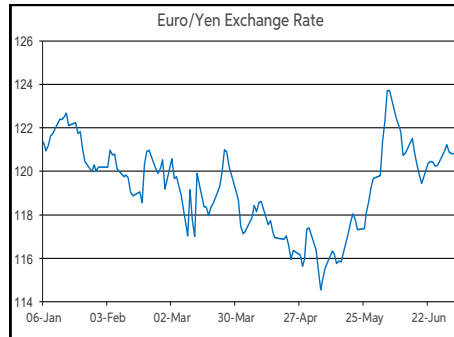
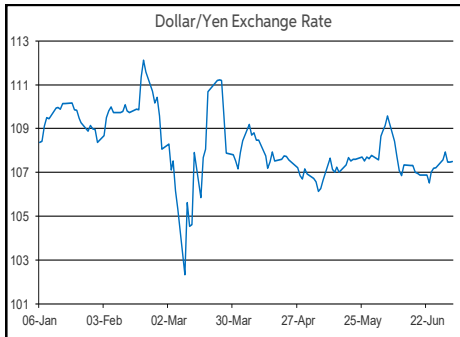
|         |  |                |            |                  |                           |                 |                                   |
|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot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

# Opening Levels

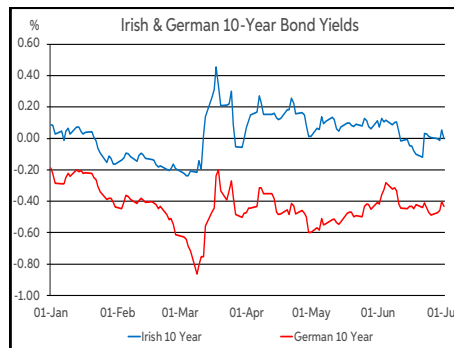
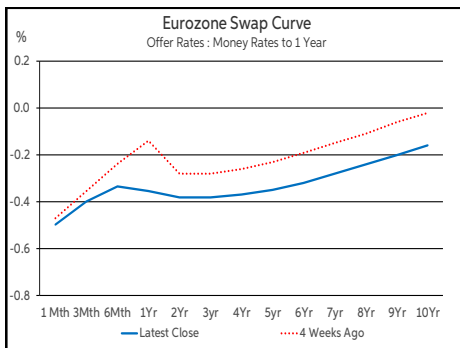
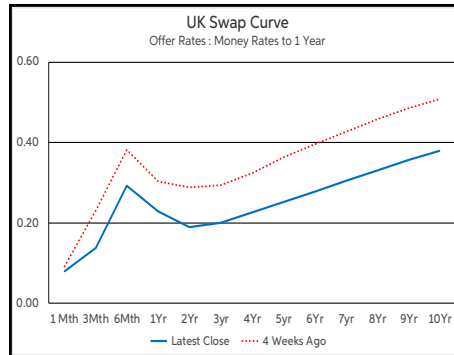
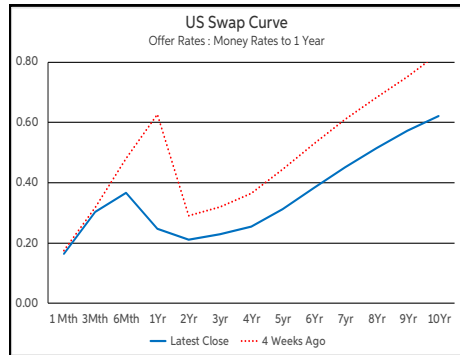
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| Euro    |        | Sterling |         | Dollar  |         |
|---------|--------|----------|---------|---------|---------|
| EUR/GBP | 0.9008 | GBP/EUR  | 1.1096  | USD/JPY | 107.49  |
| EUR/USD | 1.1237 | GBP/USD  | 1.2472  | USD/CAD | 1.3557  |
| EUR/JPY | 120.78 | GBP/CAD  | 1.6905  | USD/CHF | 0.9462  |
| EUR/SEK | 10.47  | GBP/NZD  | 1.9122  | USD/CNY | 7.0622  |
| EUR/DKK | 7.4513 | GBP/JPY  | 134.06  | USD/BRL | 5.3596  |
| EUR/NOK | 10.707 | GBP/SEK  | 11.6211 | USD/RUB | 70.2386 |
| EUR/CHF | 1.0632 | GBP/DKK  | 8.2698  | USD/INR | 74.7775 |
| EUR/AUD | 1.6199 | GBP/NOK  | 11.8796 | AUD/USD | 0.6936  |
| EUR/HKD | 8.707  | GBP/CHF  | 1.1799  | NZD/USD | 0.652   |
| EUR/CAD | 1.5232 | GBP/AUD  | 1.7979  |         |         |



| Debt Markets  |       |     |         |        |
|---|-------|-----|---------|--------|
|   | Close | Day | 4 Weeks | End 19 |
| <b>10 Year Yield %</b>                                  |       |     |         |        |
| US  | 0.67  | -1  | -16     | -125   |
| Germany   | -0.43 | -3  | -11     | -24    |
| UK  | 0.19  | -2  | -12     | -64    |
| <b>5 Year Swap %</b>                                    |       |     |         |        |
| US  | 0.31  | -1  | -13     | -140   |
| Eurozone  | -0.35 | -2  | -11     | -23    |
| UK  | 0.25  | -0  | -10     | -63    |
| <b>2 Year Swap %</b>                                    |       |     |         |        |
| US  | 0.21  | +0  | -5      | -145   |
| Eurozone  | -0.38 | +0  | -9      | -8     |
| UK  | 0.19  | +1  | -9      | -60    |
| <b>10 Year Government Bond Spreads to Benchmark bps</b> |       |     |         |        |
| Ireland   | 45    | -2  | -3      | +14    |
| Belgium   | 31    | -2  | -7      | +3     |
| France  | 32    | -2  | +0      | +1     |
| Italy   | 172   | -3  | -3      | +10    |
| Spain   | 89    | -2  | -1      | +23    |
| Portugal  | 89    | +0  | +3      | +26    |
| Greece  | 163   | +4  | -8      | -2     |



| Commodities    |        |       |         |        |
|----------------|--------|-------|---------|--------|
|                | Close  | Day   | 4 Weeks | End 19 |
| Brent Oil      | 43.14  | +2.64 | +7.88   | -34.64 |
| West Texas Oil | 40.57  | +1.73 | +8.42   | -33.64 |
| Gold \$        | 1775.1 | +0.29 | +3.77   | +17.02 |

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