

US payrolls and UK politics in focus

Currency market moves were confined to narrow ranges yesterday. For sterling, upbeat comments from BoE Governor Carney provided no lasting impact for the currency. However, Brexit related uncertainty ahead of a key meeting of the UK government today was unhelpful. For the dollar, last night's Fed meeting minutes provided little in the way of new information regarding the outlook for US monetary policy. Thus, FX market reaction was limited. The euro has seen some modest gains on the day, though.

In level terms, a slightly firmer euro is reflected in EUR/USD opening this morning above the \$1.17 mark, while the EUR/GBP pair is trading close to the mid-point of the 88-89p band. Meanwhile, cable (GBP/USD) continues to trade just above the \$1.32 level.

Equity markets rose yesterday, aided by reports that the Trump administration was willing to find a compromise with the EU to avoid new trade tariffs. The Euro Stoxx 50 rose by 0.9%, while the S&P 500 was up by the same amount at the close on Wall Street.

In the day ahead, the main focus for markets will be the US employment report for June. The key non-farm payrolls number is expected to show a strong 195k increase. Earnings growth is also forecast to edge up slightly. Thus, the data could provide a positive backdrop for the dollar.

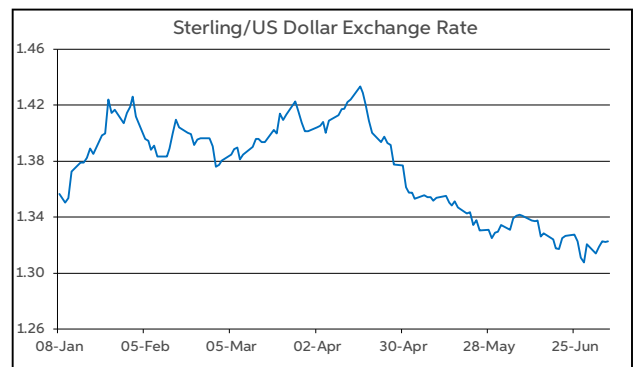
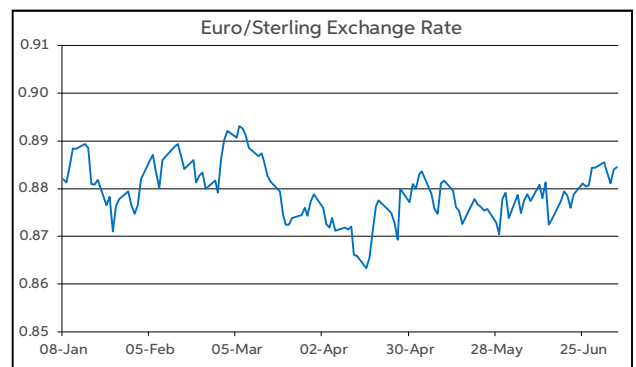
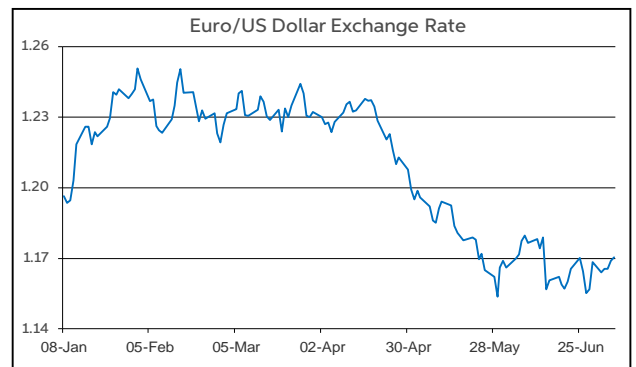
Elsewhere, sterling watchers will be keeping a close eye on the aforementioned meeting of the UK cabinet. Prime Minister May hopes to reach agreement with her ministers on the plan for the UK's future trading relationship with the EU. Meaningful progress on the issue has the potential to provide some support to sterling.

Dara Turnbull, Economist, AIB

Today's Opening Rates			
		% Change	
		Day *	End 2017
EUR/USD	1.1707	0.45	-2.41
EUR/GBP	0.8848	0.37	-0.39
GBP/USD	1.3228	0.05	-2.10
GBP/EUR	1.1296	-0.37	0.40
USD/JPY	110.68	0.28	-1.77
EUR/JPY	129.6	0.74	-4.13

* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.875	2.10	2.34	2.78	2.81	2.88
EUR	0.00	-0.37	-0.32	-0.18	-0.16	0.27
GBP	0.50	0.52	0.71	1.00	1.05	1.30

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	24356.74	+0.75	-1.47	
S&P 500	2736.61	+0.86	+2.36	
FTSE 100	7603.22	+0.40	-1.10	
DJ Stoxx 50	3440.92	+0.85	-1.80	
ISEQ	6969.09	-0.09	-0.98	
Nikkei	21788.14	+1.12	-4.29	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

Opening Levels

Friday 06 July 2018
07:29 am



Euro

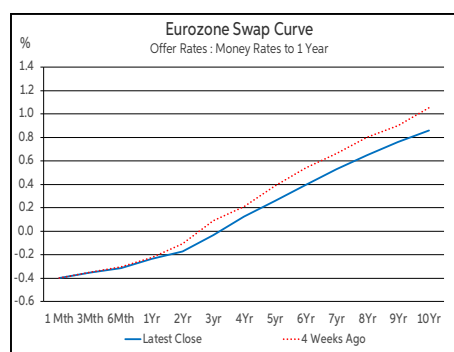
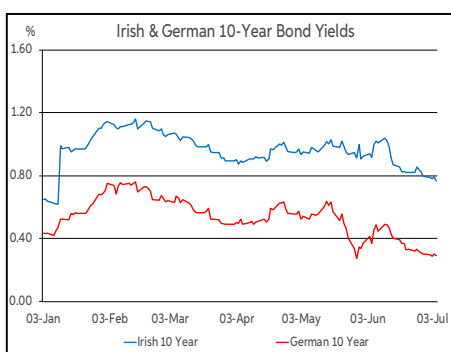
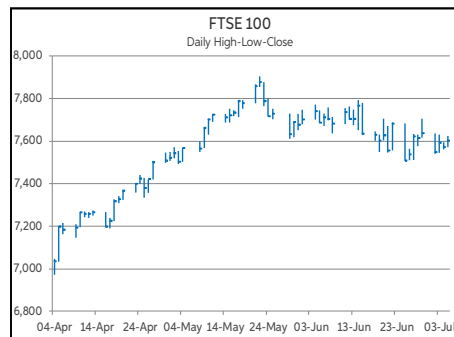
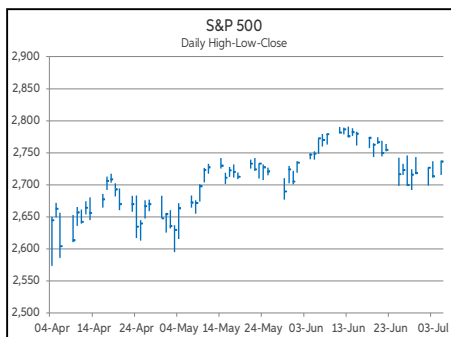
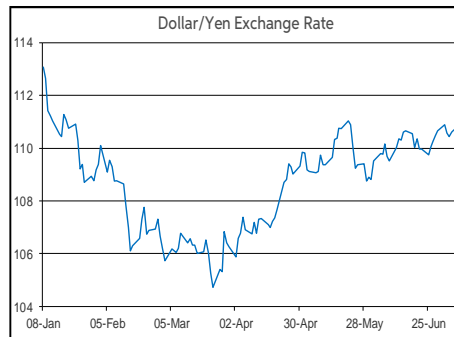
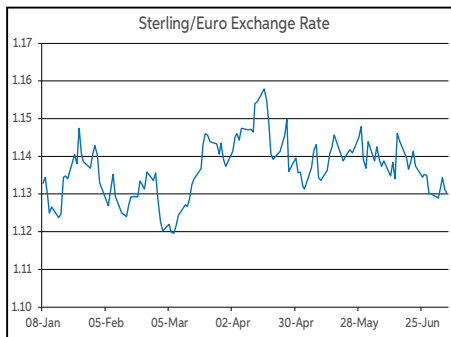
EUR/GBP	0.8848
EUR/USD	1.1707
EUR/JPY	129.6
EUR/SEK	10.2439
EUR/DKK	7.4507
EUR/NOK	9.4111
EUR/CHF	1.1619
EUR/AUD	1.58
EUR/HKD	9.1866
EUR/CAD	1.5371

Sterling

GBP/EUR	1.1296
GBP/USD	1.3228
GBP/CAD	1.7371
GBP/NZD	1.9412
GBP/JPY	146.41
GBP/SEK	11.5707
GBP/DKK	8.4195
GBP/NOK	10.6309
GBP/CHF	1.313
GBP/AUD	1.7852

Dollar

USD/JPY	110.68
USD/CAD	1.3129
USD/CHF	0.9924
USD/CNY	6.6461
USD/BRL	3.9324
USD/RUB	63.2136
USD/INR	68.855
AUD/USD	0.7408
NZD/USD	0.6813



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.83	+0	-9	+43
Germany	0.29	-1	-19	-13
UK	1.25	-2	-15	+7
Ireland	0.77	-2	-25	N/A
Belgium	0.67	+1	-20	+6
France	0.63	-0	-19	-14
Italy	2.70	+6	-29	+71
Spain	1.31	+3	-12	-24
Portugal	1.78	+5	-20	-11
Greece	3.98	+7	-53	-6
5 Year Swap %				
US	2.85	-3	-2	+61
Eurozone	0.26	-2	-13	-6
UK	1.30	-2	-7	+26
2 Year Swap %				
US	2.77	-3	+3	+69
Eurozone	-0.17	-1	-6	-3
UK	1.05	-1	+1	+24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	48	-2	-6	N/A
Belgium	38	+2	-0	+18
France	34	+1	+1	-1
Italy	241	+7	-10	+83
Spain	101	+4	+7	-11
Portugal	149	+6	-0	+2
Greece	369	+8	-34	+6

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	77.39	-1.09	+0.09	+15.73
West Texas Oil	73.05	-1.54	+10.75	+20.82
CRB - All Commodity	196.21	-0.64	-1.64	+1.21
CRB - Food	346.99	+0.42	-1.35	+3.26
Gold \$	1258.2	+0.04	-3.03	-3.41

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