

Data supports investor sentiment

There was an improvement in risk appetite on financial markets last week. Sentiment was aided by some better than expected macro data. These included much stronger than anticipated US labour market and consumer confidence figures for June, as well as the May retail sales report in Germany.

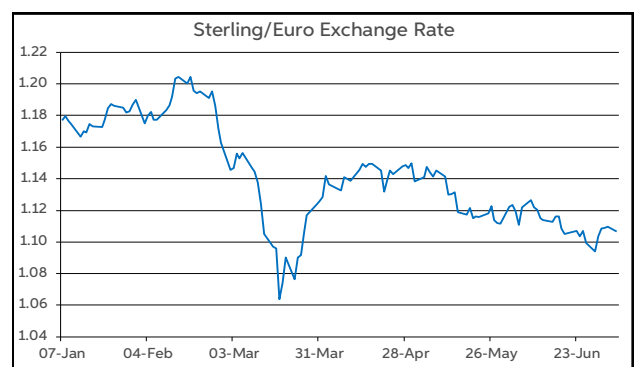
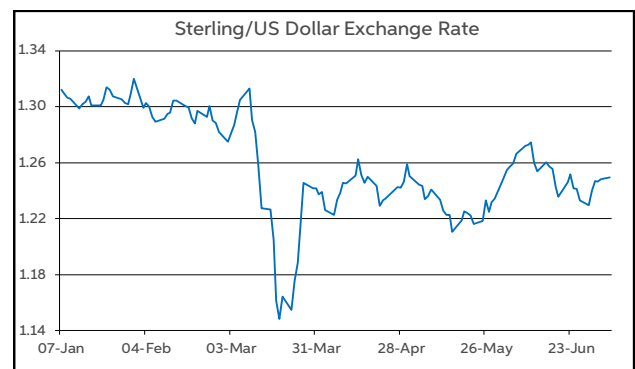
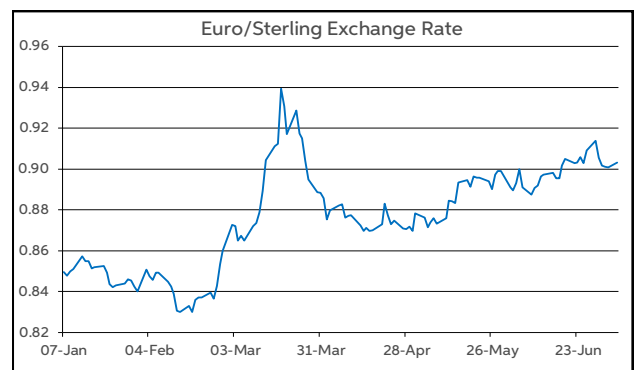
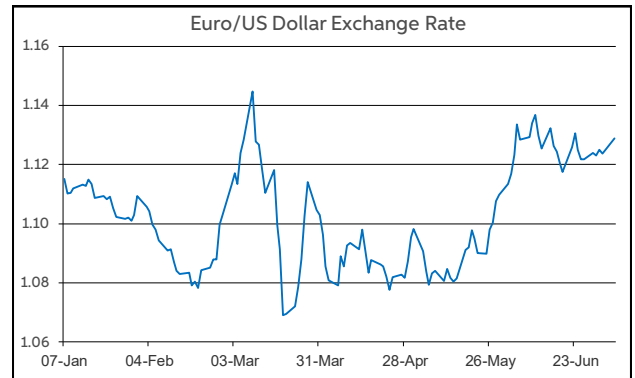
The data was viewed as further evidence that the nascent economic recovery is taking place at faster than anticipated pace. As a result, equities moved higher. On the week, there gains of the 3-4% for the Euro Stoxx 50 and the S&P 500, respectively.

There was, however, no notable impact from the risk-on tone into FX markets. Sterling experienced some weakness in the early part of the week, with EUR/GBP briefly breaching the 91p support level. However, it has since recovered the lost ground.

In overnight action, the euro has adopted a marginally firmer tone as risk appetite has improved further. These small gains are reflected in EUR/USD opening this morning in the upper half of the \$1.12-1.13 band. At the same time, EUR/GBP is changing hands just below the midpoint of the 90-91p range. Elsewhere, cable (GBP/USD) is operating up at the \$1.25 threshold.

This week, there is a very quiet look to the macro calendar on both sides of the Atlantic. The main items of interest come from the US, with the June print of the non-manufacturing ISM (today) and the latest set of US initial weekly jobless claims numbers due. The latter will be looked to for evidence of a rise in lay-offs as parts of the South and West re-introduce Covid-19 restrictions. Overall though, it is unlikely that the data will attract from attention from an FX perspective, meaning we could be in for a quiet week.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.129	0.56	0.71
EUR/GBP	0.9032	0.23	6.84
GBP/USD	1.2498	0.31	-5.74
GBP/EUR	1.1065	-0.23	-6.40
USD/JPY	107.67	0.16	-0.87
EUR/JPY	121.57	0.71	-0.21

* 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	0.28	0.25	0.24	0.35
EUR	0.00	-0.50	-0.44	-0.36	-0.39	-0.34
GBP	0.10	0.08	0.11	0.24	0.20	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

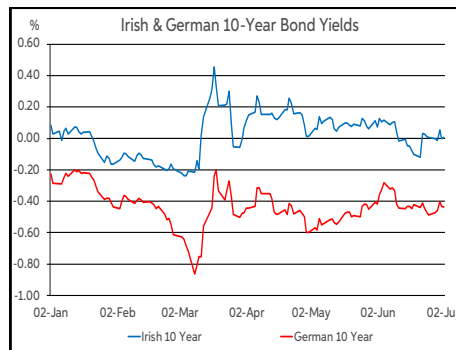
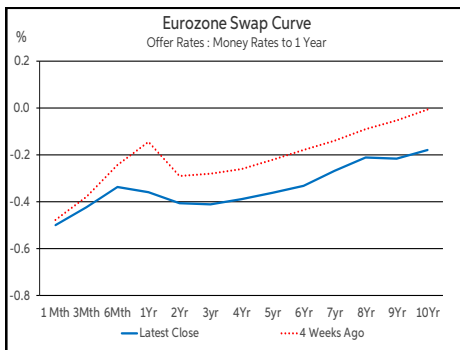
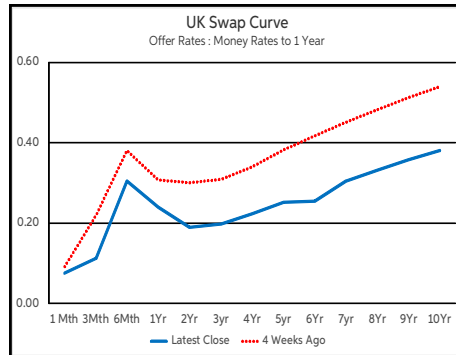
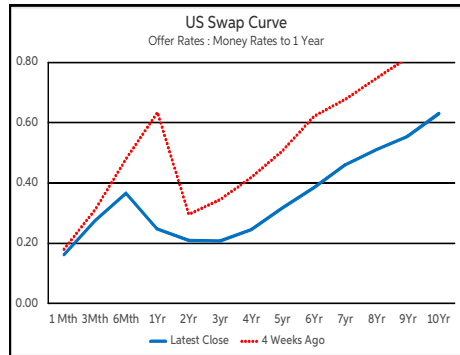
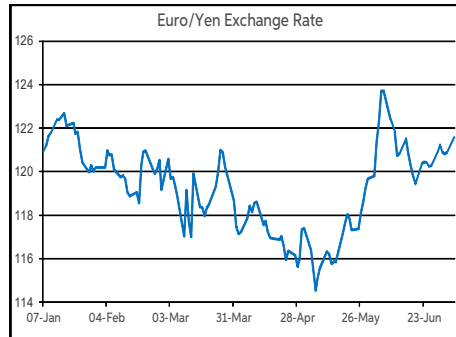
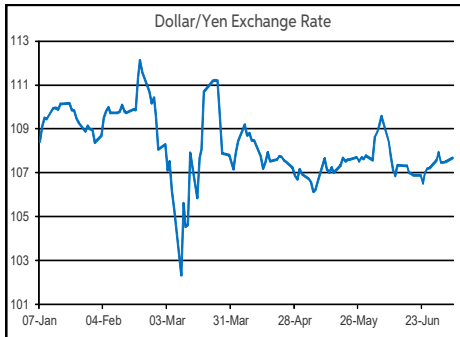
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Monday 06 July 2020
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.9032	GBP/EUR	1.1065	USD/JPY	107.67
EUR/USD	1.129	GBP/USD	1.2498	USD/CAD	1.3531
EUR/JPY	121.57	GBP/CAD	1.691	USD/CHF	0.943
EUR/SEK	10.4604	GBP/NZD	1.9061	USD/CNY	7.0426
EUR/DKK	7.4508	GBP/JPY	134.54	USD/BRL	5.3143
EUR/NOK	10.6296	GBP/SEK	11.5735	USD/RUB	71.0083
EUR/CHF	1.0647	GBP/DKK	8.2463	USD/INR	74.71
EUR/AUD	1.6198	GBP/NOK	11.7605	AUD/USD	0.6969
EUR/HKD	8.7506	GBP/CHF	1.1785	NZD/USD	0.6554
EUR/CAD	1.5275	GBP/AUD	1.7929		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.67	-1	-22	-125
Germany	-0.43	-0	-16	-25
UK	0.19	+0	-17	-64
5 Year Swap %				
US	0.32	+1	-18	-139
Eurozone	-0.36	-1	-13	-24
UK	0.25	+0	-12	-63
2 Year Swap %				
US	0.21	-0	-7	-145
Eurozone	-0.41	-3	-11	-11
UK	0.19	+0	-10	-60
10 Year Government Bond Spreads to Benchmark bps				
Ireland	46	+1	+2	+15
Belgium	31	+0	-5	+3
France	33	+0	+2	+2
Italy	176	+5	+6	+15
Spain	89	-0	+4	+23
Portugal	88	-1	+5	+25
Greece	161	-2	-2	-3

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	42.8	-0.79	+1.18	-35.15
West Texas Oil	40.57	+1.73	+2.73	-33.64
Gold \$	1774.8	-0.02	+5.31	+16.99

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