

EUR/GBP slips below 90p

Investor sentiment slipped yesterday following Monday's rally. This may have reflected concerns surrounding a possible rise in US-China tensions. The risk averse tone on markets saw equities come under some downward pressure. In Europe, Euro Stoxx fell by a modest 0.8% on the day. Meanwhile, at the close on Wall Street last night the S&P 500 was 1.1% lower.

On currency markets, the main mover on the day was sterling. There was no obvious macro factor behind its gains. It may have reflected some investor optimism about both the ongoing EU-UK trade talks and the unveiling of the 'mini-budget' today.

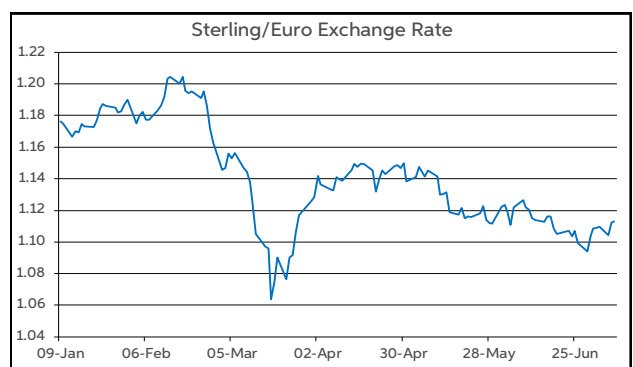
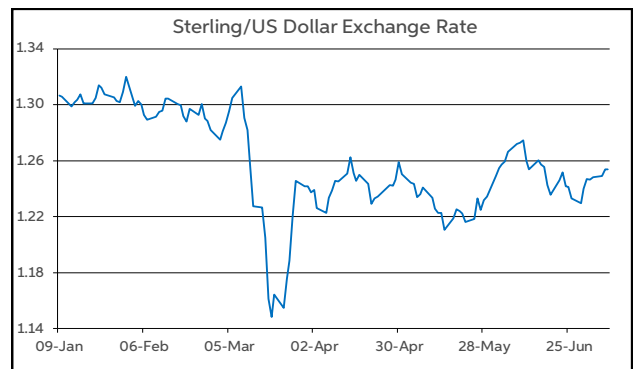
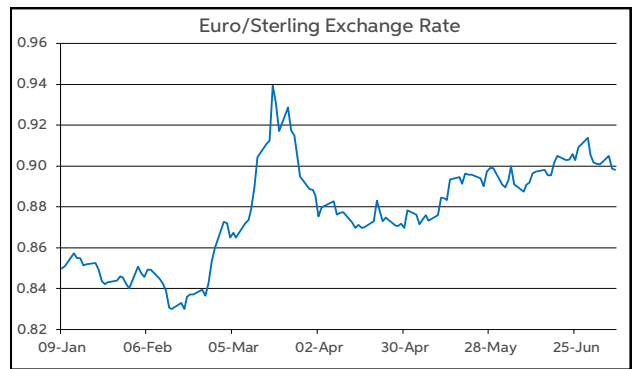
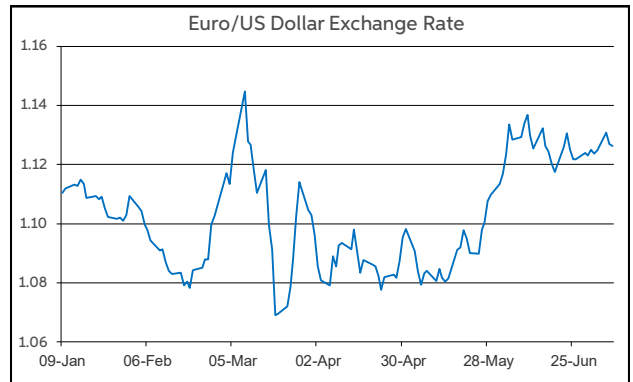
In level terms, the strengthening of sterling saw EUR/GBP move below the 90p support level, where it opens this morning. At the same time, cable (GBP/USD) has moved up closed to the midpoint of the \$1.25-1.26 range. Meanwhile, EUR/USD has edged down away from the \$1.13 threshold.

Elsewhere yesterday, the EC published updated macro forecasts. Eurozone GDP growth in 2020 was revised down from -7.7% to -8.7%. A recovery in output of 6.3% is projected for 2021.

Turning to the day ahead, the only item of any interest on the macro schedule is the aforementioned summer economic update in the UK. Fresh stimulus measures will be announced as the UK aims to aid the nascent economic recovery.

Overall though, the reaction in sterling to the speech could be relatively limited. More generally, there is little to influence the main pairs today. Therefore, it may be that shifts in risk appetite will be the driver of any potential moves in FX markets today.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1264	-0.41	0.48
EUR/GBP	0.8981	-0.70	6.23
GBP/USD	1.254	0.27	-5.42
GBP/EUR	1.1131	0.70	-5.87
USD/JPY	107.55	0.19	-0.98
EUR/JPY	121.16	-0.21	-0.55

* 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	0.18	0.27	0.24	0.24	0.33
EUR	0.00	-0.51	-0.44	-0.36	-0.36	-0.35
GBP	0.10	0.08	0.12	0.22	0.19	0.25

All rates quoted are indicative market rates

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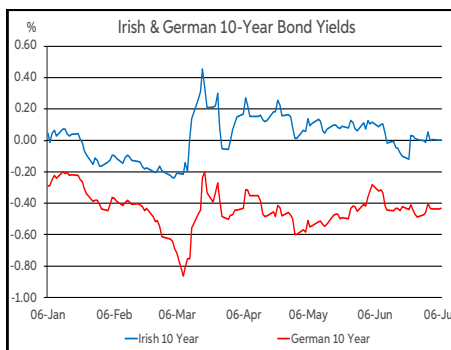
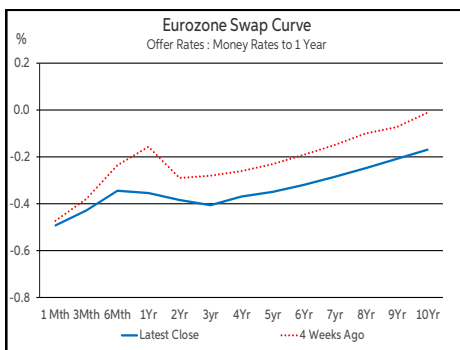
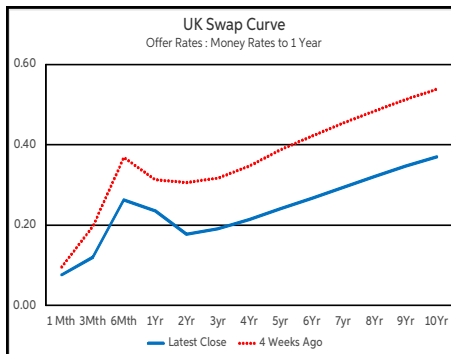
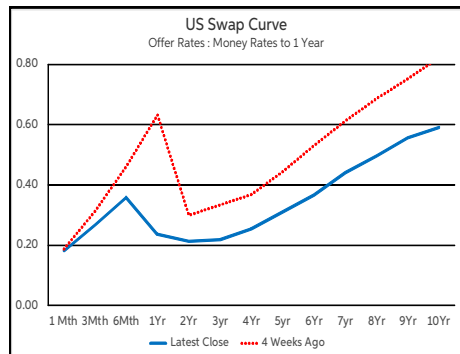
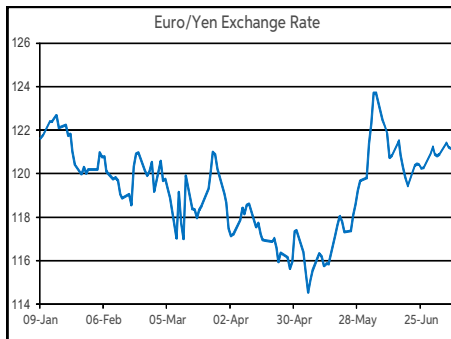
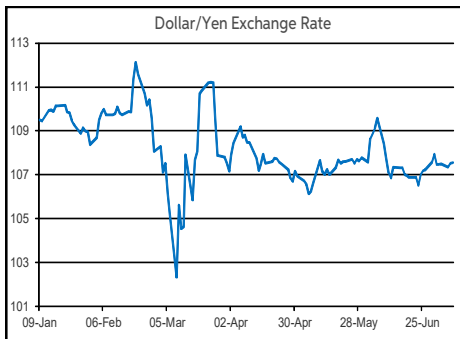
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 08 July 2020
07:16 am



Euro		Sterling		Dollar	
EUR/GBP	0.8982	GBP/EUR	1.113	USD/JPY	107.54
EUR/USD	1.1264	GBP/USD	1.254	USD/CAD	1.3619
EUR/JPY	121.16	GBP/CAD	1.7081	USD/CHF	0.9426
EUR/SEK	10.4435	GBP/NZD	1.9195	USD/CNY	7.0226
EUR/DKK	7.4502	GBP/JPY	134.86	USD/BRL	5.379
EUR/NOK	10.7145	GBP/SEK	11.6235	USD/RUB	71.633
EUR/CHF	1.062	GBP/DKK	8.2931	USD/INR	75.04
EUR/AUD	1.6257	GBP/NOK	11.9245	AUD/USD	0.6929
EUR/HKD	8.7298	GBP/CHF	1.1823	NZD/USD	0.653
EUR/CAD	1.5343	GBP/AUD	1.8097		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.64	-4	-18	-128
Germany	-0.43	+0	-12	-24
UK	0.18	-2	-16	-65
5 Year Swap %				
US	0.31	-1	-13	-140
Eurozone	-0.35	-0	-11	-23
UK	0.24	-2	-13	-64
2 Year Swap %				
US	0.21	-0	-6	-145
Eurozone	-0.38	+0	-8	-9
UK	0.18	-2	-12	-62
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-0	-2	+14
Belgium	30	-0	-8	+1
France	31	-0	-7	+1
Italy	172	-2	-6	+10
Spain	85	-1	-11	+20
Portugal	85	-0	-6	+22
Greece	156	-7	-22	-9

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	43.08	-0.05	+4.61	-34.73
West Texas Oil	40.59	+0.20	+4.13	-33.61
Gold \$	1794.3	+0.60	+4.66	+18.28

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