

EUR/USD tests \$1.12

Safe haven currencies were on the back foot yesterday, with both the dollar and the yen coming under some downward pressure, as risk appetite continued to improve. Ongoing optimism amongst market participants surrounding the re-opening of economies was the main driver of this action. A strong Chinese services PMI for May released overnight likely acted as a support in this regard.

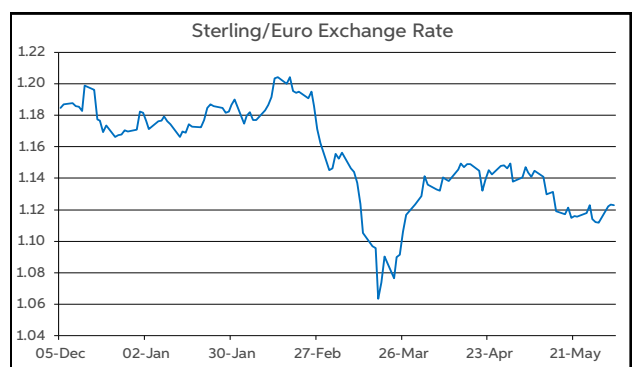
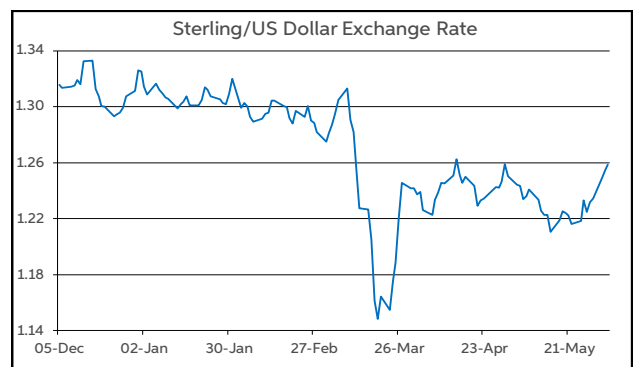
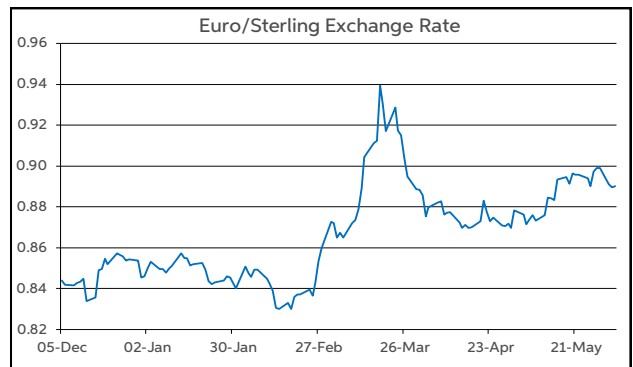
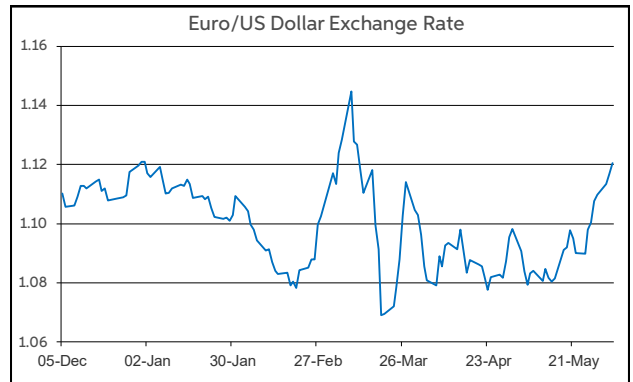
In level terms, the softer tone to both the dollar and the yen sees EUR/USD open this morning at the \$1.12 threshold, while EUR/JPY has moved into the upper half of the ¥121-122 range. At the same time, cable (GBP/USD) is operating just below \$1.26. Meanwhile, EUR/GBP is changing hands down near to the 89p threshold.

Elsewhere on financial markets, the improvement in sentiment was reflected in European equities making some good gains. The Euro Stoxx 50 finished the session up 2.6%, while the FTSE 100 moved 0.9% higher. In the US, the S&P 500 rose by 0.8%, while the Nikkei hit a 3 and a half month high in overnight trading.

Today, the highlight of the schedule is the non-manufacturing ISM for May in the US. The index is forecast to have picked up from 41.8 to 44.0. While such a reading would provide further evidence of nascent economic recovery, dollar reaction to the release may be minimal. Similarly, April unemployment figures in the Eurozone are unlikely to be a mover for the euro.

Instead, moves in the main pairs, if any, are likely to be driven by shifts in sentiment. Headlines related to protests in the US, US-China trade tensions and Brexit will bear close watching as a result. In the face of these headwinds, it will be interesting to see if markets can remain in risk-on mode today.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1204	0.72	-0.05
EUR/GBP	0.8902	-0.12	5.30
GBP/USD	1.2583	0.83	-5.10
GBP/EUR	1.123	0.12	-5.03
USD/JPY	108.63	0.87	0.02
EUR/JPY	121.7	1.58	-0.11

* 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	0.33	0.27	0.26	0.37
EUR	0.00	-0.50	-0.33	-0.25	-0.29	-0.26
GBP	0.10	0.11	0.24	0.30	0.27	0.32

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

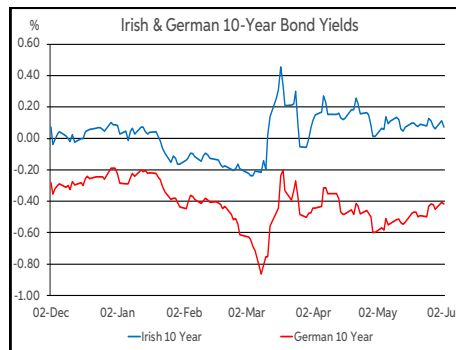
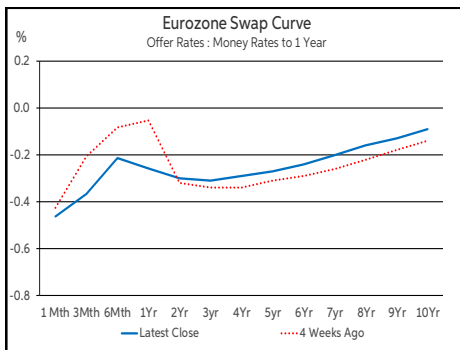
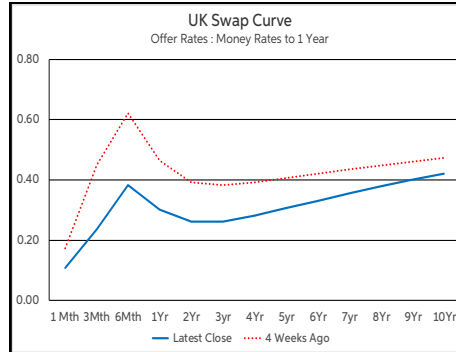
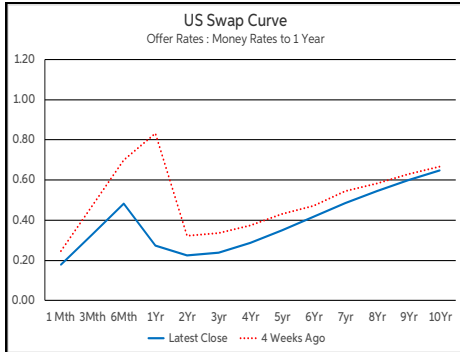
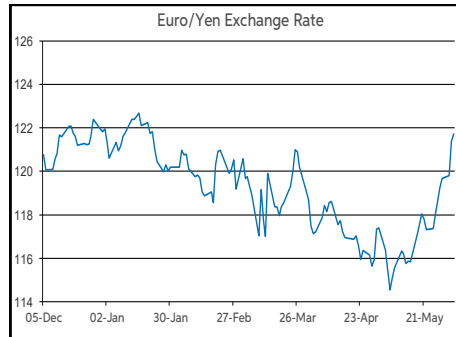
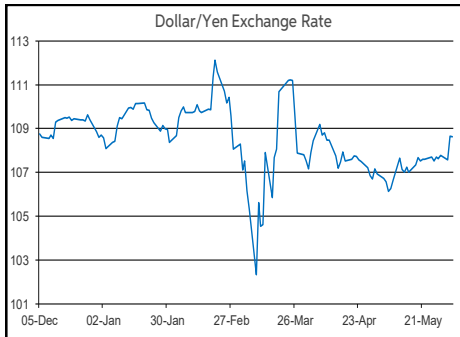
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 03 June 2020
07:16 am



Euro		Sterling		Dollar	
EUR/GBP	0.8902	GBP/EUR	1.123	USD/JPY	108.63
EUR/USD	1.1204	GBP/USD	1.2583	USD/CAD	1.3502
EUR/JPY	121.7	GBP/CAD	1.6989	USD/CHF	0.9616
EUR/SEK	10.4102	GBP/NZD	1.9627	USD/CNY	7.1111
EUR/DKK	7.4539	GBP/JPY	136.69	USD/BRL	5.2004
EUR/NOK	10.6371	GBP/SEK	11.6878	USD/RUB	68.485
EUR/CHF	1.0776	GBP/DKK	8.37	USD/INR	75.26
EUR/AUD	1.615	GBP/NOK	11.9431	AUD/USD	0.6936
EUR/HKD	8.6834	GBP/CHF	1.2101	NZD/USD	0.6408
EUR/CAD	1.512	GBP/AUD	1.8137		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.69	+2	+2	-123
Germany	-0.41	-1	+16	-23
UK	0.22	-1	+2	-60
5 Year Swap %				
US	0.35	+1	-4	-136
Eurozone	-0.27	+0	+5	-15
UK	0.31	-0	-9	-57
2 Year Swap %				
US	0.23	-2	-8	-144
Eurozone	-0.30	-1	+3	-0
UK	0.26	-0	-12	-53
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	-1	-15	+23
Belgium	43	-2	-17	+15
France	37	-2	-15	+6
Italy	192	+5	-53	+31
Spain	98	-1	-46	+32
Portugal	94	+2	-55	+31
Greece	191	+1	-86	+27

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	39.57	+3.26	+27.77	-40.05
West Texas Oil	36.88	+3.92	+50.16	-39.68
Gold \$	1727.0	-0.74	+1.24	+13.85

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