

## Risk appetite continues to firm

There were limited moves on FX markets yesterday despite a positive risk backdrop. Sterling softened slightly but there was no standout reason for this and its main pairs remained well within their recent trading ranges. In level terms, this is reflected in EUR/GBP opening this morning near the 89.5p mark. At the same time, GBP/USD is in the lower half of the \$1.25-1.26 range. Meanwhile, EUR/USD has so far held above the \$1.12 level.

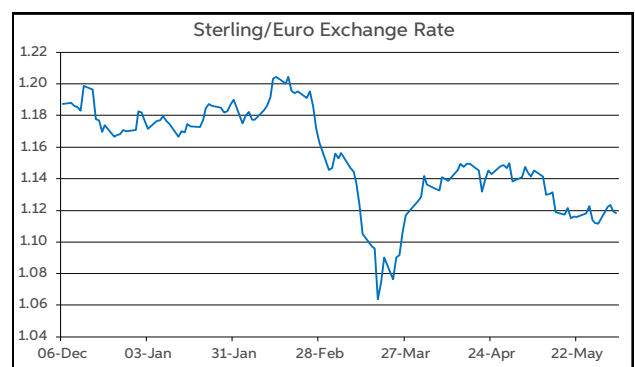
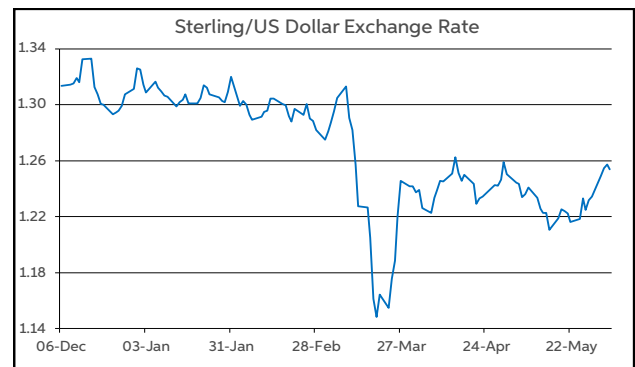
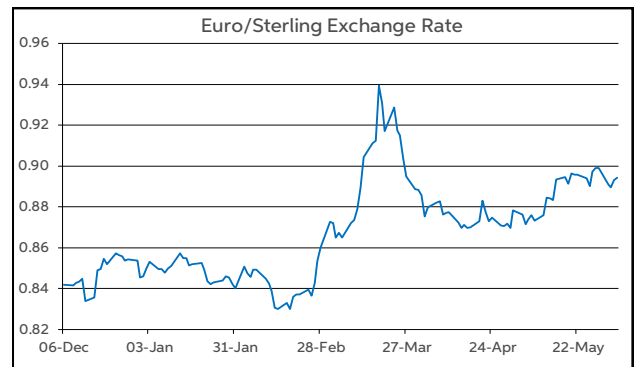
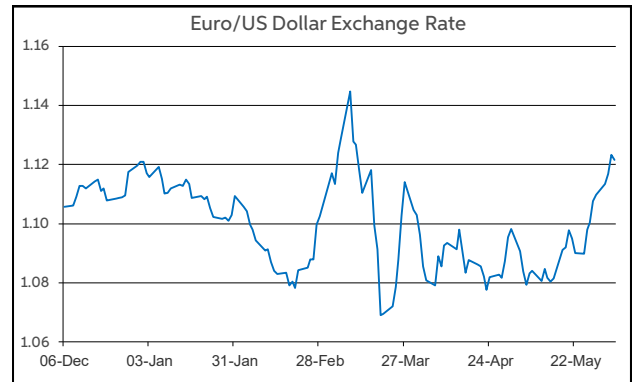
Elsewhere, equities made some further gains yesterday. Investors remain bullish about the possibility of a vigorous recovery in activity as economies emerge from lockdown. The main European indices gained 2.5-3.5%, while the S&P 500 was up 1.4%. The improvement in sentiment also saw bond yields move higher.

Yesterday's US ADP report for May, which showed a 2.8m fall in private payrolls (f'cast -9m), helped aid this optimism. The data, which align with the continuing jobless claims figures, suggest Friday's payroll report may be considerably better than expected.

Today, a key focus for markets will be the ECB's June policy meeting. No change to the depo rate is expected given that at its last two meetings the central bank has lowered the rate on TLTROs. However, the market does expect a sizeable expansion in the ECB's €750bn PEPP asset purchase program. Updated macro projections that account for the Covid crisis will also be released.

A potential increase in the bank's QE programme has been well signalled in advance by Governing Council members. However, today's meeting does still pose some downside risk to both the euro and Eurozone periphery debt if the ECB disappoints. Elsewhere, there is little out to impact either the dollar or sterling.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1213	0.09	0.03
EUR/GBP	0.8941	0.45	5.76
GBP/USD	1.2538	-0.35	-5.44
GBP/EUR	1.1179	-0.45	-5.45
USD/JPY	109.07	0.52	0.42
EUR/JPY	122.32	0.63	0.40

\* 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	0.17	0.33	0.29	0.28	0.41
EUR	0.00	-0.48	-0.33	-0.25	-0.29	-0.24
GBP	0.10	0.10	0.24	0.30	0.28	0.34

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

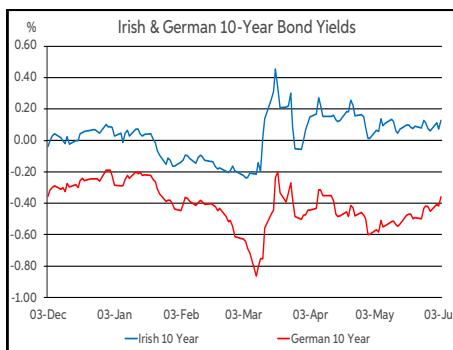
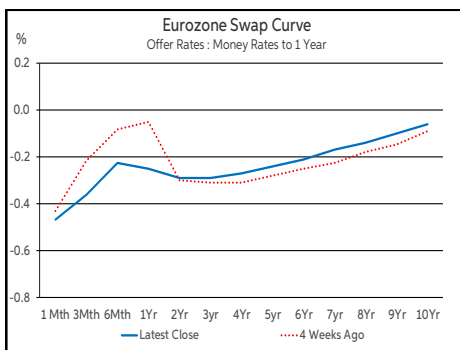
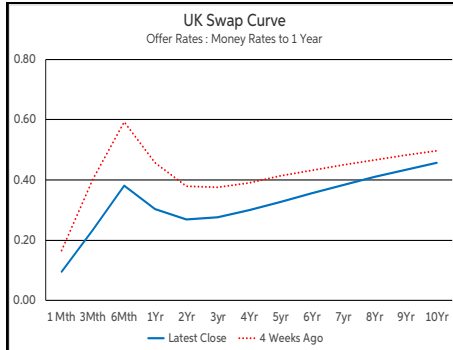
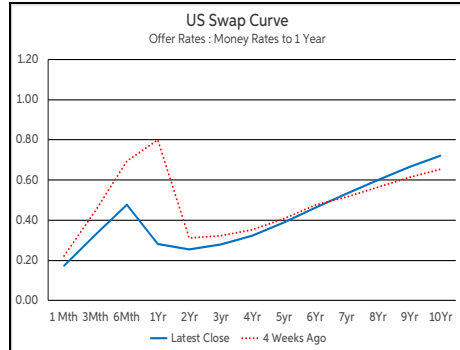
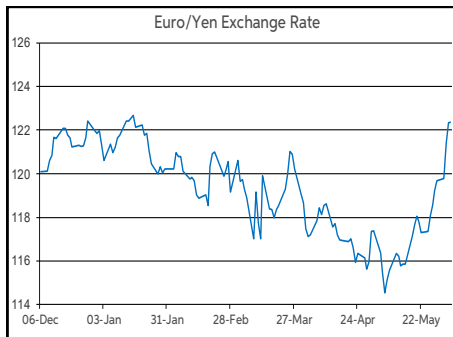
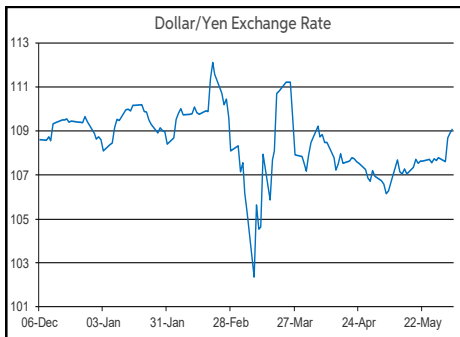
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Thursday 04 June 2020  
07:14 am



Euro		Sterling		Dollar	
EUR/GBP	0.8941	GBP/EUR	1.1179	USD/JPY	109.07
EUR/USD	1.1213	GBP/USD	1.2538	USD/CAD	1.3511
EUR/JPY	122.32	GBP/CAD	1.6943	USD/CHF	0.9615
EUR/SEK	10.4426	GBP/NZD	1.9513	USD/CNY	7.1238
EUR/DKK	7.4544	GBP/JPY	136.75	USD/BRL	5.0626
EUR/NOK	10.6376	GBP/SEK	11.6733	USD/RUB	68.592
EUR/CHF	1.0783	GBP/DKK	8.3334	USD/INR	75.5
EUR/AUD	1.6237	GBP/NOK	11.89	AUD/USD	0.6905
EUR/HKD	8.6897	GBP/CHF	1.2056	NZD/USD	0.6423
EUR/CAD	1.5153	GBP/AUD	1.8155		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.75	+6	+4	-117
Germany	-0.36	+6	+15	-17
UK	0.27	+5	+4	-55
Ireland	0.14	+2	-5	+2
Belgium	0.08	+6	-1	-2
France	0.01	+6	+0	-11
Italy	1.55	+4	-43	+13
Spain	0.62	+6	-30	+15
Portugal	0.59	+6	-40	+14
Greece	1.51	+0	-68	+5
<b>5 Year Swap %</b>				
US	0.39	+5	+2	-132
Eurozone	-0.24	+3	+5	-12
UK	0.33	+2	-7	-55
<b>2 Year Swap %</b>				
US	0.26	+3	-2	-141
Eurozone	-0.29	+1	+2	+1
UK	0.27	+1	-10	-52
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	50	-4	-20	+19
Belgium	43	+0	-16	+15
France	37	+0	-15	+6
Italy	191	-2	-57	+29
Spain	97	-0	-45	+32
Portugal	95	+1	-55	+31
Greece	186	-5	-83	+22

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	39.79	+0.56	+33.88	-39.71
West Texas Oil	37.33	+1.22	+56.32	-38.94
Gold \$	1697.5	-1.71	+0.70	+11.90

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