

EUR/USD above \$1.13 post ECB

The action on currency markets yesterday saw the euro rally strongly following the conclusion of the ECB's policy meeting. As expected, the central bank increased the size of PEPP, but by €600bn rather than the forecasted €500bn. The ECB's action significantly reduces the possibility of another sovereign debt crisis and therefore acted as boost for the euro.

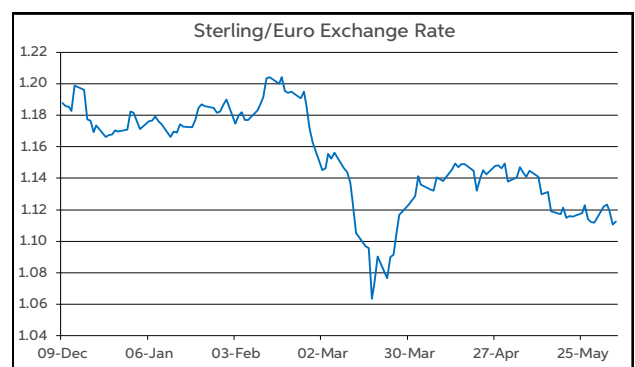
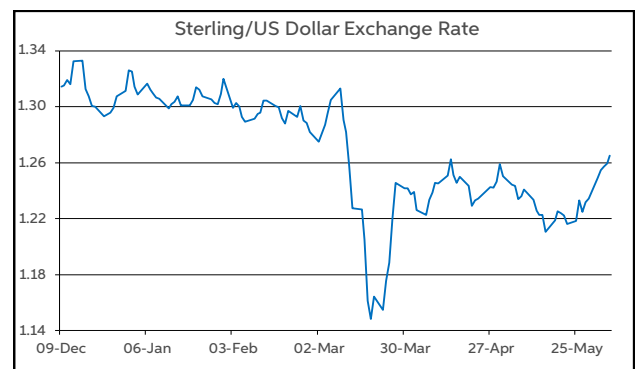
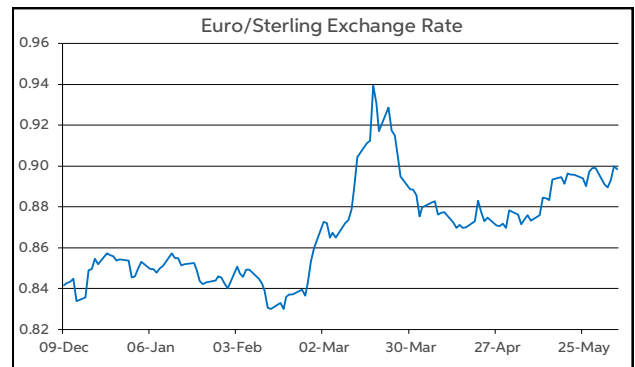
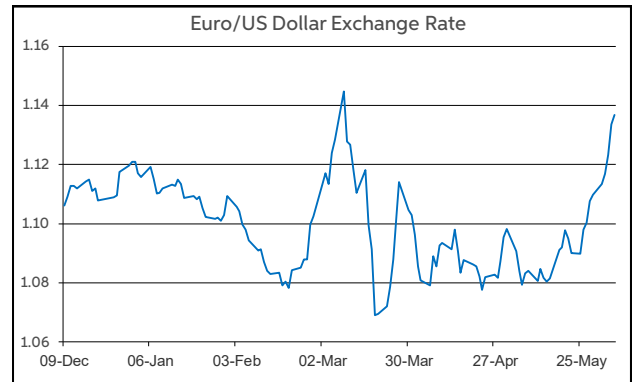
In level terms, the firmer tone to the euro was reflected in EUR/USD resuming its upward march and it opens this morning in the upper half of the \$1.13-1.14 range. At the same time, EUR/GBP is changing hands just below the 90p threshold and EUR/JPY is trading at a one year high near the ¥124 level. Meanwhile, GBP/USD also took a leg higher and is operating at the \$1.265 mark.

Eurozone periphery debt was also well supported by the ECB's QE announcement. Italian spreads narrowed by circa 20bps to their tightest level since mid-March. Elsewhere, the recent rally in equities ran out of steam, with the main indices generally trading flat to slightly lower on the day.

Turning to the day ahead, the highlight is the US employment report for May. The forecast is for a 8m fall in payrolls, but the ADP report for the same month suggests there is some scope for an upside surprise. Nonetheless, heavy job losses in the month will still result in the unemployment rate spiking higher.

In terms of market impact, if the data do print better than expected, it could provide some support to sentiment. However, dollar reaction to the release may be muted. Elsewhere, the conclusion of the latest round of Brexit talks may pose some headline risk for sterling, while there is little out to impact the euro.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1367	1.37	1.40
EUR/GBP	0.8983	0.46	6.26
GBP/USD	1.2649	0.87	-4.60
GBP/EUR	1.1126	-0.46	-5.89
USD/JPY	109.24	0.21	0.58
EUR/JPY	124.2	1.60	1.95

* 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	0.32	0.29	0.29	0.46
EUR	0.00	-0.49	-0.34	-0.27	-0.28	-0.22
GBP	0.10	0.09	0.23	0.31	0.29	0.36

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

Friday 05 June 2020
07:11 am



Euro

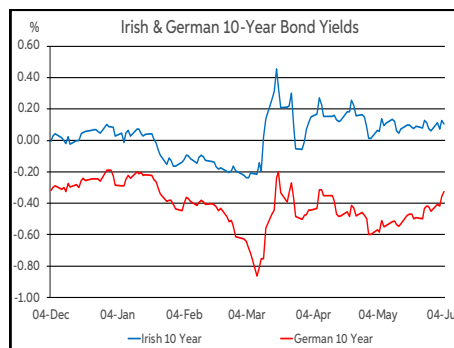
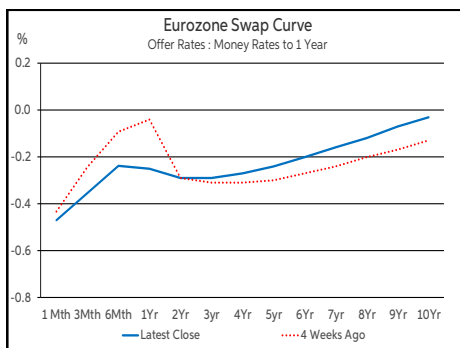
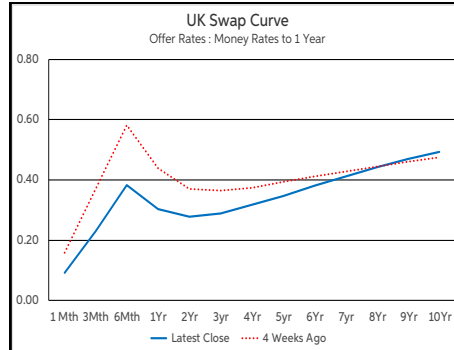
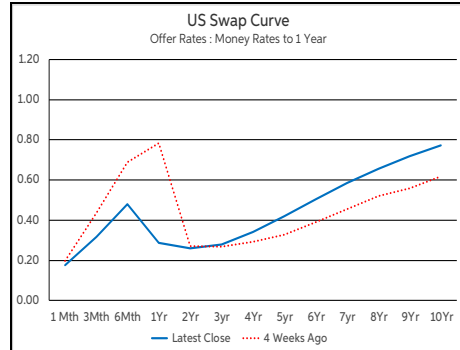
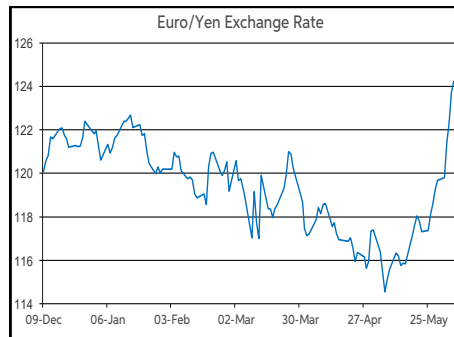
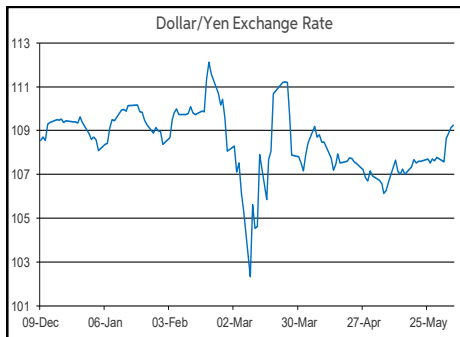
EUR/GBP	0.8983
EUR/USD	1.1367
EUR/JPY	124.2
EUR/SEK	10.3928
EUR/DKK	7.4557
EUR/NOK	10.5436
EUR/CHF	1.0854
EUR/AUD	1.6258
EUR/HKD	8.8082
EUR/CAD	1.532

Sterling

GBP/EUR	1.1126
GBP/USD	1.2649
GBP/CAD	1.7049
GBP/NZD	1.9432
GBP/JPY	138.19
GBP/SEK	11.5651
GBP/DKK	8.296
GBP/NOK	11.7283
GBP/CHF	1.2075
GBP/AUD	1.8089

Dollar

USD/JPY	109.24
USD/CAD	1.3478
USD/CHF	0.9546
USD/CNY	7.085
USD/BRL	5.1184
USD/RUB	68.8121
USD/INR	75.425
AUD/USD	0.6992
NZD/USD	0.6506



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.83	+8	+19	-109
Germany	-0.32	+3	+22	-14
UK	0.31	+3	+7	-52
5 Year Swap %				
US	0.42	+4	+10	-129
Eurozone	-0.24	-0	+7	-12
UK	0.35	+2	-3	-53
2 Year Swap %				
US	0.26	-1	+3	-140
Eurozone	-0.29	-0	+1	+1
UK	0.28	+1	-8	-52
10 Year Government Bond Spreads to Benchmark bps				
Ireland	48	-2	-22	+17
Belgium	38	-5	-21	+10
France	32	-5	-20	+1
Italy	174	-17	-71	+13
Spain	90	-8	-54	+24
Portugal	86	-9	-64	+22
Greece	171	-16	-104	+6

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	39.99	+0.50	+35.74	-39.41
West Texas Oil	37.42	+0.24	+58.02	-38.80
Gold \$	1710.6	+0.77	-0.41	+12.76

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