

US payrolls and BoE meeting in focus this week

The start of the week saw stock markets get off to a somewhat positive start in August, buoyed by progress being made on agreeing a large scale infrastructure bill in Congress, as well as strong corporate earnings reports for Q2. Data-wise yesterday, the main release of note, the US manufacturing ISM survey for July, posted another strong number for the month, although it was down on the levels recorded in May and June.

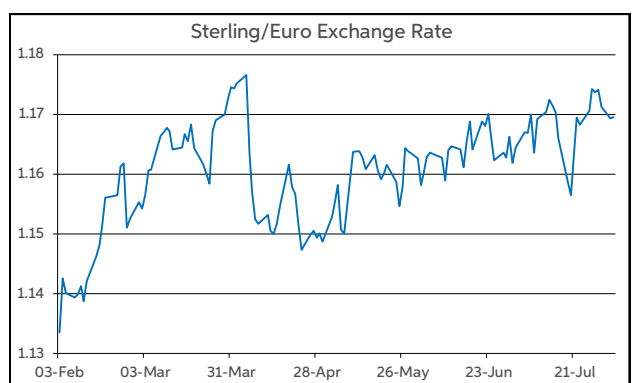
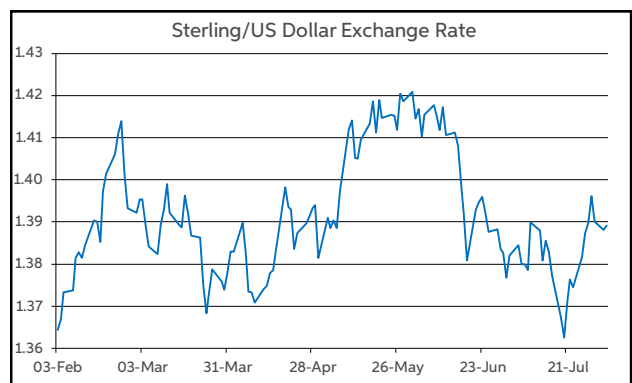
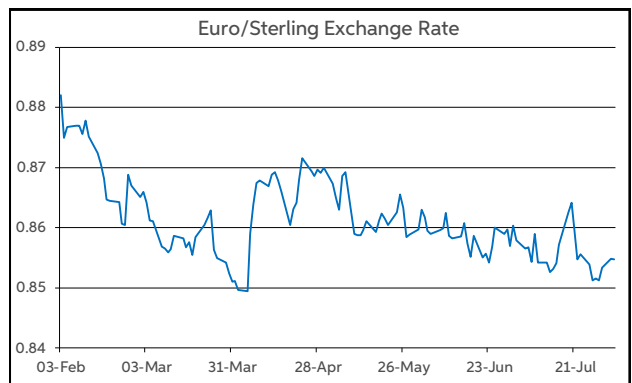
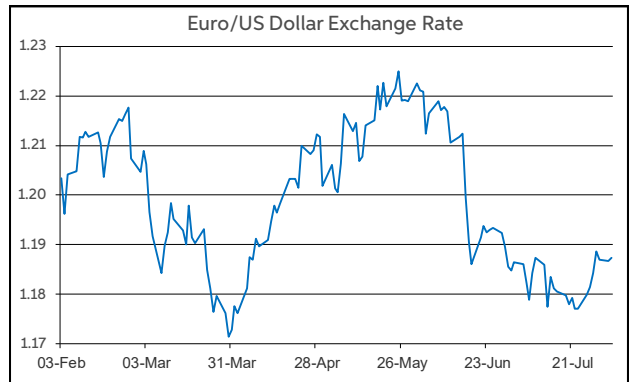
Overall, European stock markets rose by 0.5-1.0%. Meanwhile, at the close last night on Wall Street, the S&P 500 finished slightly lower for the day. Concerns regarding rising Covid cases in the US weighed on sentiment late in the session. On bond markets the rally continues, with ten year US Treasury yields declining to under 1.2% and ten year German bund yields nearing -0.5%.

Currency-wise, the main pairs remain confined to narrow ranges. EUR/USD continues to trade in the upper half of \$1.18-1.19. Meanwhile, EUR/GBP opens around the mid-point of the 85-86p range. Elsewhere, GBP/USD remains close to the \$1.39 level.

Looking ahead to this week, there are two key highlights from the macro diary. On the monetary policy front, it's the turn of the BoE to hold its meeting (Thursday), which also includes the release of its latest macro forecasts in its Monetary Policy Report. No policy changes are anticipated. However, given the recent hawkish comments from some MPC members, the market will be looking to see if this is reflected in anyone voting for an early end to QE.

Data-wise, the focus will be on Friday's payroll numbers from the US for July. The consensus forecast is for a gain of 880k, which would follow a healthy 850k increase in June.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1876	0.05	-2.76
EUR/GBP	0.8545	0.08	-4.39
GBP/USD	1.3896	-0.01	1.63
GBP/EUR	1.1699	-0.08	4.59
USD/JPY	109.15	-0.50	5.72
EUR/JPY	129.62	-0.45	2.74

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.09	0.12	0.13	0.28	0.75
EUR	0.00	-0.56	-0.54	-0.52	-0.50	-0.37
GBP	0.10	0.05	0.07	0.24	0.43	0.64

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

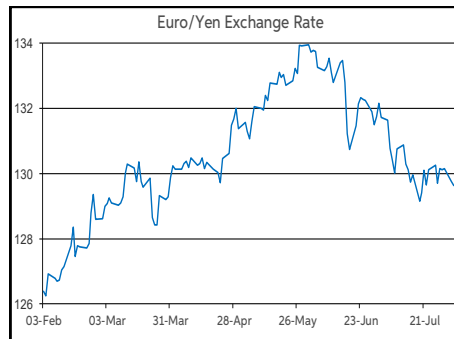
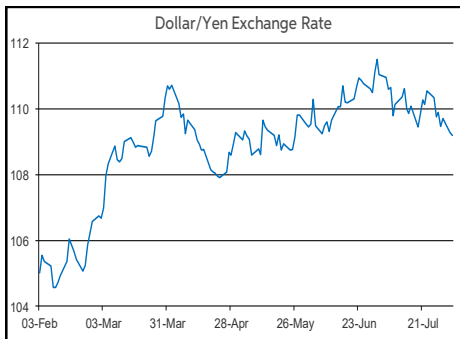
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

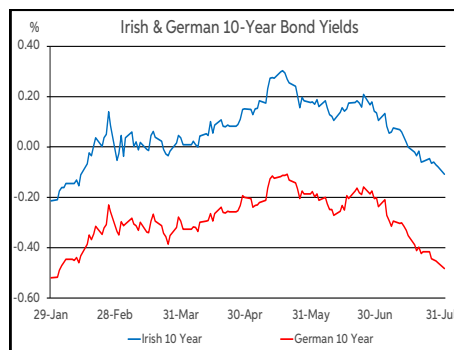
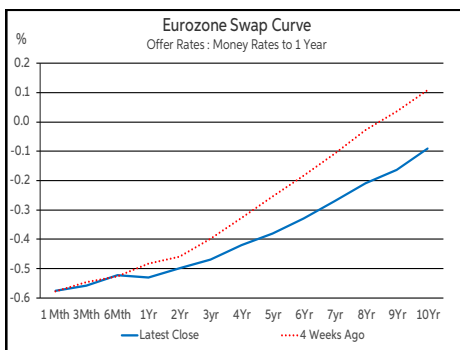
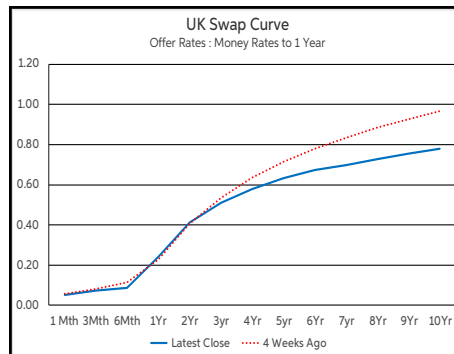
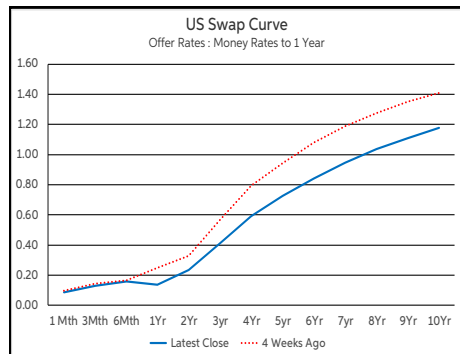
Tuesday 03 August 2021
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Euro		Sterling		Dollar	
EUR/GBP	0.8544	GBP/EUR	1.1698	USD/JPY	109.15
EUR/USD	1.1874	GBP/USD	1.3895	USD/CAD	1.252
EUR/JPY	129.62	GBP/CAD	1.7399	USD/CHF	0.9053
EUR/SEK	10.2029	GBP/NZD	1.9813	USD/CNY	6.4633
EUR/DKK	7.4384	GBP/JPY	151.66	USD/BRL	5.1747
EUR/NOK	10.47	GBP/SEK	11.9373	USD/RUB	72.9352
EUR/CHF	1.0752	GBP/DKK	8.7024	USD/INR	74.318
EUR/AUD	1.605	GBP/NOK	12.2498		
EUR/HKD	9.2313	GBP/CHF	1.2579	AUD/USD	0.7398
EUR/CAD	1.4869	GBP/AUD	1.8781	NZD/USD	0.701



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.18	-5	-25	+26
Germany	-0.48	-2	-27	+9
UK	0.52	-4	-20	+33
Ireland	-0.07	-3	-24	+23
Belgium	-0.14	-3	-24	+24
France	-0.13	-3	-26	+21
Italy	0.58	-5	-23	+6
Spain	0.24	-4	-17	+18
Portugal	0.14	-4	-23	+8
Greece	0.57	-3	-23	-5
5 Year Swap %				
US	0.73	-3	-19	+30
Eurozone	-0.38	-2	-12	+8
UK	0.63	-3	-8	+44
2 Year Swap %				
US	0.23	-1	-5	+4
Eurozone	-0.50	-0	-4	+3
UK	0.41	-1	+2	+39
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-1	+3	+14
Belgium	34	-1	+4	+15
France	35	-1	+2	+11
Italy	106	-2	+5	-4
Spain	72	-1	+11	+9
Portugal	63	-2	+4	-1
Greece	106	-1	+4	-15



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	72.89	-4.51	-5.53	+40.71
West Texas Oil	71.31	-3.54	-5.39	+47.49
Gold \$	1813.4	-0.01	+1.22	-4.38

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