

US payrolls to close out the week

Equity markets on both sides of the Atlantic moved higher yesterday. The Euro Stoxx 50 gained 0.4%, while at the close on Wall Street, the S&P 500 was up 0.6%. Elsewhere, on currency markets, sterling was holding a slightly firmer tone on the exchanges, which coincided with some hawkish policy guidance from the Bank of England.

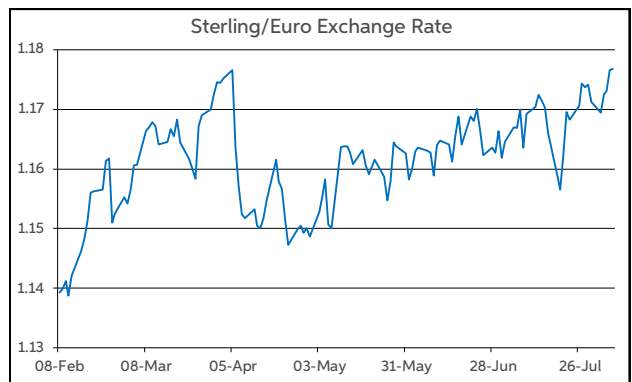
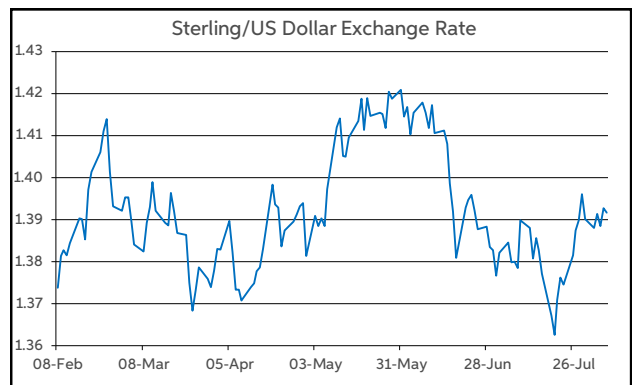
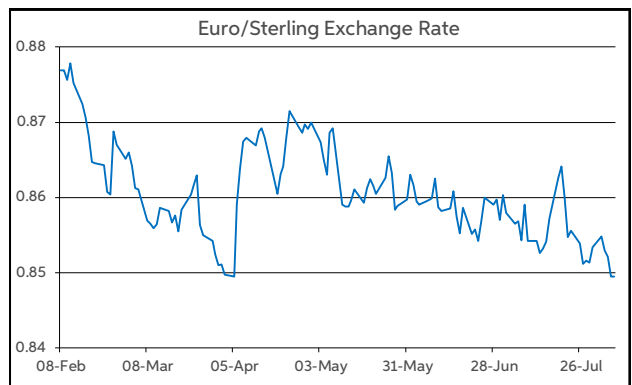
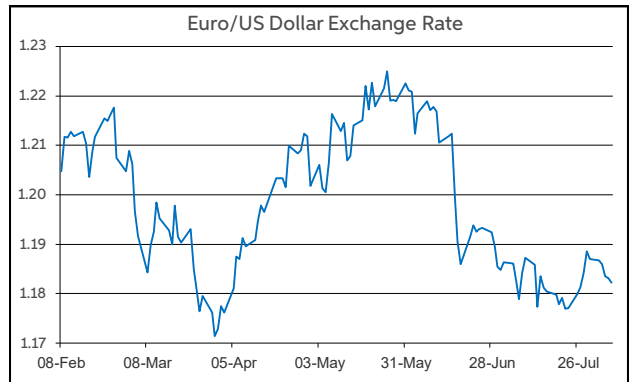
Although the BoE kept policy on hold, it indicated that “some modest tightening of monetary policy” was likely over the next few years. There was unanimity within the MPC on its decision to keep the Bank Rate at 0.1%, while the vote was 7-1 in favour of leaving QE unaltered. The August Monetary Policy Report indicated that the central bank expects a temporary period of very strong GDP growth and above target inflation in the UK.

Data-wise, initial jobless claims in the US fell to 385k from a revised 399k, while continuing and pandemic related jobless claims also moved lower. However, the data did not impact the dollar.

Currency-wise, the slightly firmer tone to sterling is reflected by EUR/GBP opening this morning just below 85p. Meantime, EUR/USD continues to change hands in the bottom half of the \$1.18-1.19 range. Cable (GBP/USD) has regained \$1.39 the handle.

Turning to the day ahead, the main data highlight this week, the US payrolls report is due. Having increased by 850k in June, the consensus is for payrolls to rise by 870k in July as the labour market recovery continues to gather momentum. However, there is scope for payrolls to miss in either direction due to conflicting signals from other labour market data. The jobless rate is forecast to fall to 5.7% from 5.9% also.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1824	-0.08	-3.19
EUR/GBP	0.8493	-0.31	-4.97
GBP/USD	1.392	0.22	1.81
GBP/EUR	1.177	0.31	5.23
USD/JPY	109.81	0.15	6.36
EUR/JPY	129.86	0.05	2.93

* 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	0.09	0.12	0.14	0.30	0.83
EUR	0.00	-0.56	-0.54	-0.52	-0.49	-0.37
GBP	0.10	0.05	0.07	0.27	0.46	0.65

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

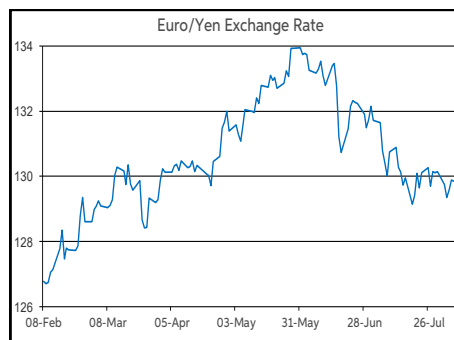
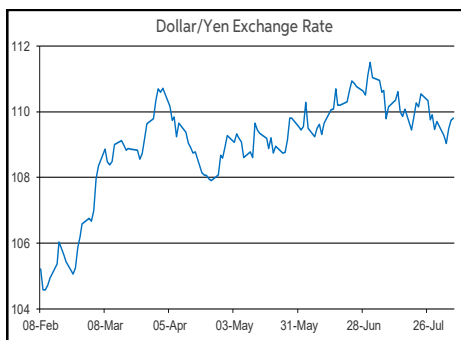
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

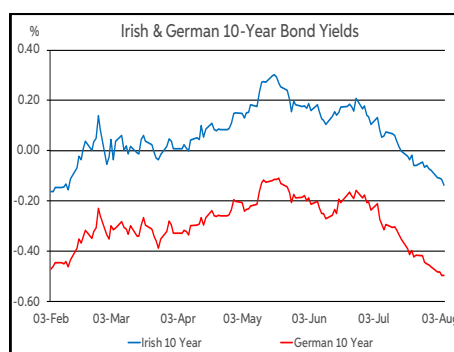
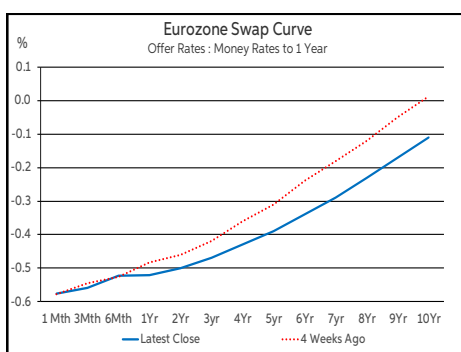
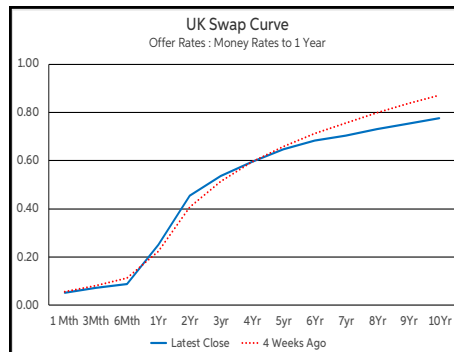
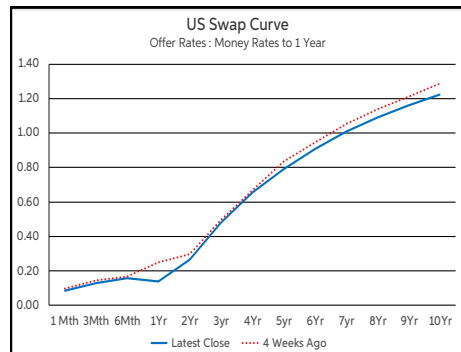
Friday 06 August 2021
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8493	GBP/EUR	1.177	USD/JPY	109.81
EUR/USD	1.1824	GBP/USD	1.392	USD/CAD	1.25
EUR/JPY	129.86	GBP/CAD	1.7393	USD/CHF	0.9075
EUR/SEK	10.1978	GBP/NZD	1.9746	USD/CNY	6.464
EUR/DKK	7.4371	GBP/JPY	152.86	USD/BRL	5.2464
EUR/NOK	10.438	GBP/SEK	12.0015	USD/RUB	73.0919
EUR/CHF	1.0731	GBP/DKK	8.7527	USD/INR	74.1825
EUR/AUD	1.6002	GBP/NOK	12.2855	AUD/USD	0.7389
EUR/HKD	9.1949	GBP/CHF	1.2634	NZD/USD	0.7046
EUR/CAD	1.4782	GBP/AUD	1.8831		



	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.23	+4	-7	+31
Germany	-0.49	+0	-18	+8
UK	0.53	+1	-9	+33
5 Year Swap %				
US	0.79	+5	-1	+37
Eurozone	-0.39	+0	-7	+7
UK	0.65	-0	-1	+46
2 Year Swap %				
US	0.27	+2	-0	+7
Eurozone	-0.50	+0	-3	+3
UK	0.45	+3	+6	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-2	-2	+12
Belgium	33	-1	+1	+14
France	34	-1	-2	+11
Italy	103	-2	-5	-7
Spain	71	-2	+4	+8
Portugal	60	-3	-4	-3
Greece	103	-2	-6	-18



	Commodities			
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	71.29	+1.29	-3.82	+37.63
West Texas Oil	69.1	+1.33	-5.32	+42.92
Gold \$	1804.0	-0.41	+0.08	-4.88

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