

Firmer tone to the dollar

There was a mixed tone to investor sentiment yesterday. The Euro Stoxx 50 shed 1.1%, while across the Atlantic the S&P 50 held steady for the third day running. On bond markets, longer dated sovereign yields moved lower across the board by 1-6bps. Meantime, the dollar was holding a firmer tone on the exchanges.

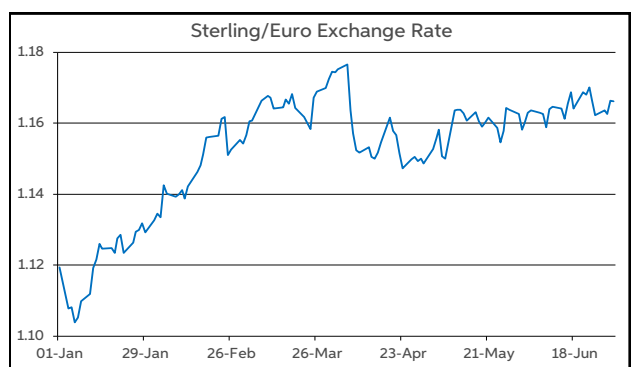
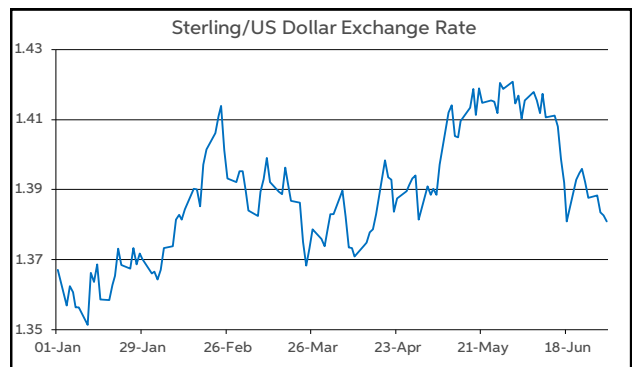
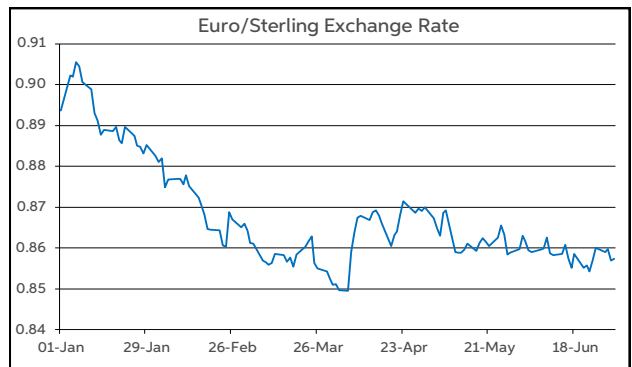
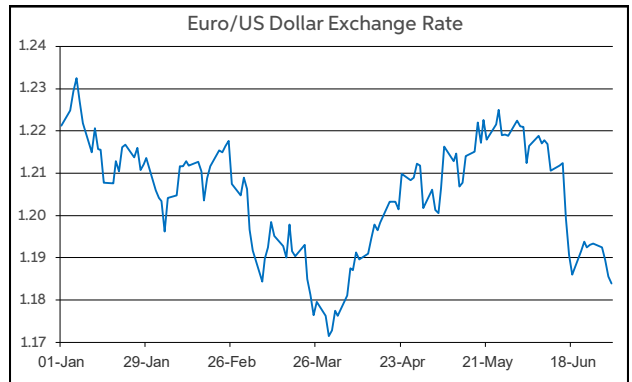
Data-wise, the main release of note yesterday, Eurozone flash inflation for June printed in line with the consensus. The headline rate edged lower to 1.9% from 2%. Core inflation was unchanged at 0.9%, as underlying price pressures remain subdued. As the data was as expected, the release had little impact on the euro.

Looking back at financial markets in Q2, reflation trade dynamics cooled somewhat over the quarter. The US Treasury yield curve flattened as Q2 progressed, driven mostly by a fall in longer dated maturity yields in recent weeks. Equity markets continued to move higher, but at a slower pace. Currency-wise, despite some dollar weakness at the start of Q2, and a recent bout of dollar strength, range trading was the order of the day between April and June.

Indeed, the recent firmer tone to the dollar is reflected by EUR/USD opening this morning down at the midpoint of \$1.18-1.19. The pair started the quarter just below \$1.18. Meanwhile, GBP/USD is changing hands back at \$1.38. EUR/GBP continues to operate in the 85-86p corridor.

Today, the Eurozone unemployment rate (May) is set to remain at 8%. Elsewhere, initial jobless claims in the US are forecast to fall back below 400k, having printed higher for the past two weeks. The US manufacturing ISM (June) is projected to remain at an elevated level, above 60.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1841	-0.48	-3.05
EUR/GBP	0.8573	-0.21	-4.07
GBP/USD	1.3812	-0.27	1.02
GBP/EUR	1.1664	0.21	4.25
USD/JPY	111.16	0.61	7.67
EUR/JPY	131.65	0.12	4.35

* 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	0.10	0.14	0.17	0.34	0.98
EUR	0.00	-0.56	-0.54	-0.50	-0.45	-0.23
GBP	0.10	0.05	0.08	0.15	0.38	0.70

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

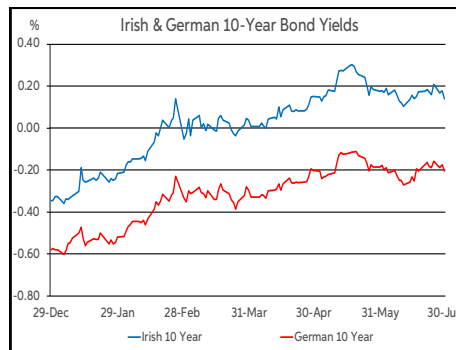
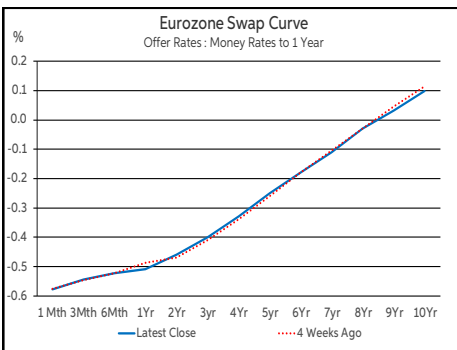
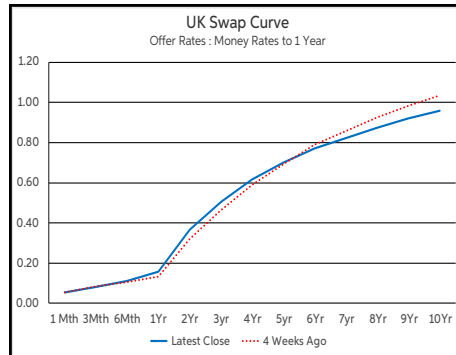
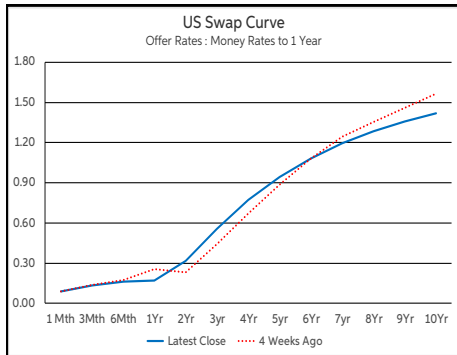
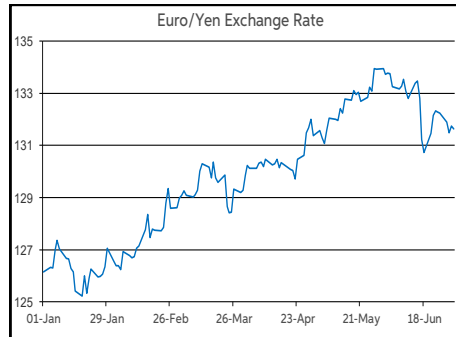
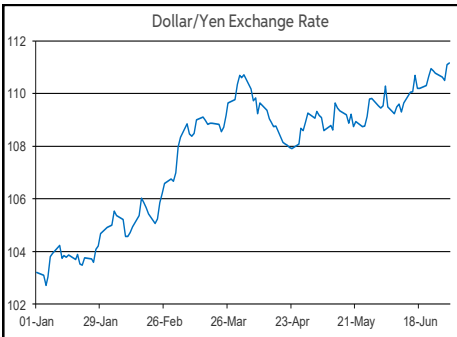
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Opening Levels

Thursday 01 July 2021
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8573	GBP/EUR	1.1664	USD/JPY	111.16
EUR/USD	1.1841	GBP/USD	1.3812	USD/CAD	1.2403
EUR/JPY	131.65	GBP/CAD	1.7131	USD/CHF	0.926
EUR/SEK	10.1446	GBP/NZD	1.9784	USD/CNY	6.4661
EUR/DKK	7.436	GBP/JPY	153.53	USD/BRL	4.9701
EUR/NOK	10.2136	GBP/SEK	11.8261	USD/RUB	73.1649
EUR/CHF	1.0966	GBP/DKK	8.672	USD/INR	74.405
EUR/AUD	1.5825	GBP/NOK	11.9069	AUD/USD	0.7481
EUR/HKD	9.1923	GBP/CHF	1.279	NZD/USD	0.698
EUR/CAD	1.4685	GBP/AUD	1.8459		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.47	-1	-12	+55
Germany	-0.20	-3	-1	+37
UK	0.72	-2	-8	+52
5 Year Swap %				
US	0.18	-4	-3	+48
Belgium	0.10	-4	-2	+49
France	0.13	-4	-3	+47
Italy	0.82	-6	-5	+30
Spain	0.42	-4	-4	+37
Portugal	0.41	-4	-5	+35
Greece	0.83	-1	+1	+20
2 Year Swap %				
US	0.94	-0	+10	+52
Eurozone	-0.25	-1	+2	+21
UK	0.70	-1	+1	+51
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-1	-2	+11
Belgium	31	-1	-1	+12
France	33	-1	-2	+10
Italy	103	-3	-5	-7
Spain	62	-1	-3	-1
Portugal	61	-1	-4	-2
Greece	103	+2	+2	-17

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	75.13	+0.49	+5.30	+45.04
West Texas Oil	73.52	+0.52	+6.88	+52.06
Gold \$	1769.8	+0.49	-7.24	-6.68

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