

Action packed week ahead

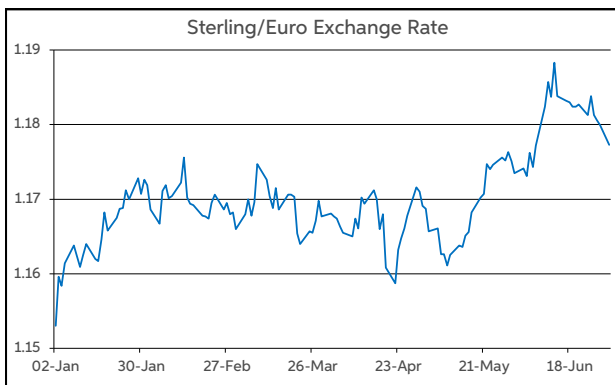
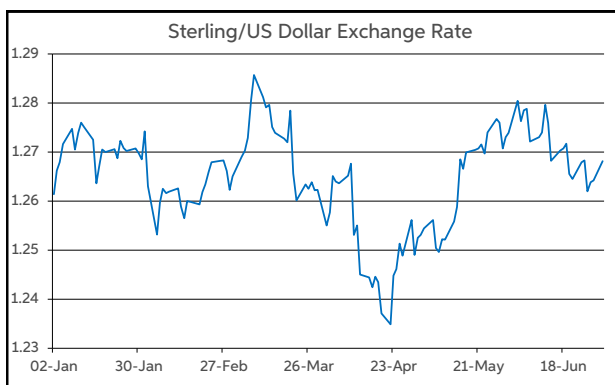
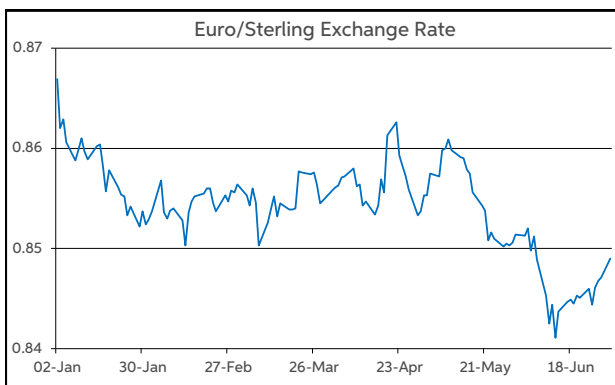
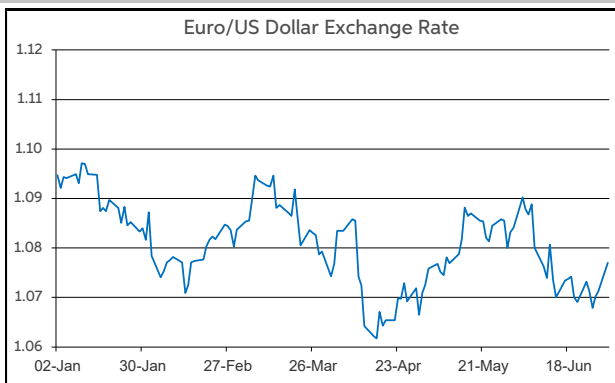
This week sees an action packed calendar. On the political front, the second round of the French elections is on Sunday (7th July). The first round results are showing the National Rally (RN) on 33%, which was slightly below what some polls were indicating. Some analysts are anticipating RN may fall short of an absolute majority. Since the election was called there has been a widening in the French-German 10-year bond yield spread. This reflects market concerns on the impact a more extreme Left or Right wing Government could have on an already elevated French budget deficit. There is a high degree of uncertainty over the outcome of Round 2. This could create some volatility for the euro this week. EUR/USD opens this morning in the upper half of \$1.07-1.08

The other key political event is on Thursday with the UK General Election. Polls have consistently been indicating a win for Labour. If the actual result is in line with these polls it would not be a surprise to markets. Therefore it would not be expected to have much impact on sterling.

Data-wise, there are some top tier releases over the coming days. We get the flash reading of Eurozone inflation for June. In the US, non-farm payrolls (June) are due along with a raft of other labour market data, including the unemployment rate. On the central bank front, the ECB hosts its annual Central Banking forum which includes ECB President Lagarde and Fed Chair Powell. The Fed meeting minutes and ECB 'account' are also due.

Given such a busy/varied calendar, there is the potential for some increased volatility on FX markets this week. Expectations of potential intervention by Japan to support its currency will also persist with USD/JPY trading above ¥160.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.077	0.79	-2.41
EUR/GBP	0.849	0.31	-2.05
GBP/USD	1.2681	0.46	-0.38
GBP/EUR	1.1773	-0.31	2.10
USD/JPY	160.98	-0.02	14.12
EUR/JPY	173.38	0.75	11.41

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

	Base Rate	Money Market			Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr	
USD	5.38	5.45	5.59	5.31	4.89	4.39	
EUR	4.25	3.63	3.71	3.55	3.22	2.92	
GBP	5.25	5.19	5.11	4.88	4.79	4.26	

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

Opening Levels

Monday 01 July 2024
07:18 am



Euro

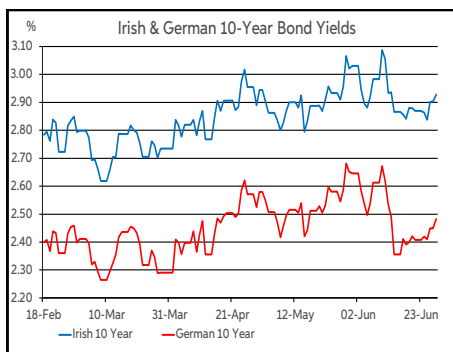
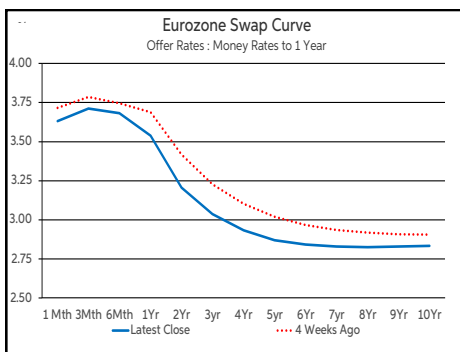
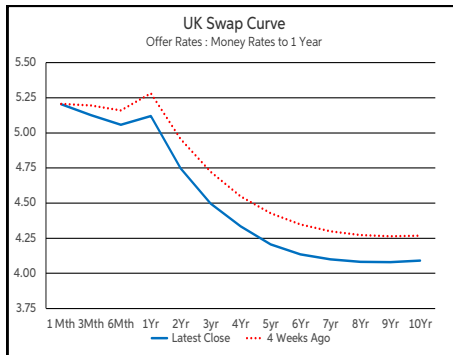
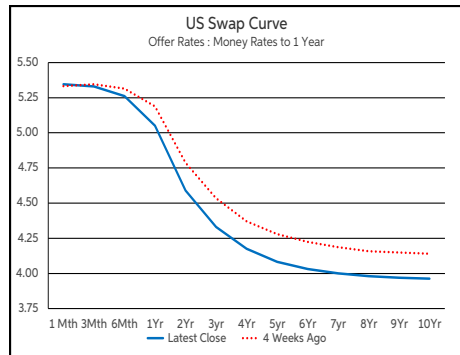
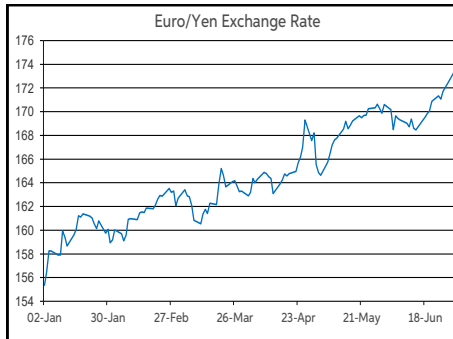
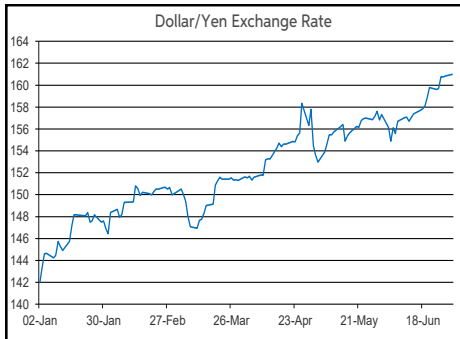
EUR/GBP	0.849
EUR/USD	1.077
EUR/JPY	173.38
EUR/SEK	11.3661
EUR/DKK	7.458
EUR/NOK	11.4575
EUR/CHF	0.9682
EUR/AUD	1.6143
EUR/HKD	8.4127
EUR/CAD	1.4719

Sterling

GBP/EUR	1.1773
GBP/USD	1.2681
GBP/CAD	1.7331
GBP/NZD	2.0784
GBP/JPY	204.14
GBP/SEK	13.3841
GBP/DKK	8.7803
GBP/NOK	13.4905
GBP/CHF	1.1403
GBP/AUD	1.9008

Dollar

USD/JPY	160.98
USD/CAD	1.3665
USD/CHF	0.899
USD/CNY	7.2678
USD/BRL	5.5915
USD/RUB	84.9
USD/INR	83.405
AUD/USD	0.6671
NZD/USD	0.6099



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.34	+5	-17	+48
Germany	2.49	+3	-16	+46
UK	4.18	+4	-15	+64
Ireland	2.95	+2	-10	+59
Belgium	3.13	-1	-7	+44
France	3.29	+2	+14	+73
Italy	4.07	+4	+9	+37
Spain	3.41	+1	+2	+42
Portugal	3.24	+1	-0	+45
Greece	3.74	+3	+8	+66
5 Year Swap %				
US	4.36	+8	-16	+57
Eurozone	2.87	+3	-14	+44
UK	4.21	-1	-22	+55
2 Year Swap %				
US	4.86	+3	-18	+52
Eurozone	3.21	+2	-20	+41
UK	4.75	-0	-21	+48
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	-2	+7	+13
Belgium	64	-4	+10	-2
France	80	-1	+30	+27
Italy	158	+0	+26	-9
Spain	93	-3	+18	-4
Portugal	75	-3	+16	-0
Greece	125	-0	+25	+20

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	86.41	+0.02	+5.87	+12.16
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2325.7	-0.07	-0.05	+12.76

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.