

Eurozone inflation in focus today

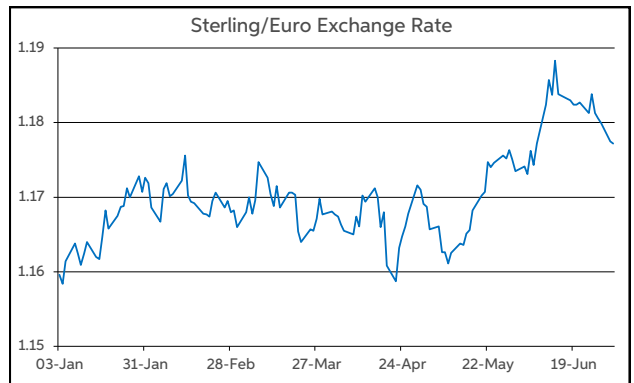
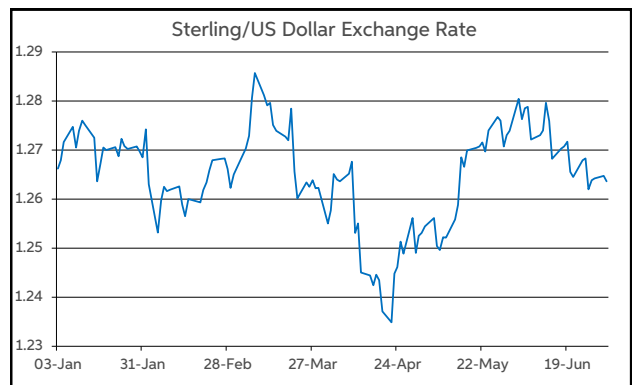
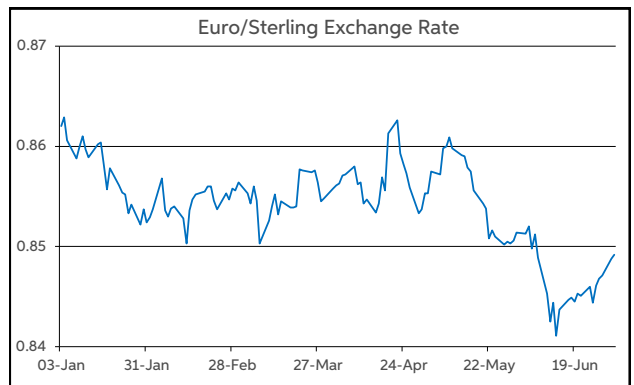
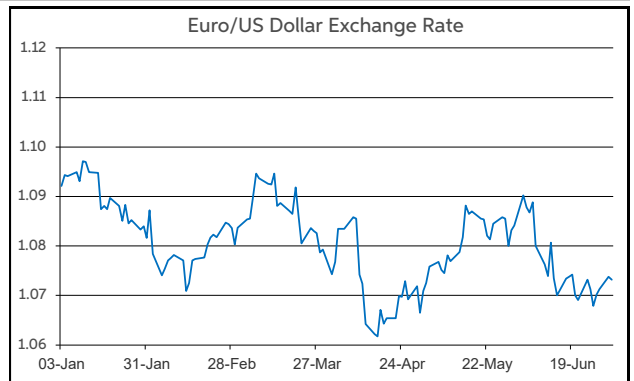
There was a positive tone to European investor sentiment yesterday. Market participants appeared to take comfort from the assessment that the result of the first round of the French elections meant it was unlikely that the Far Right or Far Left would win an absolute majority in round two this Sunday. Therefore, the risk of an overly aggressive programme of fiscal spending has lessened.

Amid the easing of concerns over the sovereign's fiscal outlook, the spread between the 10-year French yield and its German equivalent narrowed. It moved in from its 12-year high on Friday above 80bps to 74bps yesterday. The main European equity indices also experienced somewhat of a 'relief' rally. The Euro Stoxx 50 gained 0.7% on the day. Lower than expected German inflation data for June was also supportive of risk appetite yesterday.

Currency-wise, the euro started yesterday's European session with some upward momentum as the market reacted positively to the election results. EUR/USD, which had ended last week above \$1.07 due to a softer dollar tone, traded initially higher yesterday to a peak at \$1.077. However, this move was not sustained. The dollar gained the upper hand amid higher US yields relative to elsewhere. EUR/USD moved back below the midpoint of \$1.07-1.08, while GBP/USD traded under the halfway mark of \$1.26-1.27. The EUR/GBP pair operated in a tight range just below 85p. Meanwhile, USD/JPY continued its upward trend, reaching a 37-year high of ¥161.7 yesterday.

Today, we get the key Eurozone macro release of the week, with the flash June reading of HICP inflation for the currency bloc. Meanwhile, both ECB President Lagarde and Fed Chair Powell are scheduled to speak at the ECB Forum on Central Banking today.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0732	-0.20	-2.75
EUR/GBP	0.8492	-0.04	-2.03
GBP/USD	1.2636	-0.15	-0.73
GBP/EUR	1.1771	0.04	2.07
USD/JPY	161.67	0.38	14.61
EUR/JPY	173.52	0.18	11.50

* 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	5.38	5.45	5.58	5.29	4.89	4.43
EUR	4.25	3.63	3.71	3.54	3.25	2.94
GBP	5.25	5.19	5.11	4.90	4.78	4.30

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
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Opening Levels

Tuesday 02 July 2024
07:21 am



Euro

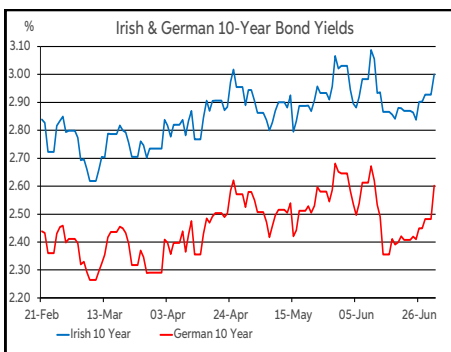
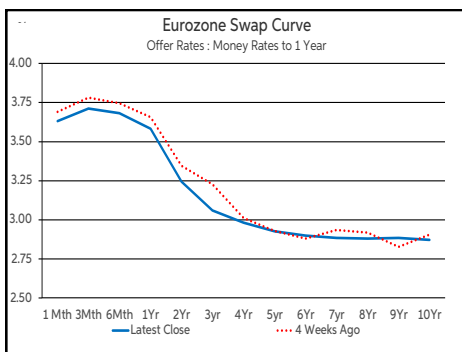
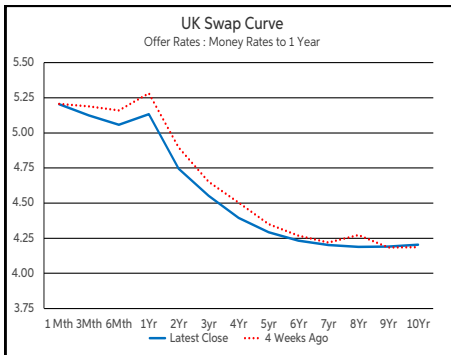
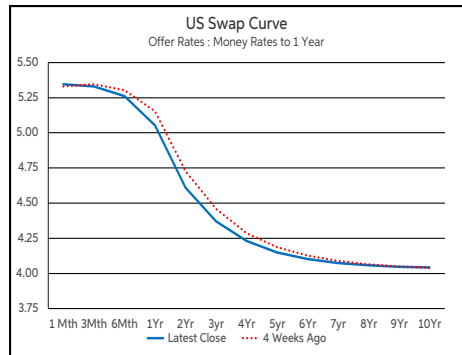
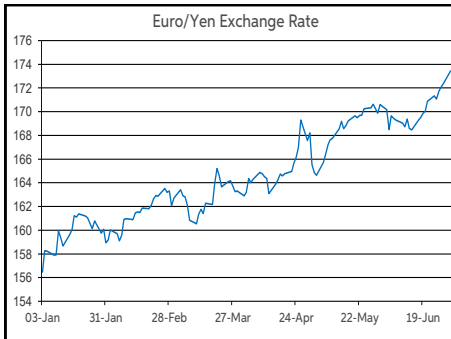
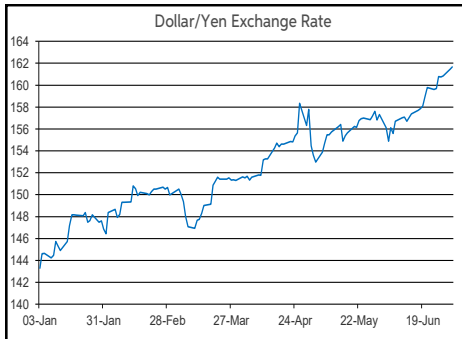
EUR/GBP	0.8492
EUR/USD	1.0732
EUR/JPY	173.52
EUR/SEK	11.4066
EUR/DKK	7.4581
EUR/NOK	11.4513
EUR/CHF	0.9701
EUR/AUD	1.6156
EUR/HKD	8.3852
EUR/CAD	1.4751

Sterling

GBP/EUR	1.1771
GBP/USD	1.2636
GBP/CAD	1.7368
GBP/NZD	2.0872
GBP/JPY	204.29
GBP/SEK	13.4281
GBP/DKK	8.78
GBP/NOK	13.484
GBP/CHF	1.1423
GBP/AUD	1.9022

Dollar

USD/JPY	161.67
USD/CAD	1.3742
USD/CHF	0.9039
USD/CNY	7.2712
USD/BRL	5.6563
USD/RUB	87
USD/INR	83.514
AUD/USD	0.6642
NZD/USD	0.6052



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.48	+14	+8	+62
Germany	2.61	+12	+2	+58
UK	4.28	+11	+6	+75
Ireland	3.04	+8	+8	+67
Belgium	3.22	+9	+9	+53
France	3.35	+6	+29	+79
Italy	4.11	+4	+23	+41
Spain	3.48	+7	+18	+49
Portugal	3.29	+5	+12	+51
Greece	3.76	+2	+12	+68
5 Year Swap %				
US	4.40	+4	-3	+60
Eurozone	2.93	+5	+1	+50
UK	4.29	+7	-5	+64
2 Year Swap %				
US	4.88	+1	-9	+54
Eurozone	3.24	+4	-9	+45
UK	4.78	+3	-12	+51
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	-4	+6	+9
Belgium	62	-3	+7	-5
France	74	-6	+27	+21
Italy	151	-8	+21	-16
Spain	88	-5	+16	-8
Portugal	69	-7	+10	-7
Greece	115	-10	+10	+10

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	86.6	+0.22	+10.52	+12.41
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2331.7	+0.26	-0.79	+13.05

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