

## Sterling under pressure

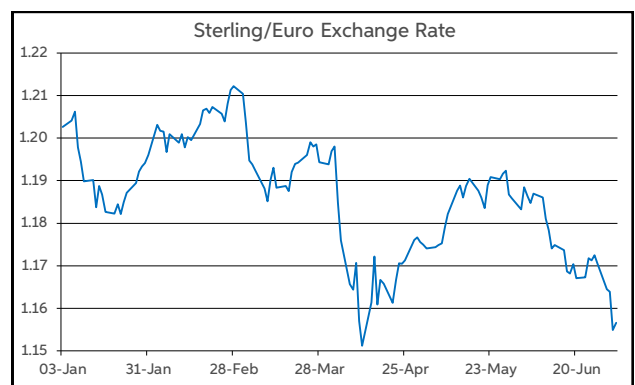
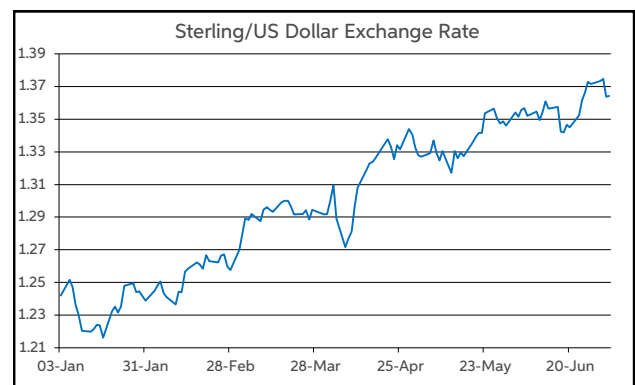
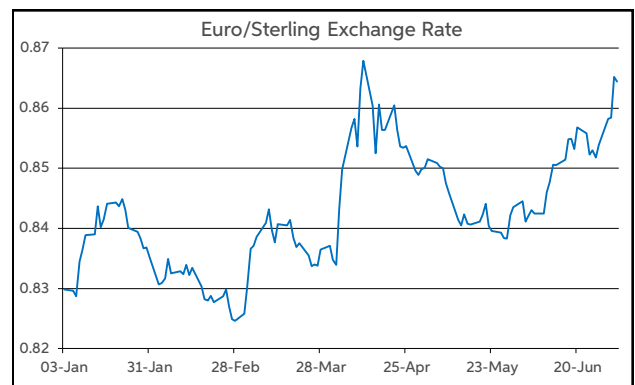
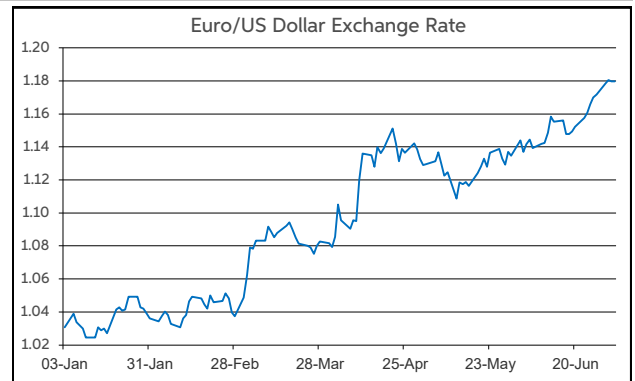
Somewhat surprisingly, the focus on currency markets centred on sterling yesterday. The pound was on the defensive as Prime Minister Starmer refused to rule out tax rises, having made numerous concessions on proposed welfare spending cuts. Rumours that Chancellor Reeves may be replaced were also swirling. At the same time, dovish remarks from BoE MPC member Taylor were unhelpful for sterling. Overall, the UK unit declined by 0.7% against the euro and dollar yesterday.

Concerns that a possible new Chancellor may result in potentially less stringent fiscal rules contributed to a sharp rise in UK Gilt yields, despite a marginal softening in futures contracts, due to Taylor's dovish remarks. UK Gilt yields increased by 5-20bps yesterday, led higher by the long-end of the curve. Meanwhile, German Bund and US Treasury yields moved just 1-5bps higher.

Elsewhere on financial markets, benchmark equity indices recovered some ground on both sides of the Atlantic. The Euro Stoxx 50 gained 0.7%, while the S&P 500 rose by 0.5%. Meantime, aside from the aforementioned sterling weakness, the main FX pairs have operated in relatively narrow ranges over the past 24 hours. This is evidenced by EUR/USD opening today just below the \$1.18 mark. Elsewhere, EUR/GBP is up near the midpoint of 86-87p. GBP/USD is down in the lower half of \$1.36-1.37, having plunged to a low of \$1.356 yesterday.

Turning to the day ahead, the main highlight will be the US labour market report for June. The consensus is for non-farm payrolls to rise by 110k, down from 139k in May. Meanwhile, the unemployment rate is forecast to inch higher to 4.3% from 4.2%, and average earnings growth is projected to be unchanged at +3.9% y/y. The US non-manufacturing ISM is expected to rise to 50.5 in June from 49.9 in May. The data, particularly the Labour market report, pose some event risk for the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1795	0.00	13.93
EUR/GBP	0.8644	0.73	4.48
GBP/USD	1.3642	-0.73	9.04
GBP/EUR	1.1564	-0.73	-4.29
USD/JPY	143.87	0.22	-8.47
EUR/JPY	169.74	0.24	4.29

\* 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	4.38	4.32	4.27	3.85	3.78	3.75
EUR	2.00	1.91	1.96	1.99	2.00	2.28
GBP	4.25	4.21	4.07	3.79	3.88	3.96

All rates quoted are indicative market rates

See Next Page For More Rates &

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

Thursday 03 July 2025  
07:45 am



## Euro

EUR/GBP	0.8644
EUR/USD	1.1795
EUR/JPY	169.74
EUR/SEK	11.2363
EUR/DKK	7.4615
EUR/NOK	11.8811
EUR/CHF	0.9332
EUR/AUD	1.7933
EUR/HKD	9.2598
EUR/CAD	1.6038

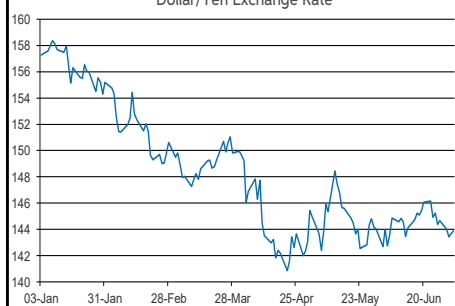
## Sterling

GBP/EUR	1.1564
GBP/USD	1.3642
GBP/CAD	1.8546
GBP/NZD	2.2452
GBP/JPY	196.27
GBP/SEK	12.9946
GBP/DKK	8.6278
GBP/NOK	13.7395
GBP/CHF	1.0793
GBP/AUD	2.0735

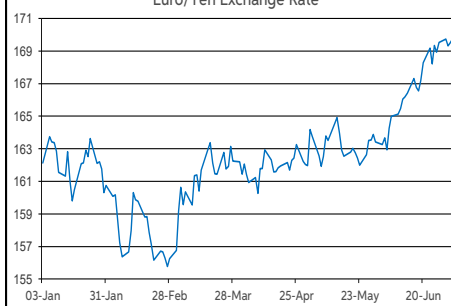
## Dollar

USD/JPY	143.87
USD/CAD	1.3595
USD/CHF	0.7909
USD/CNY	7.1634
USD/BRL	5.4265
USD/RUB	78.75
USD/INR	85.478
AUD/USD	0.6576
NZD/USD	0.6073

Dollar/Yen Exchange Rate

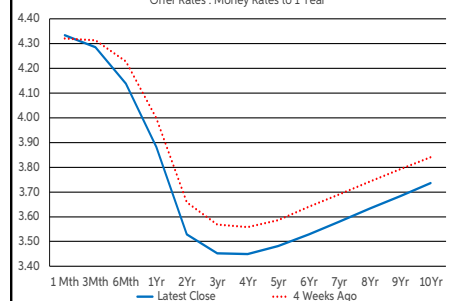


Euro/Yen Exchange Rate



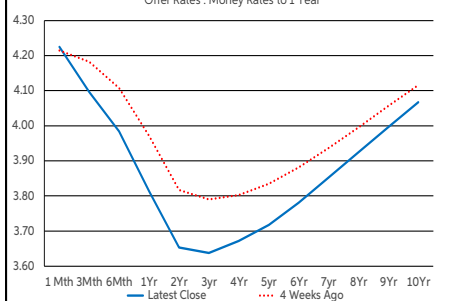
US Swap Curve

Offer Rates : Money Rates to 1 Year



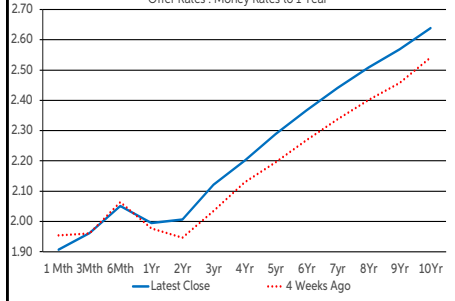
UK Swap Curve

Offer Rates : Money Rates to 1 Year

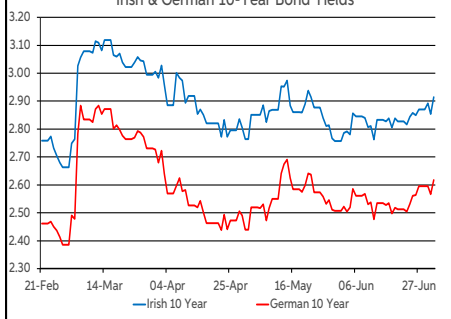


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.29	+4	-7	-28
Germany	2.62	+5	+10	+26
UK	4.61	+16	+1	+4
Ireland	2.95	+6	+12	+30
Belgium	3.20	+6	+13	+21
France	3.32	+6	+11	+12
Italy	3.54	+6	+2	+1
Spain	3.27	+6	+15	+21
Portugal	3.10	+7	+9	+25
Greece	3.38	+8	+10	+13
<b>5 Year Swap %</b>				
US	3.74	+3	-9	-55
Eurozone	2.28	+4	+9	+5
UK	3.96	+9	-10	-32
<b>2 Year Swap %</b>				
US	3.78	-1	-15	-56
Eurozone	2.00	+1	+5	-20
UK	3.89	+4	-15	-60
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	34	+1	+2	+5
Belgium	58	+1	+3	-4
France	70	+1	+1	-13
Italy	92	+1	-8	-24
Spain	65	+1	+5	-5
Portugal	48	+2	-0	-1
Greece	76	+3	-0	-13

## Commodities

	Close	Day	4 Weeks	End 24
<b>% Change</b>				
Brent Oil	69.11	+2.98	+6.55	-7.41
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3357.1	+0.55	-0.54	+27.95

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.