

Dollar softer, Election day in the UK

There was a positive tone to investor sentiment yesterday. This was reflected in gains on equity markets on both sides of the Atlantic. In Europe, the Euro Stoxx 50 continued its seesaw mood. After rising Monday, falling on Tuesday, it rose yesterday, gaining 1.2%. On Wall Street, the gains were more modest in nature. At the closing bell last night, the S&P 500 was up by 0.5%.

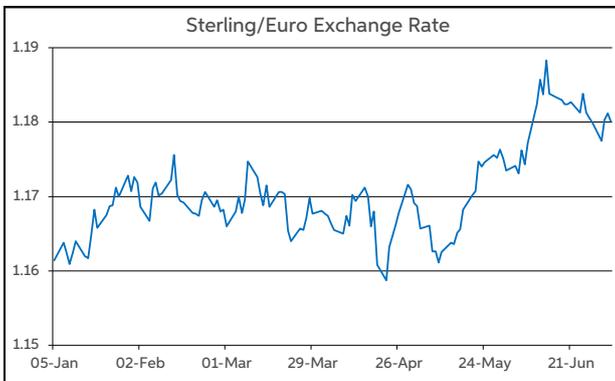
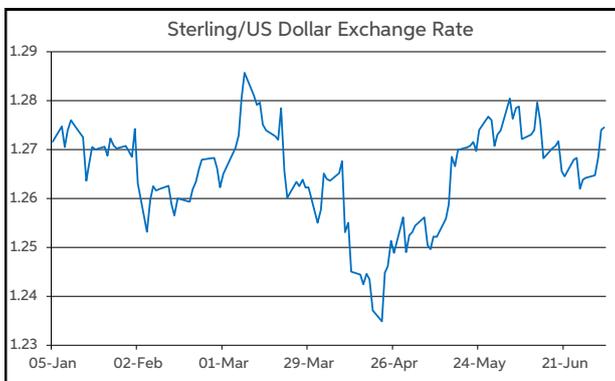
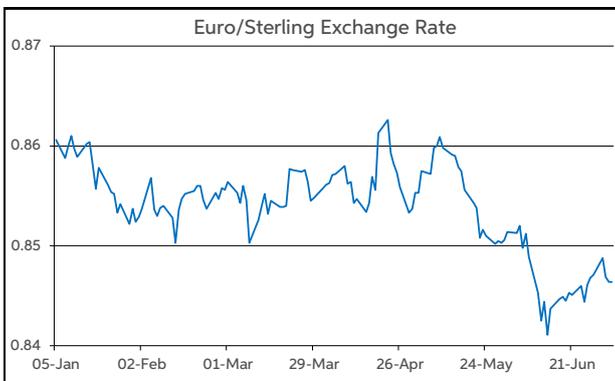
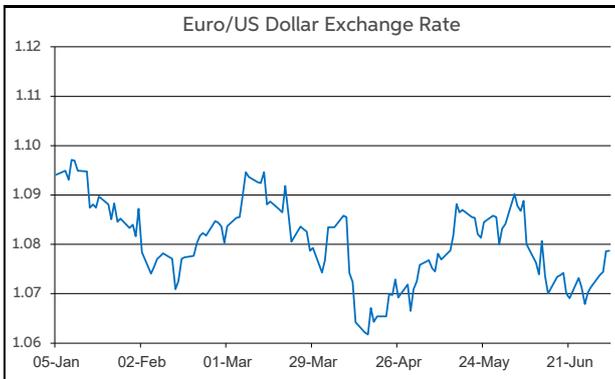
Data-wise, a batch of US releases disappointed versus expectations. The most noticeable being the non-manufacturing ISM for June, which fell to a 4-year low of 48.8, well below the consensus forecast of 52.5. There were also weaker than expected prints from the ADP Employment report and weekly jobless claims.

On the currency front, the weaker US data acted as a headwind for the dollar. EUR/USD tested above \$1.08 before settling just below this level. GBP/USD moved up into \$1.27-1.28 territory. Meanwhile, USD/JPY did not breach the ¥162 mark and traded back into the lower half of ¥161-162. Elsewhere, EUR/GBP remained range bound near the midpoint of 84-85p.

Looking ahead to today, there is a very quiet macro data agenda. There is a market holiday in the US for Independence Day. The main European release of note is the ECB meeting account for June. This will provide some additional insight into the central bank's policy deliberations last month when the Governing Council decided to cut rates by 25bps.

Meanwhile, in the UK the main event is the General Election. Polls have been consistent in indicating a Labour win, with a significant majority. Therefore, if the outcome is in line with polls/expectations, it may not generate much of a sterling reaction.

John Fahey, Senior Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2023 |
| EUR/USD | 1.0787 | 0.42 | -2.26 |
| EUR/GBP | 0.8464 | -0.01 | -2.35 |
| GBP/USD | 1.2745 | 0.47 | 0.13 |
| GBP/EUR | 1.1811 | 0.01 | 2.41 |
| USD/JPY | 161.39 | -0.20 | 14.41 |
| EUR/JPY | 174.12 | 0.23 | 11.88 |

* 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 | 5.27 | 4.85 | 4.35 |
| EUR | 4.25 | 3.65 | 3.71 | 3.54 | 3.22 | 2.89 |
| GBP | 5.25 | 5.17 | 5.09 | 4.86 | 4.73 | 4.23 |

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

Thursday 04 July 2024
07:21 am



Euro

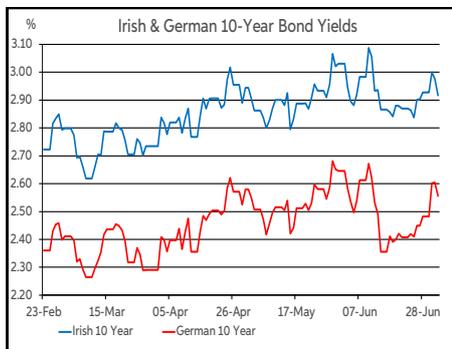
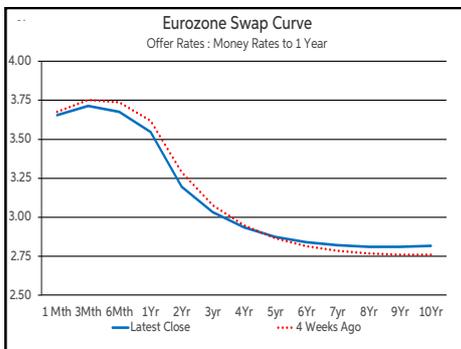
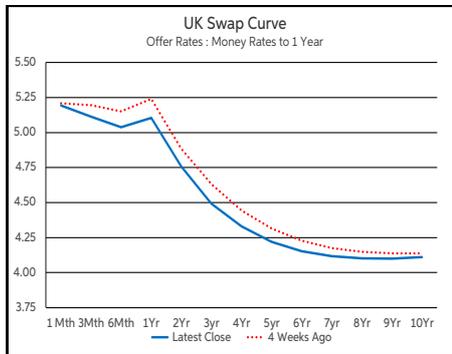
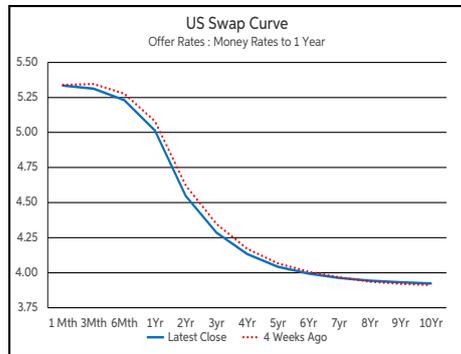
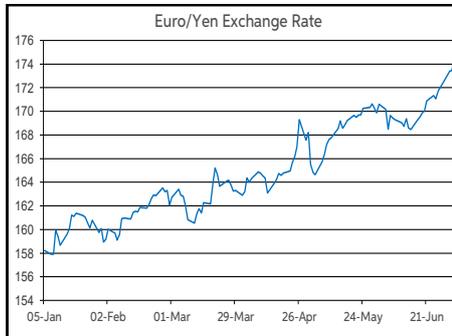
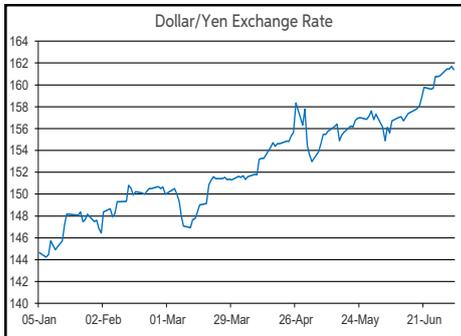
| | |
|---------|---------|
| EUR/GBP | 0.8464 |
| EUR/USD | 1.0787 |
| EUR/JPY | 174.12 |
| EUR/SEK | 11.3143 |
| EUR/DKK | 7.4586 |
| EUR/NOK | 11.3871 |
| EUR/CHF | 0.9713 |
| EUR/AUD | 1.6068 |
| EUR/HKD | 8.4244 |
| EUR/CAD | 1.4701 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1811 |
| GBP/USD | 1.2745 |
| GBP/CAD | 1.7367 |
| GBP/NZD | 2.0848 |
| GBP/JPY | 205.69 |
| GBP/SEK | 13.3639 |
| GBP/DKK | 8.81 |
| GBP/NOK | 13.446 |
| GBP/CHF | 1.1474 |
| GBP/AUD | 1.8981 |

Dollar

| | |
|---------|--------|
| USD/JPY | 161.39 |
| USD/CAD | 1.3626 |
| USD/CHF | 0.9002 |
| USD/CNY | 7.2716 |
| USD/BRL | 5.558 |
| USD/RUB | 87.1 |
| USD/INR | 83.529 |
| AUD/USD | 0.6714 |
| NZD/USD | 0.611 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 23 |
| 10 Year Yield % | | | | |
| US | 4.35 | -9 | +6 | +49 |
| Germany | 2.56 | -5 | +6 | +53 |
| UK | 4.17 | -8 | -1 | +63 |
| Ireland | 2.95 | -5 | +5 | +59 |
| Belgium | 3.13 | -7 | +8 | +44 |
| France | 3.26 | -6 | +27 | +70 |
| Italy | 3.99 | -8 | +18 | +29 |
| Spain | 3.39 | -7 | +16 | +40 |
| Portugal | 3.20 | -7 | +11 | +42 |
| Greece | 3.70 | -1 | +16 | +63 |
| 5 Year Swap % | | | | |
| US | 4.31 | -7 | +0 | +52 |
| Eurozone | 2.87 | -3 | +2 | +45 |
| UK | 4.22 | -5 | -9 | +57 |
| 2 Year Swap % | | | | |
| US | 4.81 | -4 | -5 | +48 |
| Eurozone | 3.20 | -5 | -8 | +40 |
| UK | 4.73 | -3 | -15 | +46 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 39 | +0 | -1 | +6 |
| Belgium | 57 | -2 | +2 | -9 |
| France | 70 | -1 | +21 | +17 |
| Italy | 143 | -3 | +12 | -24 |
| Spain | 83 | -2 | +10 | -14 |
| Portugal | 65 | -3 | +5 | -11 |
| Greece | 115 | +4 | +10 | +10 |

| Commodities | | | | |
|----------------|--------|----------|---------|--------|
| | Close | % Change | | |
| | | Day | 4 Weeks | End 23 |
| Brent Oil | 87.34 | +1.28 | +11.39 | +13.37 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 2356.1 | +1.15 | +0.05 | +14.23 |

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