

## Tight ranges persist on FX markets

The initial trading days of July continued the theme from June of narrow range trading on currency markets. Of the limited action to register last week, the dollar was generally holding the upper hand against the euro and sterling. Although Friday's US labour market updates for June did prompt some volatility in the currency, albeit within very confined parameters.

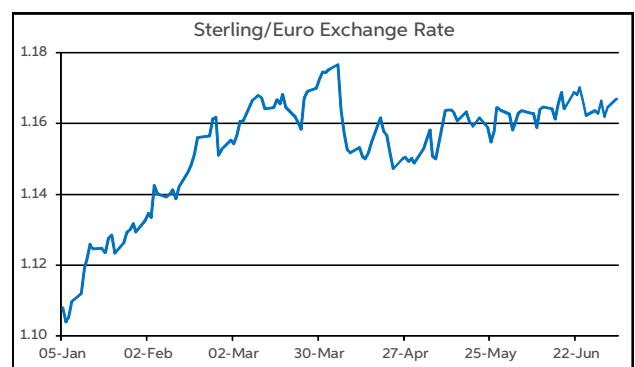
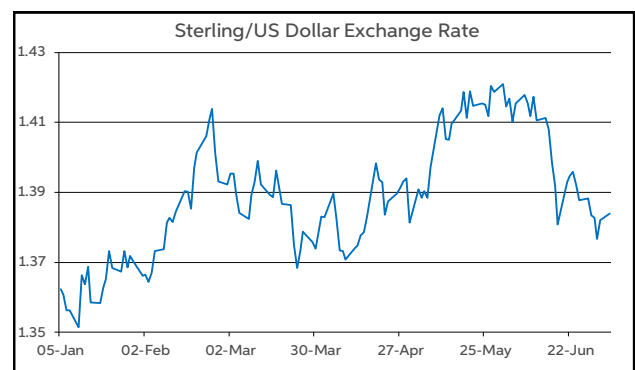
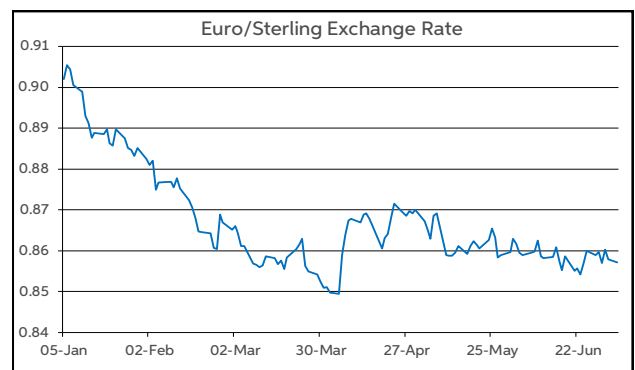
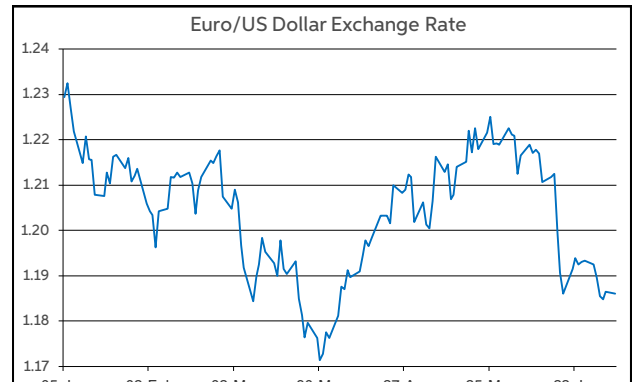
The main focus of the labour market data was on non-farm payrolls. Having disappointed over the previous two months, payrolls registered a consensus beating gain of 850k (vs. 700k forecast). Private payrolls also printed ahead of expectations, however, the gap was not as wide (+662k vs. 600k f'cast).

Meanwhile, the unemployment rate rose unexpectedly, to 5.9%, compared to expectations for it to fall from 5.8% to 5.7%. Overall, while it is encouraging to see an uplift in the payroll numbers, it is still too early to conclude that supply constraints are easing.

So as FX trading gets under this morning, EUR/USD is trading at the midpoint of \$1.18-1.19. Meantime, EUR/GBP starts the week below the 86p threshold. Elsewhere, amongst the majors, GBP/USD is changing hands in the lower half of \$1.38-1.39

This week, the macro calendar is relatively quiet. Data-wise, the main highlights are UK GDP for May and the US non-manufacturing ISM for June. On the monetary policy front, we get the ECB and Fed meeting minutes, with attention more focused on the US release given the more hawkish FOMC tone in June. Overall though, it would be no great surprise, if the macro calendar has relatively limited bearing on FX market direction this week.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1852	0.08	-2.96
EUR/GBP	0.8571	-0.35	-4.10
GBP/USD	1.3829	0.42	1.14
GBP/EUR	1.1664	0.35	4.27
USD/JPY	111.11	-0.41	7.62
EUR/JPY	131.72	-0.33	4.41

\* 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	0.125	0.10	0.14	0.16	0.31	0.92
EUR	0.00	-0.56	-0.55	-0.52	-0.46	-0.27
GBP	0.10	0.06	0.08	0.23	0.41	0.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

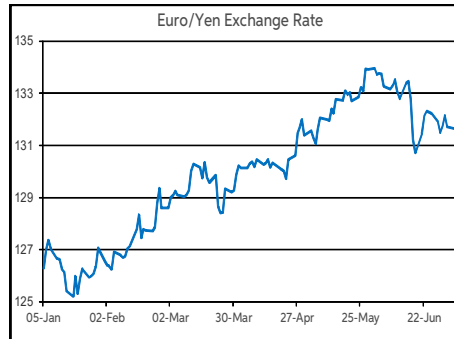
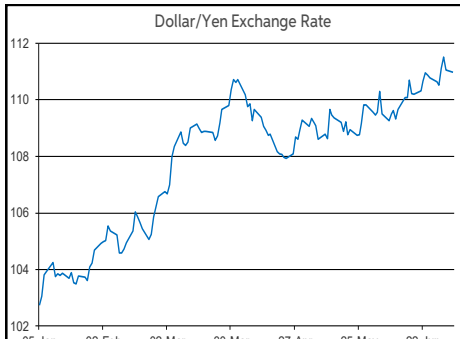
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

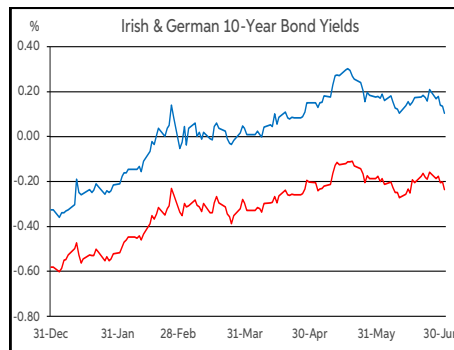
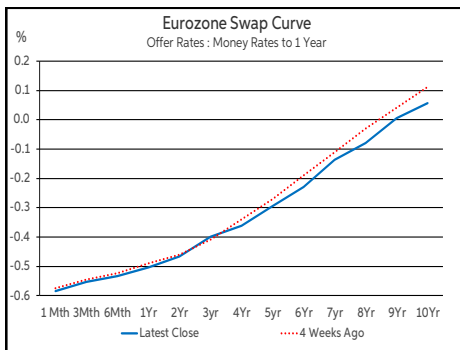
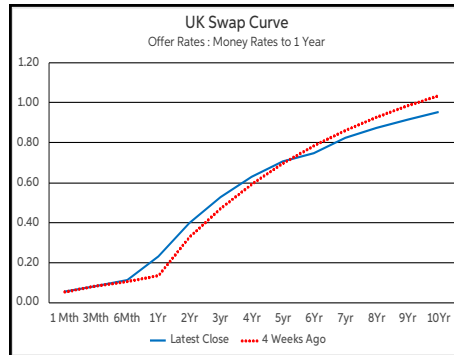
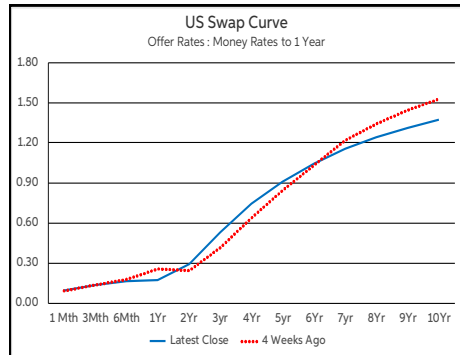
Monday 05 July 2021  
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8571	GBP/EUR	1.1664	USD/JPY	111.11
EUR/USD	1.1852	GBP/USD	1.3829	USD/CAD	1.2345
EUR/JPY	131.72	GBP/CAD	1.707	USD/CHF	0.9223
EUR/SEK	10.1348	GBP/NZD	1.9702	USD/CNY	6.4628
EUR/DKK	7.436	GBP/JPY	153.65	USD/BRL	5.0575
EUR/NOK	10.2181	GBP/SEK	11.8205	USD/RUB	73.3348
EUR/CHF	1.0935	GBP/DKK	8.6749	USD/INR	74.468
EUR/AUD	1.5771	GBP/NOK	11.9149	AUD/USD	0.7515
EUR/HKD	9.2049	GBP/CHF	1.2757	NZD/USD	0.7016
EUR/CAD	1.4634	GBP/AUD	1.8396		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.43	-3	-13	+51
Germany	-0.24	-4	-3	+34
UK	0.70	-3	-9	+51
<b>5 Year Swap %</b>				
US	0.91	-6	+7	+48
Eurozone	-0.29	-3	-1	+17
UK	0.71	-2	+1	+52
<b>2 Year Swap %</b>				
US	0.29	-4	+7	+10
Eurozone	-0.47	-1	+0	+6
UK	0.40	-1	+8	+37
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	37	+0	-3	+10
Belgium	30	-1	-4	+11
France	33	+1	-3	+10
Italy	101	+0	-8	-9
Spain	61	+0	-6	-2
Portugal	59	+1	-7	-4
Greece	104	+0	+1	-17



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	76.17	+0.44	+5.95	+47.05
West Texas Oil	75.37	+0.05	+8.34	+55.88
Gold \$	1786.8	+0.57	-5.46	-5.78

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