

Labour landslide, US Payrolls in spotlight today

There was a subdued mood on markets yesterday. This was against the backdrop of a very sparse macro data calendar, a market holiday in the US for Independence Day and a General Election in the UK.

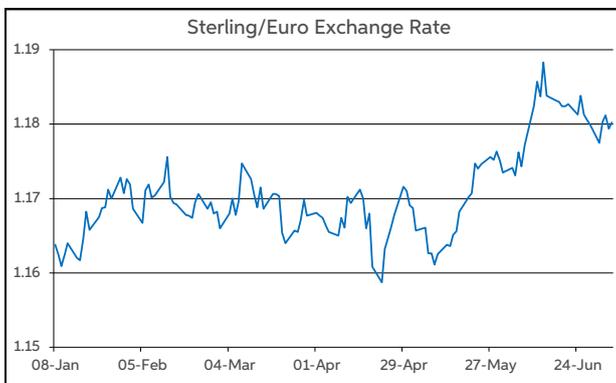
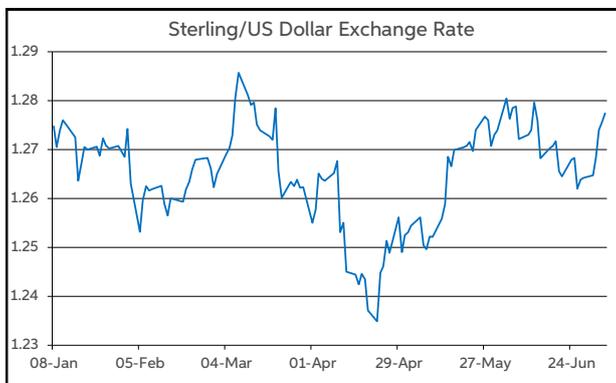
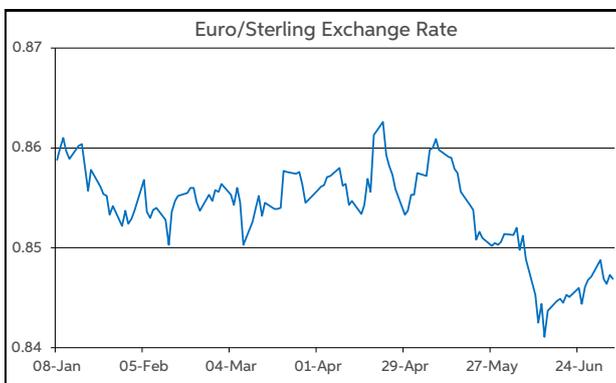
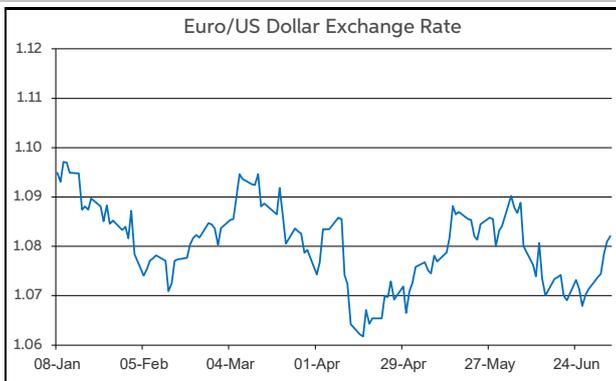
As expected, the Labour Party won a landslide victory in the election. It will form the next government with a projected majority of 170. Given that the outcome had been well signposted by polls, there has been no noticeable impact on sterling from the result.

Indeed, looking at the main FX pairs over the past 24 hours, trading has been characterised by relatively confined ranges. Of the limited action to register, the dollar has maintained its softer. EUR/USD opens this morning above \$1.08. The GBP/USD pair has moved up into the top half of the \$1.27-1.28 band. Meanwhile, EUR/GBP remains in its narrow corridor near to the midpoint of 84-85p. Elsewhere. USD/JPY has traded back below the ¥161 threshold.

Looking ahead to today, US markets re-open and the focus will be on their data calendar, with the always eagerly anticipated non-farm payrolls data due. Payrolls growth for June is forecast to slow to 190,000, from 272,000 in May. Aside from the payrolls number, the unemployment rate is expected to remain at 4%, while average earnings are pencilled in for a 3.9% y/y increase last month.

From a currency perspective, we saw on Wednesday the dollar under pressure following the very weak non-manufacturing ISM for June. Therefore, today's raft of labour market updates are a potential source of volatility for the dollar. Aside from the data, the second round of the French parliamentary elections on Sunday will be coming into focus, especially for European markets today.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0821	0.33	-1.95
EUR/GBP	0.8469	0.06	-2.30
GBP/USD	1.2774	0.24	0.35
GBP/EUR	1.18	-0.06	2.35
USD/JPY	160.6	-0.54	13.85
EUR/JPY	173.82	-0.21	11.69

* 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	5.58	5.26	4.82	4.33
EUR	4.25	3.64	3.71	3.53	3.24	2.89
GBP	5.25	5.17	5.09	4.86	4.73	4.24

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

Friday 05 July 2024
07:05 am



Euro

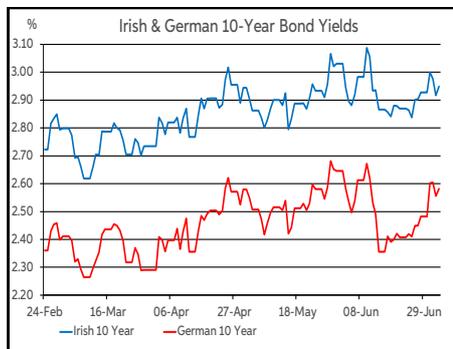
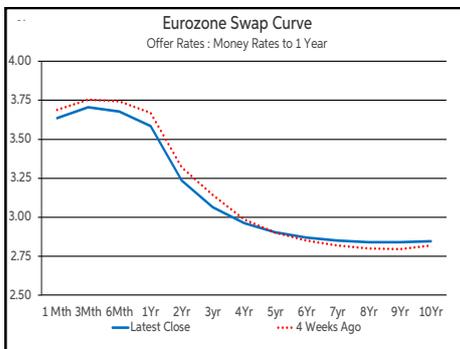
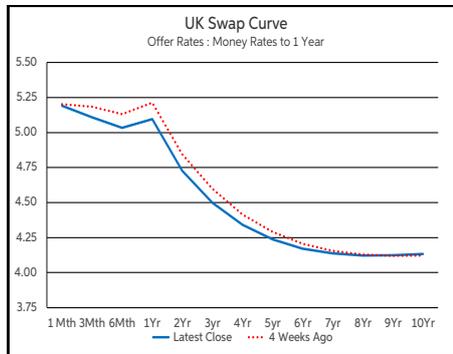
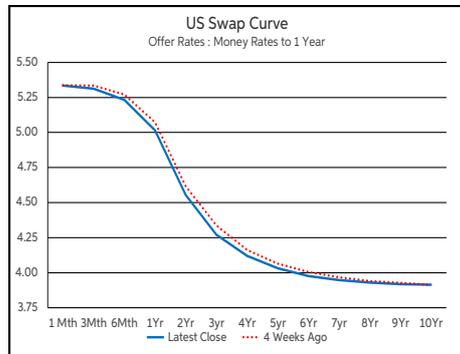
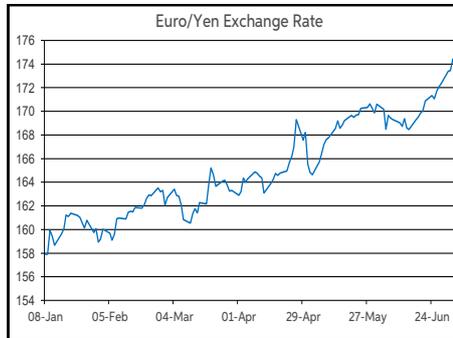
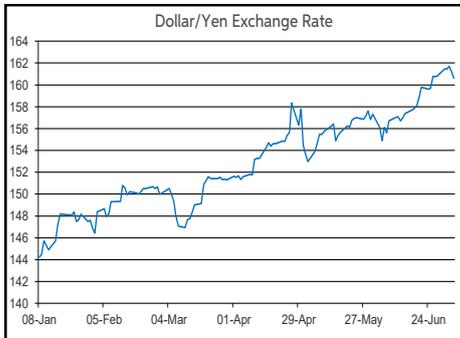
EUR/GBP	0.8469
EUR/USD	1.0821
EUR/JPY	173.82
EUR/SEK	11.3452
EUR/DKK	7.4592
EUR/NOK	11.4214
EUR/CHF	0.9721
EUR/AUD	1.6062
EUR/HKD	8.4521
EUR/CAD	1.472

Sterling

GBP/EUR	1.18
GBP/USD	1.2774
GBP/CAD	1.7377
GBP/NZD	2.0868
GBP/JPY	205.15
GBP/SEK	13.3914
GBP/DKK	8.805
GBP/NOK	13.4782
GBP/CHF	1.1472
GBP/AUD	1.8964

Dollar

USD/JPY	160.6
USD/CAD	1.3602
USD/CHF	0.8981
USD/CNY	7.2671
USD/BRL	5.4887
USD/RUB	88
USD/INR	83.4925
AUD/USD	0.6734
NZD/USD	0.6119



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.35	-9	+7	+49
Germany	2.59	+3	+4	+56
UK	4.20	+3	+2	+66
Ireland	2.98	+3	+3	+61
Belgium	3.17	+4	+7	+49
France	3.28	+2	+24	+72
Italy	4.00	+1	+14	+30
Spain	3.40	+1	+12	+41
Portugal	3.22	+2	+7	+44
Greece	3.68	-3	+9	+60
5 Year Swap %				
US	4.31	+0	-1	+52
Eurozone	2.90	+3	+1	+48
UK	4.24	+2	+424	+59
2 Year Swap %				
US	4.81	+0	-5	+48
Eurozone	3.24	+7	-7	+44
UK	4.73	-0	-11	+46
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	-1	+6
Belgium	59	+2	+3	-7
France	69	-0	+19	+16
Italy	142	-1	+10	-25
Spain	82	-1	+8	-15
Portugal	64	-1	+3	-12
Greece	109	-5	+5	+4

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	87.43	+0.10	+9.47	+13.49
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2356.1	+0.00	-0.82	+14.23

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