

## EUR/USD falls to 20-year lows

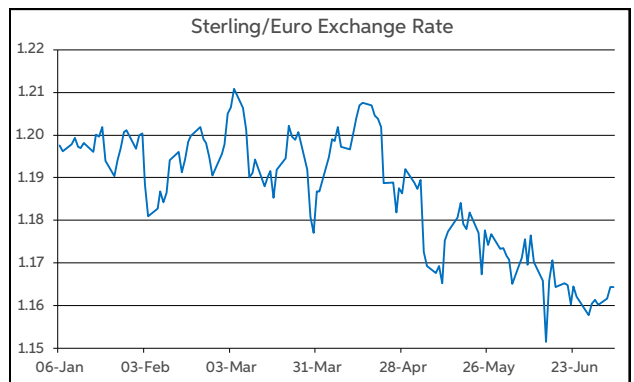
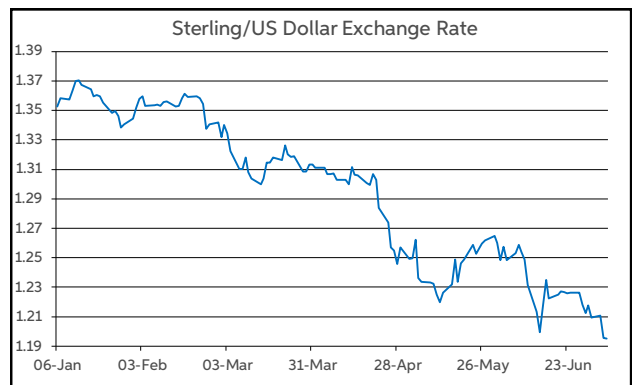
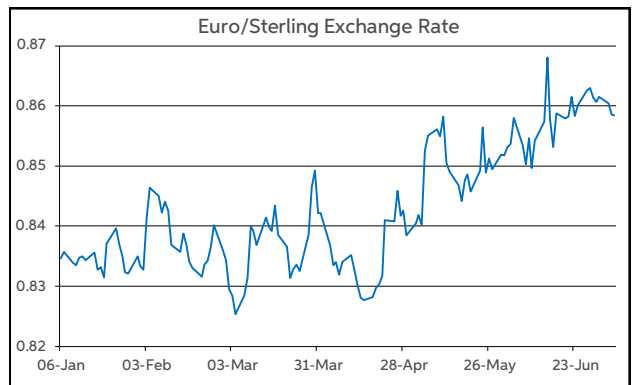
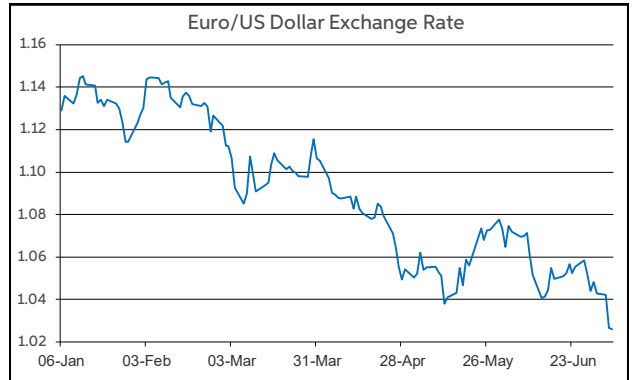
There was a risk averse tone to investor sentiment across financial markets yesterday, as European gas prices spiked to their highest level in four-months amid growing concerns over supply. The Euro Stoxx 50 fell by 2.6%. In the US, the S&P 500 pared its losses before the close, finishing up 0.2%. Oil prices fell by circa 8-10%, back to \$102/bbl as recession fears gathered fresh impetus. Against this backdrop, benchmark sovereign bond yields declined by 7-15bps in the US and Europe.

The dollar was firmly in the driving seat amid the weaker tone to risk appetite, making significant ground against numerous currencies. As a result, the key \$1.04 level in EUR/USD gave way, with the pair falling to a fresh 20-year low, at \$1.024. Meanwhile, GBP/USD fell back towards \$1.19. Elsewhere, EUR/GBP traded to a low of 85.4p before moving back up above the 86p mark. Sterling was not impacted by a number of high profile Cabinet resignations in the UK yesterday evening.

As trading gets underway this morning, EUR/USD opens above the midpoint of the \$1.02-1.03 range. Given that EUR/USD has now fallen below the \$1.04 threshold, a move towards parity cannot be ruled out. Meantime, GBP/USD is operating at the halfway mark of the \$1.19-1.20 corridor. EUR/GBP continues to change hands in and around the 86p handle.

Today, the main release of note will be the latest Fed FOMC meeting minutes (after the close in Europe). However, speeches from two influential FOMC members (Waller & Bullard) may shine more light on the future path for official rates. Data-wise, the non-manufacturing ISM is projected to decline to 54.3 in June from 55.9. In the Eurozone, retail sales (May) are due.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0265	-1.64	-9.70
EUR/GBP	0.8586	-0.35	2.21
GBP/USD	1.1952	-1.33	-11.66
GBP/EUR	1.1642	0.35	-2.17
USD/JPY	135.39	-0.63	17.65
EUR/JPY	138.98	-2.27	6.20

\* 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	1.625	1.78	2.32	3.18	3.11	2.87
EUR	0.00	-0.49	-0.17	0.74	1.21	1.69
GBP	1.25	1.23	1.70	2.70	2.82	2.63

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan Ian Burke	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

Wednesday 06 July 2022  
07:49 am



## Euro

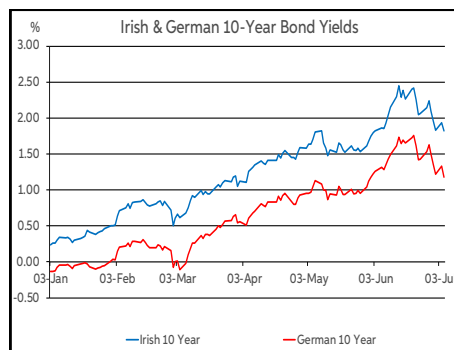
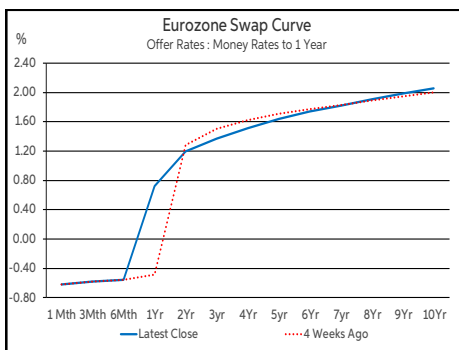
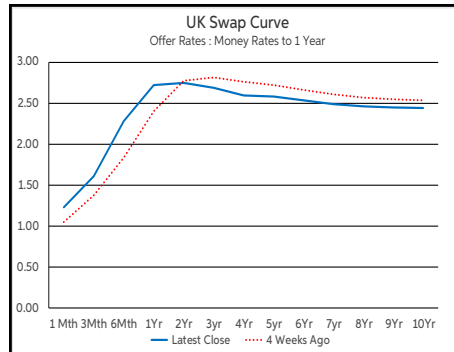
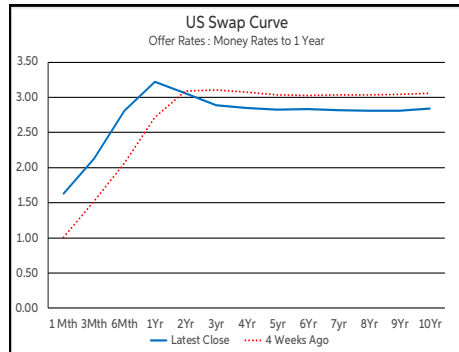
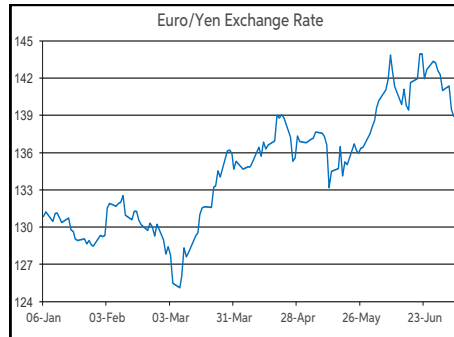
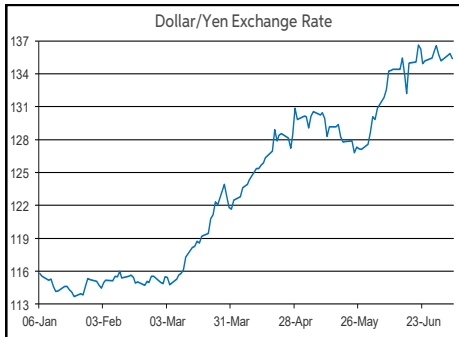
EUR/GBP	0.8586
EUR/USD	1.0265
EUR/JPY	138.98
EUR/SEK	10.777
EUR/DKK	7.4393
EUR/NOK	10.3242
EUR/CHF	0.9938
EUR/AUD	1.509
EUR/HKD	8.0552
EUR/CAD	1.3386

## Sterling

GBP/EUR	1.1642
GBP/USD	1.1952
GBP/CAD	1.5586
GBP/NZD	1.9378
GBP/JPY	161.82
GBP/SEK	12.545
GBP/DKK	8.661
GBP/NOK	12.0173
GBP/CHF	1.1571
GBP/AUD	1.757

## Dollar

USD/JPY	135.39
USD/CAD	1.304
USD/CHF	0.9679
USD/CNY	6.7043
USD/BRL	5.3866
USD/RUB	61.463
USD/INR	79.31
AUD/USD	0.68
NZD/USD	0.6167



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	2.82	-7	-16	+131
Germany	1.19	-15	-10	+137
UK	2.05	-15	-16	+108
<b>Ireland</b>				
Ireland	1.84	-13	-3	+159
Belgium	1.90	-12	-0	+172
France	1.81	-13	+0	+162
Italy	3.27	-8	-13	+209
Spain	2.31	-11	-11	+171
Portugal	2.32	-10	-14	+184
Greece	3.41	-13	-42	+209
<b>5 Year Swap %</b>				
US	2.82	-6	-18	+149
Eurozone	1.64	-13	-6	+163
UK	2.59	-14	-13	+131
<b>2 Year Swap %</b>				
US	3.06	-5	+0	+212
Eurozone	1.20	-15	-7	+150
UK	2.75	-12	-2	+155
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	66	+2	+7	+23
Belgium	71	+3	+10	+35
France	62	+2	+10	+25
Italy	208	+7	-3	+72
Spain	112	+4	-1	+35
Portugal	113	+5	-4	+47
Greece	222	+2	-32	+73

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	102.77	-9.45	-14.76	+32.13
West Texas Oil	101.55	-7.93	-15.06	+34.81
Gold \$	1764.4	-2.47	-4.73	-3.50

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