

Dollar benefits from risk-off tone

There was a risk-off tone to investor sentiment across financial markets yesterday. The Euro Stoxx 50 shed 0.9%. Meanwhile, across the Atlantic, the S&P 500 closed only slightly lower, having staged a strong rebound from its intraday nadir. On bond markets, benchmark sovereign yields fell by 4-8bps. Currency-wise, the dollar was holding the upper hand on the exchanges.

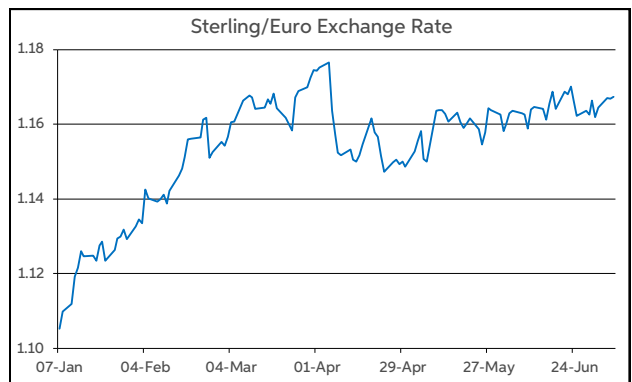
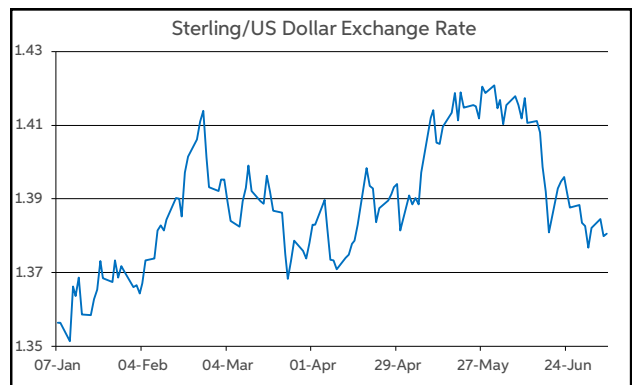
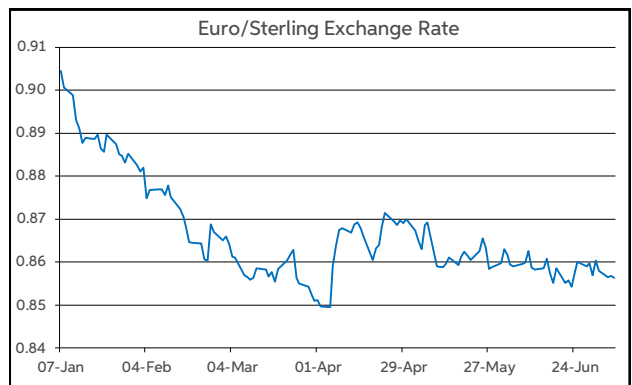
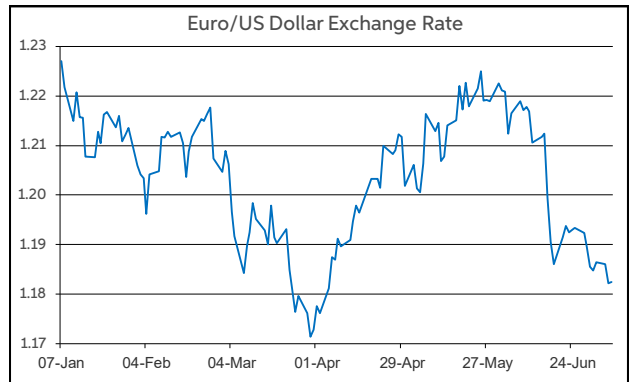
Risk sentiment soured as OPEC+ failed to reach a deal on increasing future supply, resulting in crude oil prices spiking higher. However, the move could not be sustained with crude prices closing down 3.4%. The concern is that if supply is not increased, oil prices may surge as economies re-open, limiting growth and boosting inflation further.

Elsewhere, US data disappointed versus expectations yesterday which did little to lift the mood. The non-manufacturing ISM printed below the consensus. Meanwhile, both the composite and services PMIs for June were revised slightly lower also. Although the data remained at elevated levels, they suggest that growth in the US may have peaked in Q2.

In level terms, the firmer tone to the dollar is reflected in EUR/USD opening down near to \$1.18. Cable (GBP/USD) is trading back at the \$1.38 handle also. Meantime, EUR/GBP continues to operate in a tight 85-86p corridor.

Turning to the day ahead, there is a sparse data schedule. After the close in Europe though, the latest Fed meeting minutes will be released. The minutes will be monitored closely for any colour on the potential path of QE tapering. Overall though, the main pairs may trade within fairly narrow ranges today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1822	-0.41	-3.20
EUR/GBP	0.8564	0.12	-4.17
GBP/USD	1.3801	-0.57	0.94
GBP/EUR	1.167	-0.12	4.36
USD/JPY	110.6	-0.21	7.13
EUR/JPY	130.78	-0.62	3.66

* 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	0.88
EUR	0.00	-0.55	-0.54	-0.50	-0.46	-0.29
GBP	0.10	0.05	0.08	0.22	0.40	0.66

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

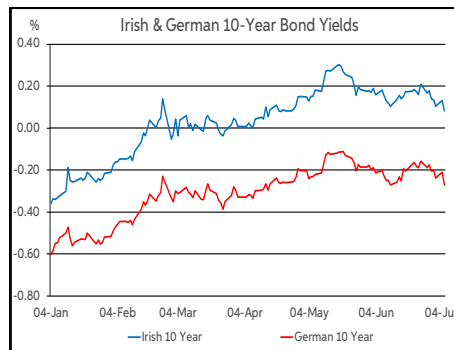
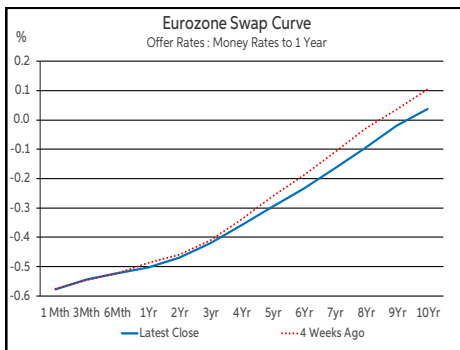
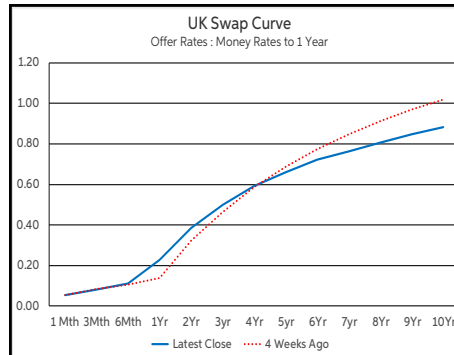
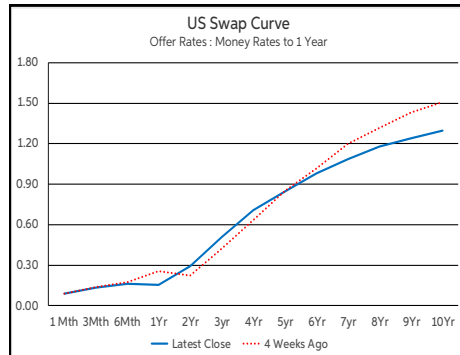
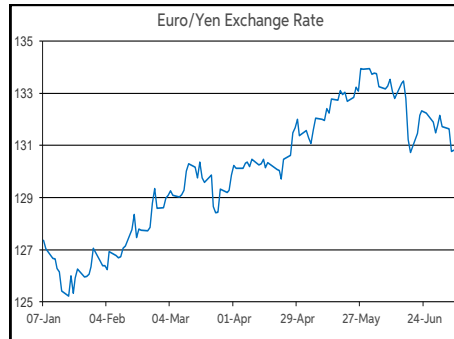
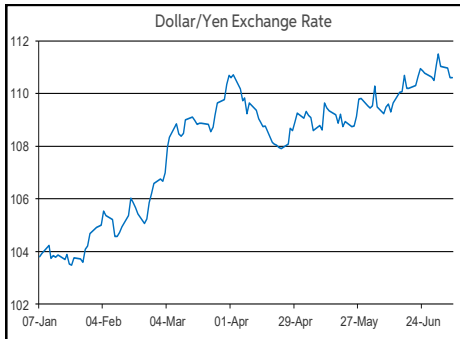
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 07 July 2021
07:07 am



Euro		Sterling		Dollar	
EUR/GBP	0.8564	GBP/EUR	1.167	USD/JPY	110.6
EUR/USD	1.1822	GBP/USD	1.3801	USD/CAD	1.246
EUR/JPY	130.78	GBP/CAD	1.7202	USD/CHF	0.9235
EUR/SEK	10.1608	GBP/NZD	1.9648	USD/CNY	6.4672
EUR/DKK	7.4353	GBP/JPY	152.64	USD/BRL	5.1967
EUR/NOK	10.291	GBP/SEK	11.8607	USD/RUB	74.2025
EUR/CHF	1.092	GBP/DKK	8.6799	USD/INR	74.75
EUR/AUD	1.5766	GBP/NOK	12.0115	AUD/USD	0.7498
EUR/HKD	9.1826	GBP/CHF	1.2748	NZD/USD	0.7021
EUR/CAD	1.4736	GBP/AUD	1.8403		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.35	-8	-19	+44
Germany	-0.27	-6	-5	+31
UK	0.64	-8	-14	+44
5 Year Swap %				
US	0.85	-7	+3	+43
Eurozone	-0.30	-3	-3	+16
UK	0.66	-5	-2	+47
2 Year Swap %				
US	0.29	+0	+8	+10
Eurozone	-0.47	-1	-0	+6
UK	0.39	-1	+7	+36
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-3	+12
Belgium	31	+1	-3	+12
France	33	+0	-3	+10
Italy	102	+0	-7	-8
Spain	62	+1	-4	-1
Portugal	59	+0	-7	-5
Greece	104	+2	-6	-16

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	74.53	-3.41	+3.20	+43.88
West Texas Oil	73.62	-2.32	+5.01	+52.26
Gold \$	1796.7	+0.28	-5.08	-5.26

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