

Euro remains under pressure

Equity markets moved higher on both sides of the Atlantic yesterday. The Euro Stoxx 50 gained 1.8%, while the S&P 500 rose by 0.4%. On bond markets, German Bund yields continued to move lower, with the 10-year tenor down 3bps. 10-year UK Gilt and US Treasury yields gained 4-12bps. Meanwhile, oil prices declined by over 2% on growing concerns regarding the economic outlook, with Brent crude falling back to \$100 per barrel.

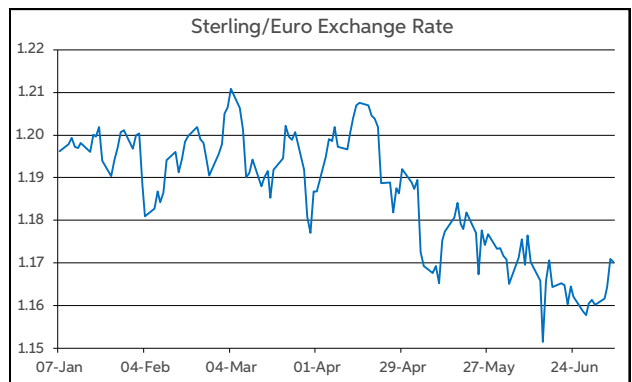
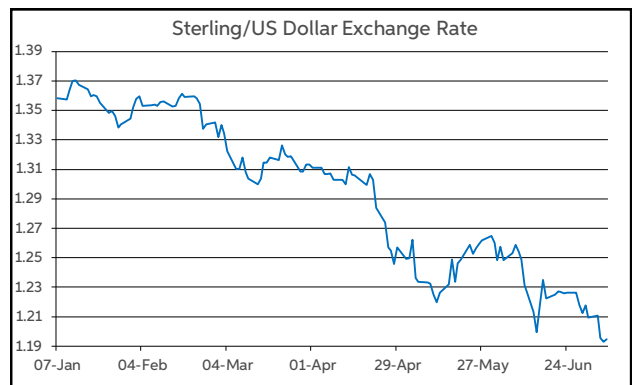
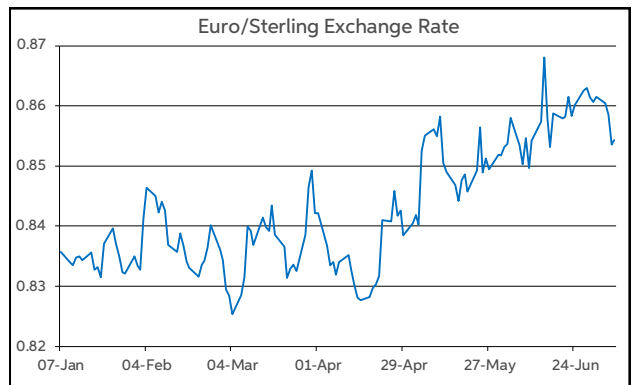
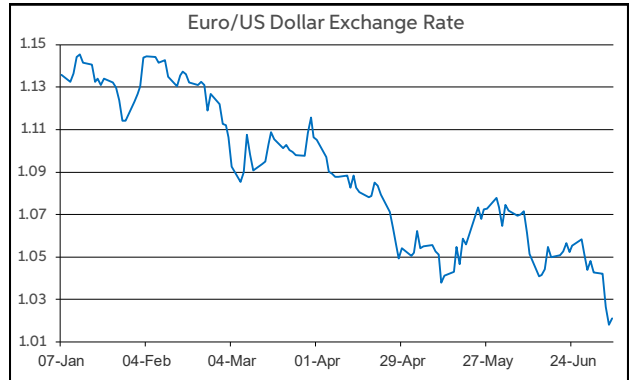
Currency-wise, the euro remained on the defensive as investors pared back their expectations for higher ECB interest rates in 2023. As a result, the single currency fell by circa 0.4% versus sterling and the dollar. EUR/USD fell to a new low of \$1.016 in the process, before regaining some ground overnight.

Elsewhere, the dollar remained in the ascendancy once again. The dollar-index (a measure of the currency's value versus a number of peers) broke above 107 yesterday, for the time since May 2002. However, despite some hawkish rhetoric in the latest Fed FOMC meeting minutes, which were released after the close in Europe, the greenback gave back some of its gains overnight.

In level terms, the firmer tone to the dollar and the weaker euro is evidenced by EUR/USD opening down near the \$1.02 threshold. EUR/GBP is operating back below the midpoint of 85-86p. GBP/USD is changing hands around the halfway mark of \$1.19-1.20.

Today, the main release of note will be the ECB monetary policy account for the June meeting. However, barring any major surprises, the euro is likely to remain under pressure, with a move towards parity against the dollar now very much within the realms of possibility.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.021	-0.34	-10.19
EUR/GBP	0.854	-0.50	1.67
GBP/USD	1.1951	0.13	-11.66
GBP/EUR	1.1703	0.50	-1.64
USD/JPY	135.92	0.44	18.11
EUR/JPY	138.78	0.07	6.04

* 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	1.79	2.35	3.27	3.24	3.01
EUR	0.00	-0.46	-0.15	0.75	1.22	1.66
GBP	1.25	1.24	1.72	2.72	2.83	2.65

All rates quoted are indicative market rates

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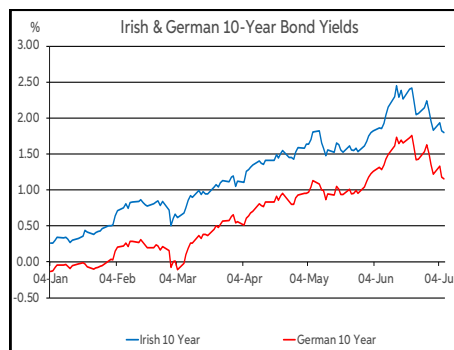
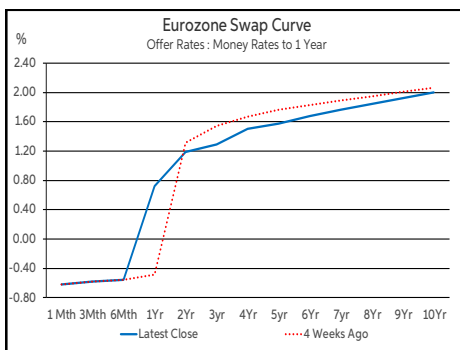
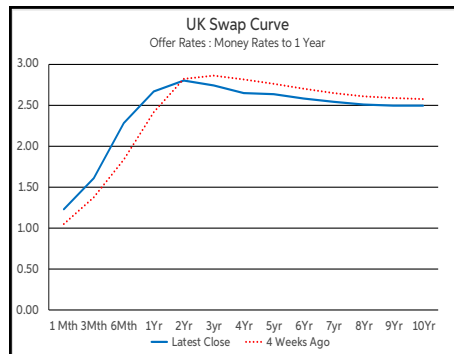
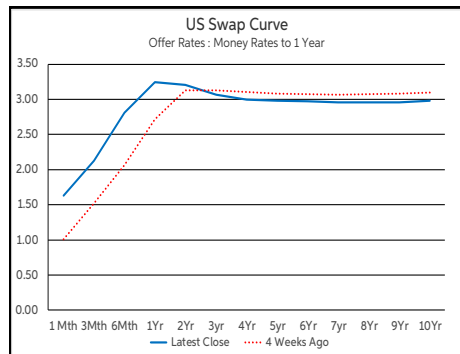
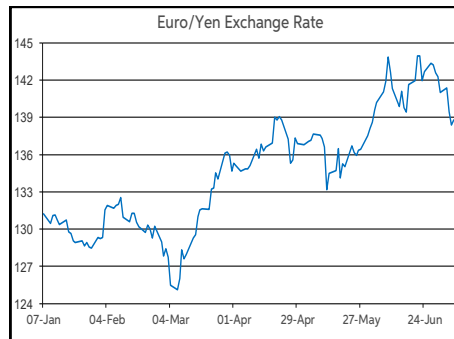
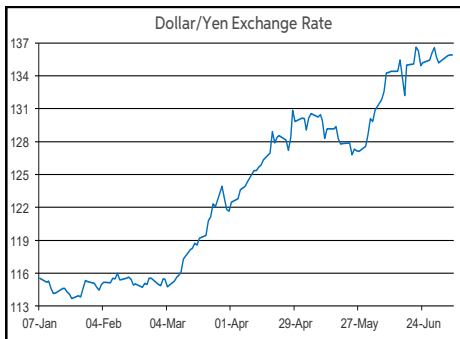
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Thursday 07 July 2022
07:47 am



Euro		Sterling		Dollar	
EUR/GBP	0.854	GBP/EUR	1.1703	USD/JPY	135.92
EUR/USD	1.021	GBP/USD	1.1951	USD/CAD	1.3015
EUR/JPY	138.78	GBP/CAD	1.5556	USD/CHF	0.9693
EUR/SEK	10.7265	GBP/NZD	1.9357	USD/CNY	6.7022
EUR/DKK	7.4409	GBP/JPY	162.43	USD/BRL	5.4294
EUR/NOK	10.3095	GBP/SEK	12.5532	USD/RUB	62.9
EUR/CHF	0.9898	GBP/DKK	8.7079	USD/INR	79.025
EUR/AUD	1.4984	GBP/NOK	12.0658		
EUR/HKD	8.013	GBP/CHF	1.1586	AUD/USD	0.6812
EUR/CAD	1.3288	GBP/AUD	1.754	NZD/USD	0.6172



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.93	+12	-9	+142
Germany	1.16	-3	-20	+134
UK	2.09	+4	-15	+112
5 Year Swap %				
US	2.98	+17	-6	+165
Eurozone	1.58	-6	-18	+156
UK	2.63	+5	-12	+136
2 Year Swap %				
US	3.21	+15	+11	+226
Eurozone	1.19	-1	-11	+149
UK	2.80	+6	-1	+161
10 Year Government Bond Spreads to Benchmark bps				
Ireland	67	+2	+9	+24
Belgium	70	-1	+10	+35
France	61	-2	+9	+23
Italy	208	+0	-3	+72
Spain	112	-0	-1	+34
Portugal	113	-0	-2	+47
Greece	208	-14	-55	+59

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	100.69	-2.02	-18.52	+29.45
West Texas Oil	100.31	-1.22	-17.74	+33.16
Gold \$	1738.3	-1.48	-6.20	-4.93

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