

EUR/USD in focus with Payrolls/Lagarde ahead

Equity markets continued to move higher on both sides of the Atlantic yesterday. The Euro Stoxx 50 rose by 1.9%, while in the US, the S&P 500 recorded a 1.5% gain. On bond markets, German Bund yields rose by 3-13bps along the curve. US Treasury and UK Gilt yields moved a more modest 4-7bps higher. Meantime, oil prices rebounded by circa 4%, with Brent crude currently above \$104 per barrel.

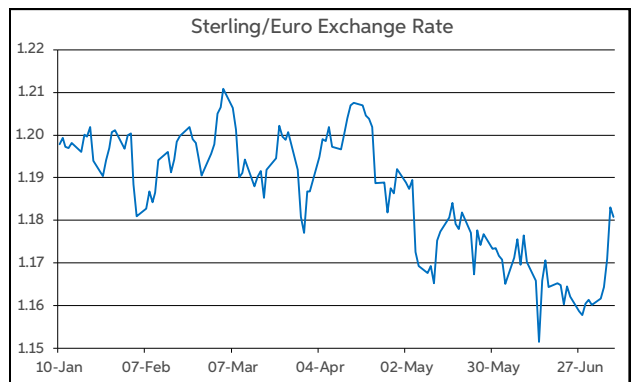
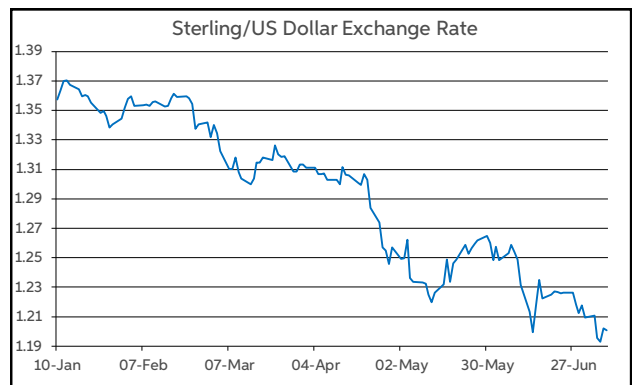
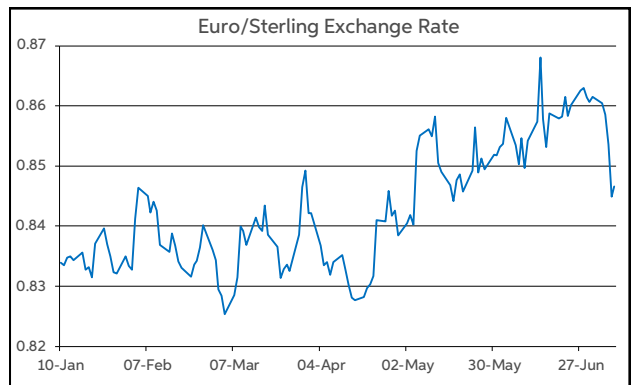
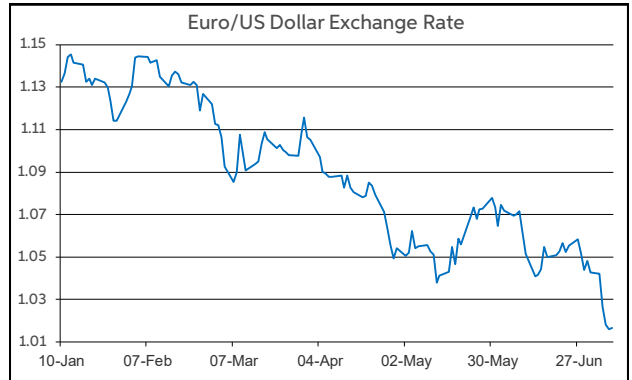
On the currency front, the euro remained on the back-foot yesterday. EUR/USD traded to another new 20-year low at \$1.015, while the single currency also lost ground against sterling and the Japanese yen. Meanwhile, sterling was holding a firmer tone against the backdrop of PM Johnson's decision to resign.

As trading gets underway this morning, EUR/USD opens below the \$1.02 threshold. Elsewhere, the firmer tone to sterling is reflected by EUR/GBP operating back under the 85p mark. GBP/USD is changing hands just above the \$1.20 handle.

Today, the main data highlight of the month, the US labour market report is due. Payrolls are forecast to rise by 268k in June, down from 390k in May, and versus a YTD average of circa 500k. Meanwhile, average earnings are projected to ease to +5% y/y from +5.2%. The unemployment rate is expected to be unchanged at 3.6%. The release poses some event risk for the dollar.

From a euro viewpoint, comments from ECB President Lagarde will be under the microscope. This could be a source of volatility for the euro. A key focus today will be on EUR/USD, with recent moves opening the door for a potential fall to parity or below for the pair.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0167	-0.32	-10.56
EUR/GBP	0.8466	-0.82	0.79
GBP/USD	1.2004	0.48	-11.27
GBP/EUR	1.1802	0.83	-0.78
USD/JPY	135.65	-0.01	17.87
EUR/JPY	137.95	-0.33	5.41

* 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	1.625	1.81	2.39	3.29	3.27	3.04
EUR	0.00	-0.47	-0.15	0.80	1.29	1.71
GBP	1.25	1.28	1.72	2.75	2.92	2.73

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

Friday 08 July 2022
07:29 am



Euro

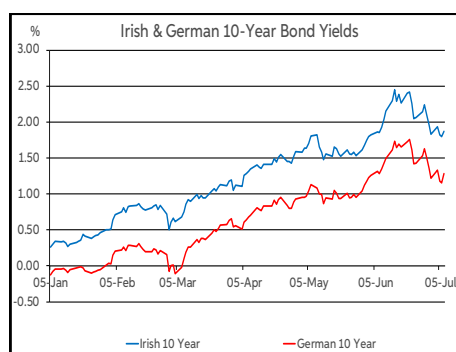
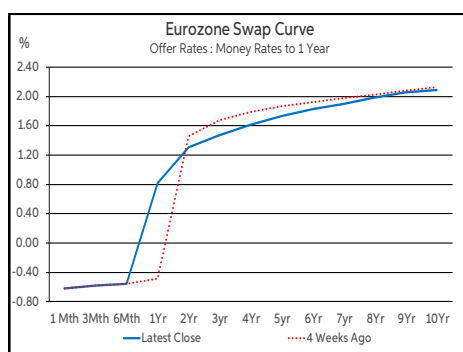
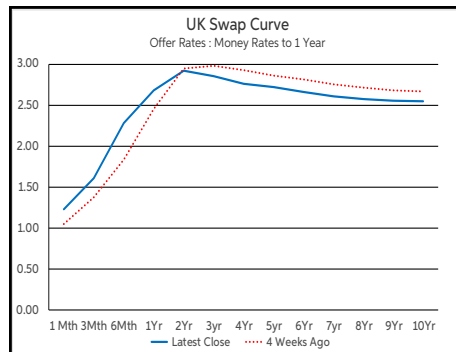
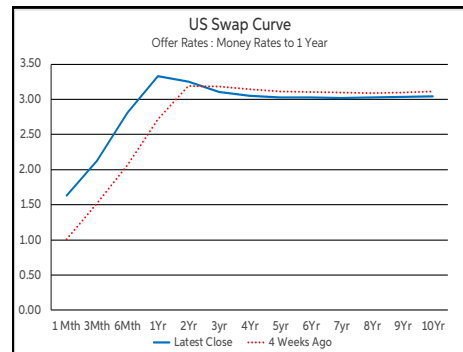
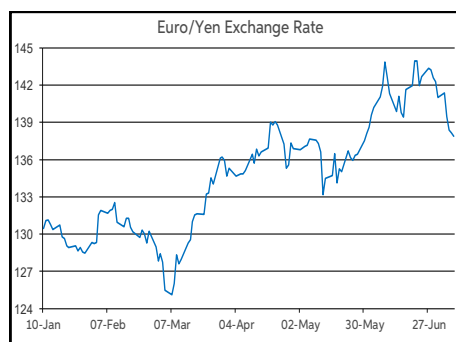
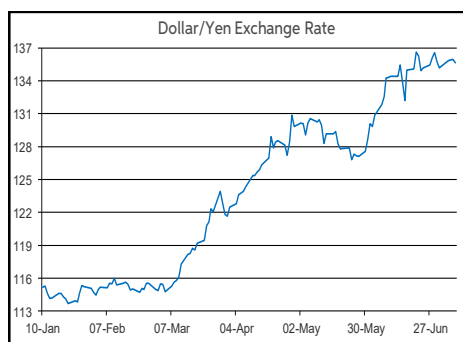
EUR/GBP	0.8466
EUR/USD	1.0167
EUR/JPY	137.95
EUR/SEK	10.7028
EUR/DKK	7.4402
EUR/NOK	10.2519
EUR/CHF	0.9898
EUR/AUD	1.4886
EUR/HKD	7.9788
EUR/CAD	1.3214

Sterling

GBP/EUR	1.1802
GBP/USD	1.2004
GBP/CAD	1.5602
GBP/NZD	1.9451
GBP/JPY	162.83
GBP/SEK	12.6349
GBP/DKK	8.7835
GBP/NOK	12.1022
GBP/CHF	1.1687
GBP/AUD	1.7581

Dollar

USD/JPY	135.65
USD/CAD	1.2995
USD/CHF	0.9733
USD/CNY	6.7037
USD/BRL	5.3391
USD/RUB	62.1
USD/INR	79.251
AUD/USD	0.6827
NZD/USD	0.617



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.00	+7	-5	+149
Germany	1.29	+13	-14	+147
UK	2.13	+4	-20	+116
Ireland				
Ireland	1.90	+7	-17	+165
Belgium	1.95	+9	-10	+177
France	1.85	+9	-13	+166
Italy	3.38	+14	-31	+219
Spain	2.40	+13	-21	+181
Portugal	2.40	+11	-26	+192
Greece	3.53	+29	-57	+221
5 Year Swap %				
US	3.03	+5	-6	+169
Eurozone	1.74	+16	-13	+172
UK	2.72	+9	-13	+145
2 Year Swap %				
US	3.25	+4	+9	+231
Eurozone	1.31	+12	-14	+161
UK	2.92	+12	-2	+173
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	-7	-2	+18
Belgium	66	-5	+5	+30
France	56	-4	+1	+19
Italy	209	+0	-17	+72
Spain	111	-1	-6	+34
Portugal	111	-2	-12	+45
Greece	224	+15	-43	+74

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	104.65	+3.93	-14.97	+34.55
West Texas Oil	104.62	+4.30	-13.91	+38.88
Gold \$	1739.6	+0.08	-5.85	-4.86

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