Morning Comment

AIB Treasury Economic Research Unit



Monday 08 July 2024 07:11 am

Softer dollar amid weaker US data

1 12

1.11

There was plenty for markets to digest last week with some key data, elections and a central banking forum. Currency-wise, the dollar was holding a softer tone. The main catalyst for this was the weaker than expected non-manufacturing ISM (June). Meantime, while headline US payrolls (June) were better than forecast, there were downward revisions to prior months, the private sector metric disappointed and the unemployment rate was higher than forecast.

Looking ahead, politics will remain in the market's thoughts this morning. Investors will be digesting last night's result from the French election, where the 'Left Alliance' unexpectedly became the largest grouping. There was some marginal downward pressure on the euro in the immediate aftermath. The prospect of a hung parliament/political deadlock will mean that French politics will remain a potential source of headline risk for the currency.

Data-wise, this week's macro calendar features two main highlights. For sterling, we get the UK monthly GDP numbers for May. Growth is expected to have picked up modestly (f'cast for 0.2% m/m), after being flat at the start of the quarter. From a dollar perspective, with the Fed being very much 'data dependent' in determining when to start to cut interest rates, the CPI inflation report for June is important. Fed Chair Powell commented last week that recent data "suggest that we are getting back on a disinflationary path". His testimony this week before Congress will also warrant attention. The Eurozone data diary is sparse.

The weaker dollar tone is reflected in EUR/USD starting the week above \$1.08. The combination of a softer dollar and a modest post-UK election bounce for sterling sees GBP/USD up at \$1.28. Meanwhile, EUR/GBP is trading near to the midpoint of 84-85p. John Fahey, Senior Economist, AIB

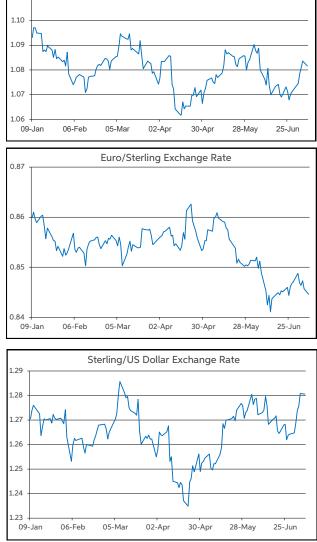
Today's Opening FX Rates					
		% Change			
		Day *	End 2023		
EUR/USD	1.0816	-0.04	-1.99		
EUR/GBP	0.8446	-0.33	-2.56		
GBP/USD	1.2806	0.30	0.60		
GBP/EUR	1.1835	0.33	2.63		
USD/JPY	160.54	-0.06	13.81		
EUR/JPY	173.69	-0.09	11.60		
* v Previous Day's European Open					
See Next Page for More Rates					

Opening Interest Rates						
		Money	Market		5	
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.57	5.22	4.76	4.24
EUR	4.25	3.64	3.71	3.51	3.19	2.87
GBP	5.25	5.17	5.08	4.82	4.71	4.21

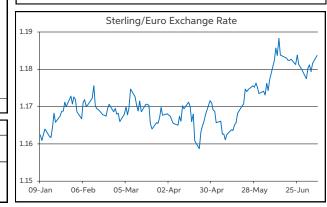
All rates quoted are indicative market rates

FX Spot	Karl Cooke
	Shane Gargan

FX Options Mark Tuite



Euro/US Dollar Exchange Rate



See Next Page For More Rates & Charts

Reuters AIBG.I Phone 00353-1-7724018 Morning Comment John Fahey

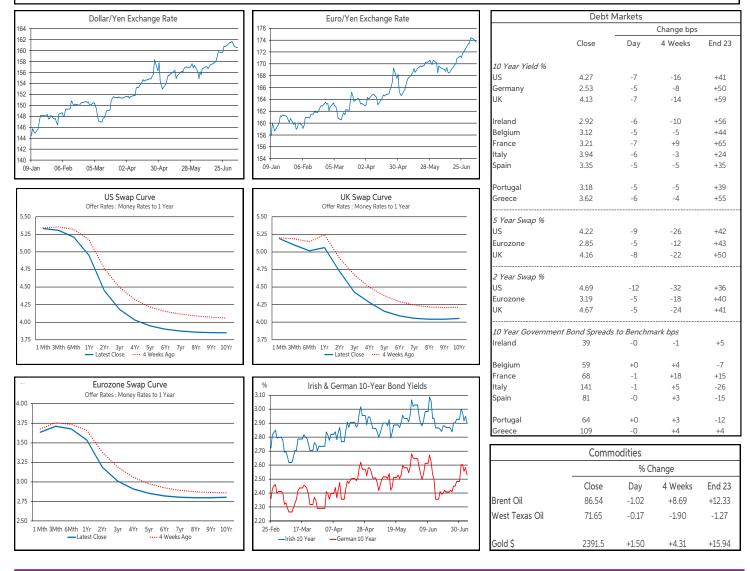
john.j.fahey@aib.ie

Opening Levels

Monday 08 July 2024 07:11 am



Euro		Sterl	ling	Doll	Dollar	
EUR/GBP	0.8446	GBP/EUR	1.1835	USD/JPY	160.54	
EUR/USD	1.0816	GBP/USD	1.2806	USD/CAD	1.3642	
EUR/JPY	173.69	GBP/CAD	1.7472	USD/CHF	0.8947	
EUR/SEK	11.363	GBP/NZD	2.0849	USD/CNY	7.2693	
EUR/DKK	7.4589	GBP/JPY	205.61	USD/BRL	5.4594	
EUR/NOK	11.4338	GBP/SEK	13.4506	USD/RUB	87.9955	
EUR/CHF	0.9679	GBP/DKK	8.8284	USD/INR	83.474	
EUR/AUD	1.6037	GBP/NOK	13.531			
EUR/HKD	8.4476	GBP/CHF	1.1459	AUD/USD	0.6743	
EUR/CAD	1.4757	GBP/AUD	1.8986	NZD/USD	0.6142	



This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and All) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.