

Risk-off tone gathers momentum

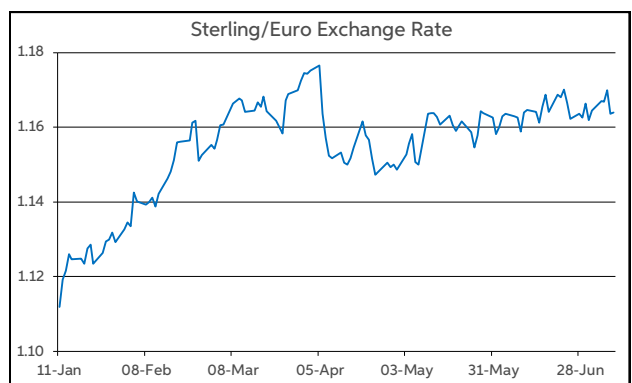
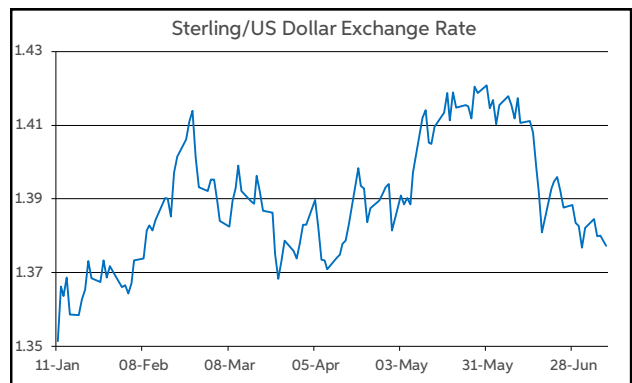
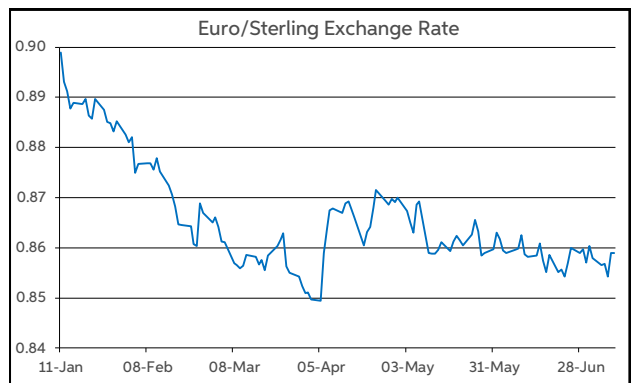
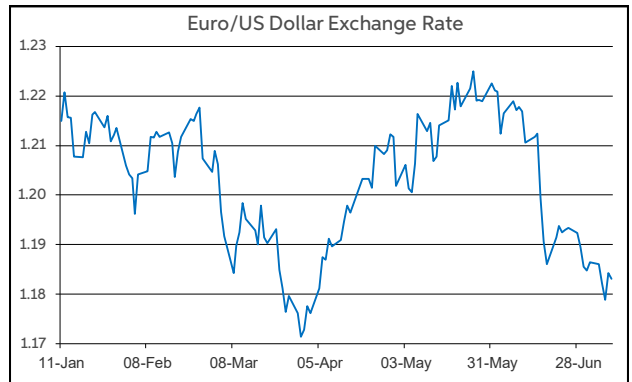
The risk-off tone to investor sentiment gathered momentum yesterday, amid rising concerns over the Delta variant. The Euro Stoxx 50 shed a further 2.1%. Meanwhile, at the close on Wall Street, the S&P 500 finished down 0.9%. On bond markets, US Treasury yields continued to grind lower. Currency-wise, the euro recouped some of its losses from earlier in the week against the dollar.

Elsewhere, the ECB announced the result of its strategic review. The central bank has adopted a symmetric 2% inflation target. Overshooting of the 2% target will be allowed if required, similar to the Fed. Unlike the US central bank though, the ECB will not actively seek to raise inflation above 2%, but will rather tolerate it for a period if it is deemed necessary. HICP will remain the key measure of inflation, but the series will be amended to better include costs related to housing.

However, as the review is unlikely to alter the stance of monetary policy in the near term, the market reaction to the announcement was muted. In level terms, the slightly firmer tone to the euro is reflected in EUR/USD moving higher within the lower half of \$1.18-1.19. Meanwhile, EUR/GBP has edged back up closer to the 86p mark. GBP/USD remains below the \$1.38 handle.

Already this morning, UK GDP for May has printed below the consensus. GDP grew by just 0.8% in the month (vs. 1.5% f'cast). Industrial production also rose by a modest 0.8%, with the manufacturing component unexpectedly declining in May. However, the release has not impacted sterling so far in early trading.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.183	0.31	-3.14
EUR/GBP	0.8589	0.39	-3.89
GBP/USD	1.3773	-0.08	0.73
GBP/EUR	1.1639	-0.38	4.05
USD/JPY	110.02	-0.45	6.57
EUR/JPY	130.18	-0.15	3.19

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.10	0.12	0.15	0.30	0.85
EUR	0.00	-0.55	-0.55	-0.51	-0.46	-0.30
GBP	0.10	0.05	0.08	0.23	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

Friday 09 July 2021
07:23 am



Euro

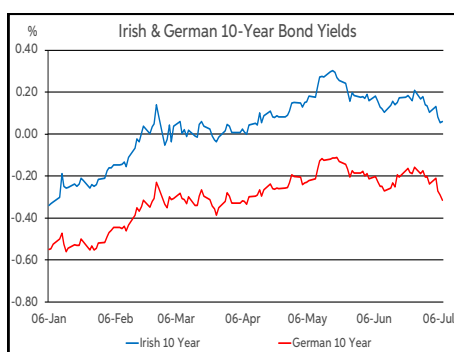
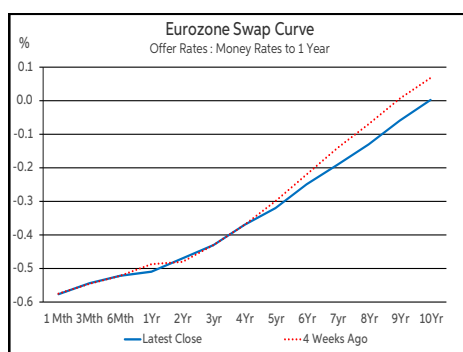
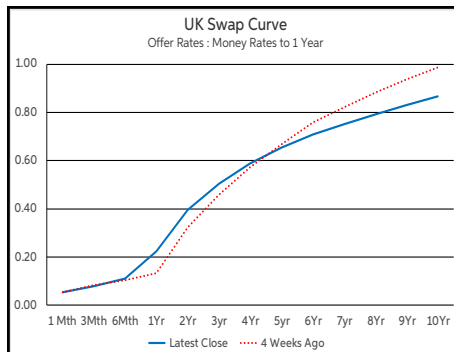
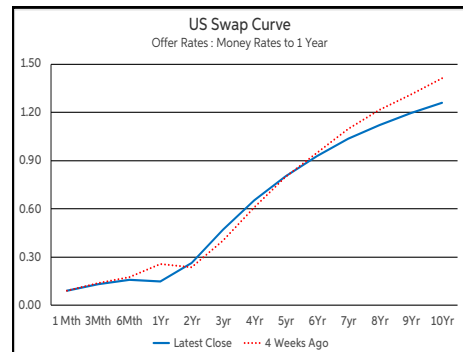
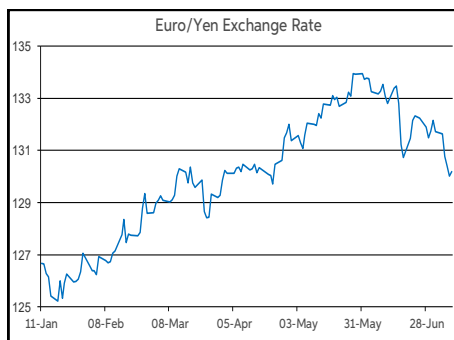
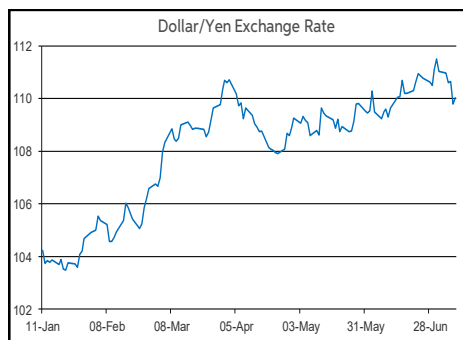
EUR/GBP	0.8588
EUR/USD	1.183
EUR/JPY	130.18
EUR/SEK	10.1823
EUR/DKK	7.4365
EUR/NOK	10.389
EUR/CHF	1.0843
EUR/AUD	1.5934
EUR/HKD	9.1893
EUR/CAD	1.4827

Sterling

GBP/EUR	1.1638
GBP/USD	1.3774
GBP/CAD	1.7253
GBP/NZD	1.9844
GBP/JPY	151.54
GBP/SEK	11.8464
GBP/DKK	8.6549
GBP/NOK	12.0954
GBP/CHF	1.2623
GBP/AUD	1.8549

Dollar

USD/JPY	110.03
USD/CAD	1.2531
USD/CHF	0.9163
USD/CNY	6.4878
USD/BRL	5.2579
USD/RUB	74.51
USD/INR	74.665
AUD/USD	0.7425
NZD/USD	0.6937



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.29	-3	-14	+38
Germany	-0.31	-2	-7	+26
UK	0.61	+1	-14	+42
Ireland				
Ireland	0.09	+0	-6	+40
Belgium	0.01	+0	-8	+39
France	0.04	+0	-8	+38
Italy	0.76	+2	-4	+24
Spain	0.35	+1	-5	+29
Portugal	0.33	+1	-7	+26
Greece	0.77	+4	-4	+14
5 Year Swap %				
US	0.80	-4	+4	+38
Eurozone	-0.32	-1	-1	+14
UK	0.65	+1	-1	+46
2 Year Swap %				
US	0.27	-1	+7	+7
Eurozone	-0.47	+0	+2	+6
UK	0.40	+2	+8	+37
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+3	+0	+14
Belgium	32	+3	-2	+13
France	35	+2	-1	+12
Italy	108	+5	+2	-2
Spain	66	+3	+2	+3
Portugal	64	+4	-1	+0
Greece	108	+6	+2	-12

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	74.12	+0.94	+2.21	+43.09
West Texas Oil	72.98	+1.05	+3.75	+50.94
Gold \$	1802.6	-0.05	-5.04	-4.95

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