

EUR/USD remains above \$1.08

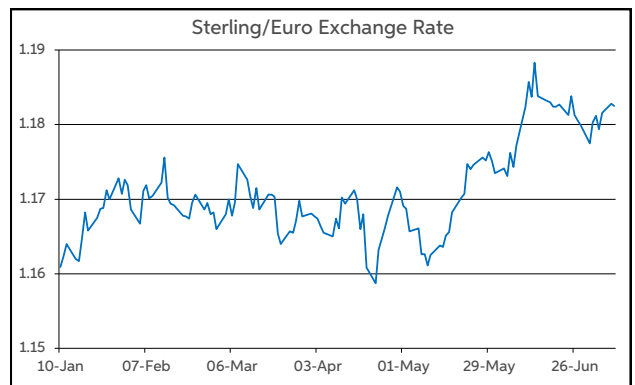
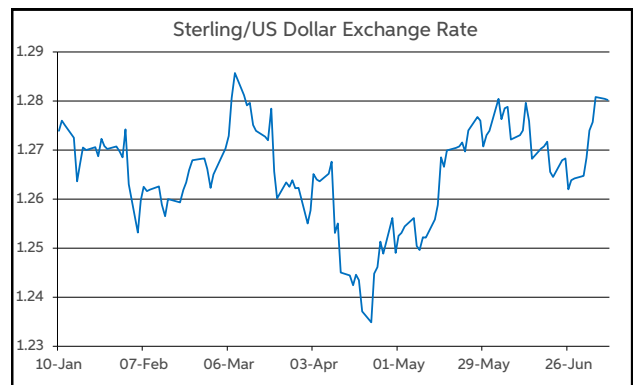
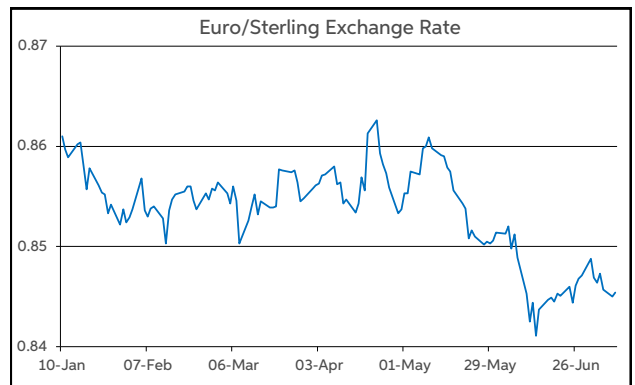
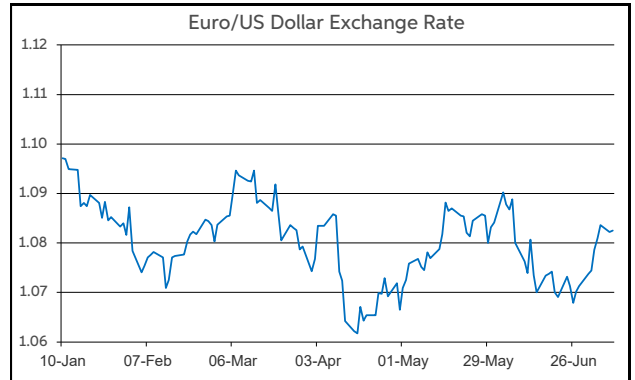
There was a subdued mood across markets yesterday. Investors were digesting the result of the French election. While the overall outcome of a hung parliament was in line with expectations, the 'Left Alliance' becoming the largest grouping and not the National Rally party was a surprise. There was a modest narrowing in the yield spread between 10-year French and German bonds. The euro initially came under some mild downward pressure in the immediate aftermath, but the overall FX impact was limited.

Indeed, looking across the FX majors, the action has been contained within narrow ranges over the past 24 hours. This means that the dollar has for the most part held onto its softer tone which emerged over the course of last week. This occurred against the backdrop of disappointing US macro newsflow, resulting in a softening of US rate expectations and lower US yields, which combined to act as a headwind for the greenback.

In level terms, EUR/USD has maintained its position above the \$1.08 threshold, trading mostly in a very tight \$1.08-1.084 range since yesterday morning. The EUR/GBP pair has continued to operate in and around the midpoint of 84-85p. Meanwhile, GBP/USD opens this morning at \$1.28, very similar to where it started yesterday. Elsewhere, USD/JPY remains below the ¥161 level.

Looking ahead to today, the global macro diary remains sparse. From a currency viewpoint, the main agenda item worthy of attention will be Fed Chair Powell's semi-annual testimony to Congress. Last week, Chair Powell was sounding more dovish, noting that it appears that US inflation is back on a "disinflationary path". If his comments today are in a similar vein, then the dollar may struggle to generate upward momentum.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0825	-0.02	-1.91
EUR/GBP	0.8454	0.07	-2.47
GBP/USD	1.2805	-0.05	0.60
GBP/EUR	1.1825	-0.07	2.53
USD/JPY	160.86	0.21	14.04
EUR/JPY	174.15	0.18	11.90

* 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	5.38	5.44	5.57	5.21	4.76	4.26
EUR	4.25	3.64	3.71	3.53	3.21	2.86
GBP	5.25	5.16	5.08	4.82	4.67	4.16

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

Opening Levels

Tuesday 09 July 2024
07:22 am



Euro

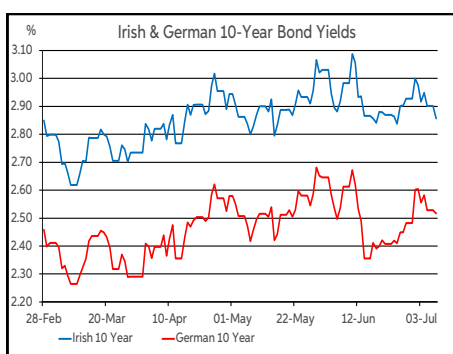
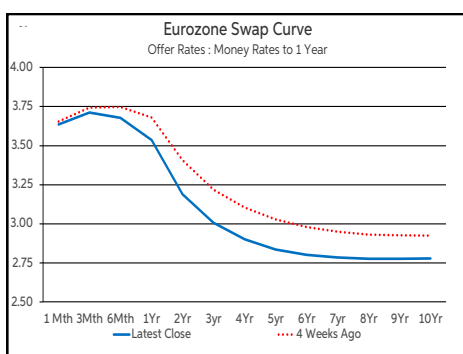
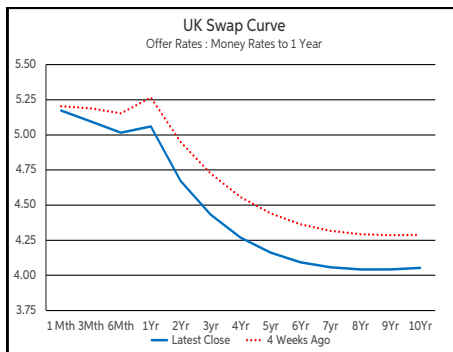
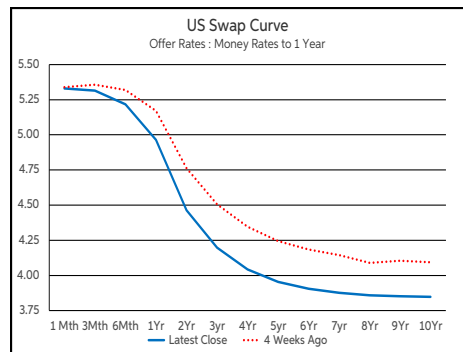
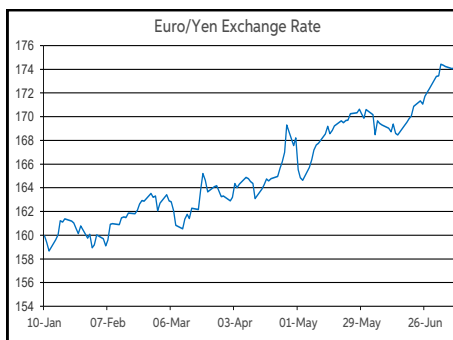
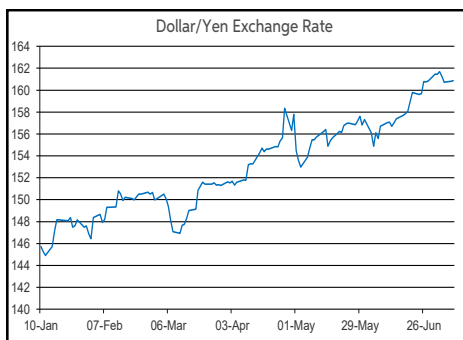
EUR/GBP	0.8454
EUR/USD	1.0825
EUR/JPY	174.15
EUR/SEK	11.4478
EUR/DKK	7.4582
EUR/NOK	11.4828
EUR/CHF	0.9726
EUR/AUD	1.6062
EUR/HKD	8.4571
EUR/CAD	1.4758

Sterling

GBP/EUR	1.1825
GBP/USD	1.2805
GBP/CAD	1.7456
GBP/NZD	2.0912
GBP/JPY	205.98
GBP/SEK	13.5352
GBP/DKK	8.8201
GBP/NOK	13.575
GBP/CHF	1.1504
GBP/AUD	1.8995

Dollar

USD/JPY	160.86
USD/CAD	1.3632
USD/CHF	0.8984
USD/CNY	7.2715
USD/BRL	5.4714
USD/RUB	87.8
USD/INR	83.476
AUD/USD	0.674
NZD/USD	0.612



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.27	-0	-20	+41
Germany	2.52	-1	-16	+49
UK	4.12	-1	-21	+58
5 Year Swap %				
US	4.22	+1	-27	+43
Eurozone	2.84	-2	-18	+41
UK	4.16	-2	-28	+51
2 Year Swap %				
US	4.72	+1	-29	+39
Eurozone	3.19	+0	-21	+40
UK	4.67	-1	+467	+40
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	-2	-6	+3
Belgium	58	-2	-2	-8
France	65	-3	+8	+12
Italy	137	-4	-3	-30
Spain	79	-3	-3	-18
Portugal	61	-3	-4	-15
Greece	106	-3	-3	+1

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	85.75	-0.91	+5.05	+11.31
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2358.8	-1.37	+2.09	+14.36

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. In the UK 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 AIB (NI) 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.