

EUR/USD tests below parity

Equity markets continued to move lower on both sides of the Atlantic yesterday. The Euro Stoxx 50 fell by 0.9%, while on Wall Street, the S&P 500 declined by 0.4%. On bond markets, benchmark sovereign yields remained within their recent ranges in the US, Eurozone and the UK.

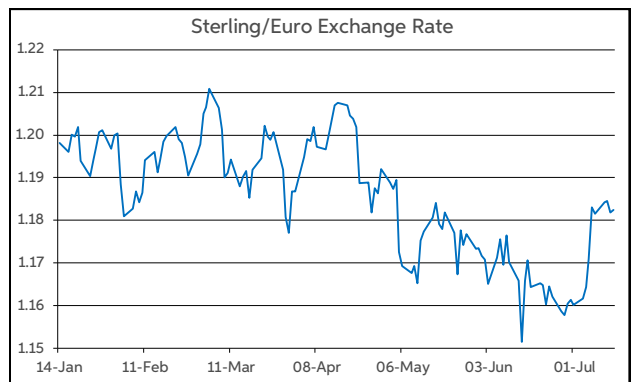
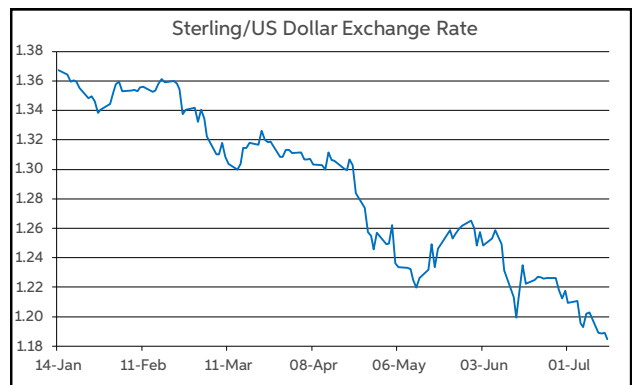
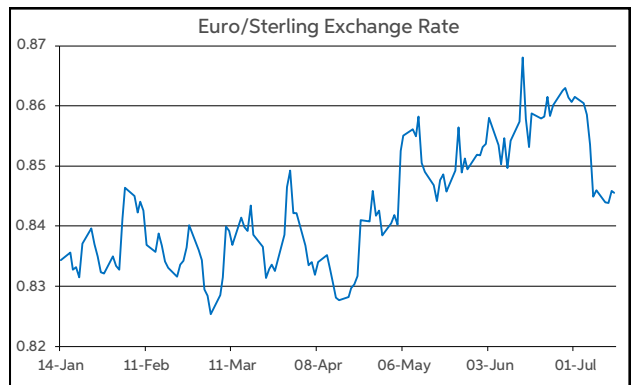
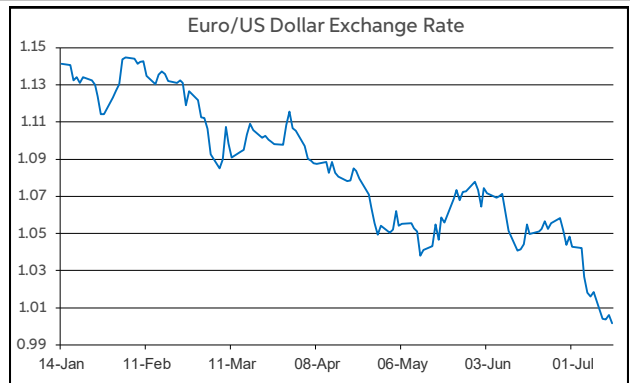
In a surprise move yesterday, the Bank of Canada hiked rates by 100bps (+75bps expected). Meanwhile, following another above consensus reading of US CPI inflation in June, the market is starting to contemplate that the Fed may do likewise in two weeks time, and hike by more than 75bps as well.

US CPI inflation jumped to 9.1% in June from 8.6% previously (and vs 8.8% f'cast). The core-rate declined to 5.9% from 6%, but this was also above the consensus of 5.7%. The release places further pressure on the Fed to front-load rate hikes to try and bring inflation down. EUR/USD broke below parity following the release as markets reassessed the probability of a larger rate hike from the Fed than the current 75bps increase its is currently guiding.

EUR/USD fell to a low of \$0.999 following the CPI release. However, the dollar did edge back somewhat heading into the European close. Although overnight, the greenback was on the front-foot once again. EUR/USD opens this morning just above parity. GBP/USD is changing hands back near the midpoint of \$1.18-1.19. Meanwhile, USD/JPY is trading up in the ¥138-139 range. EUR/GBP is operating at the halfway mark of 84-85p.

Turning to the day ahead, there is a relatively quiet data schedule on both sides of the Atlantic. Elsewhere, the EUR/USD pair will be a key point of focus once again.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0017	-0.18	-11.88
EUR/GBP	0.8455	0.28	0.65
GBP/USD	1.1846	-0.46	-12.44
GBP/EUR	1.1822	-0.28	-0.65
USD/JPY	138.63	1.18	20.46
EUR/JPY	138.89	1.00	6.13

* 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	1.97	2.48	3.58	3.47	3.06
EUR	0.00	-0.40	-0.06	0.96	1.30	1.64
GBP	1.25	1.34	1.78	2.78	2.98	2.69

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

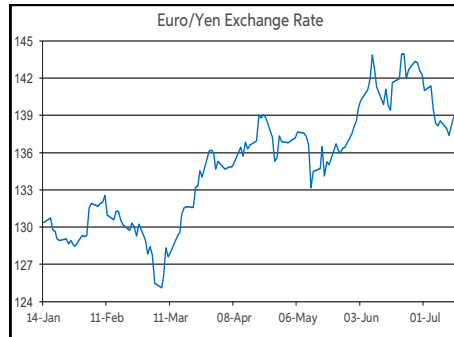
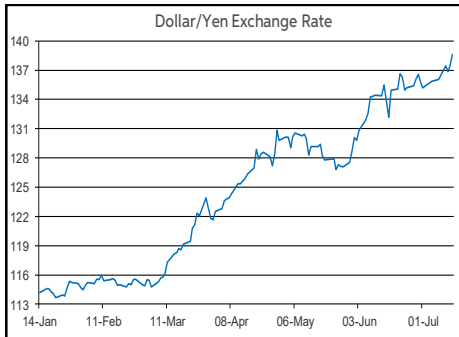
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

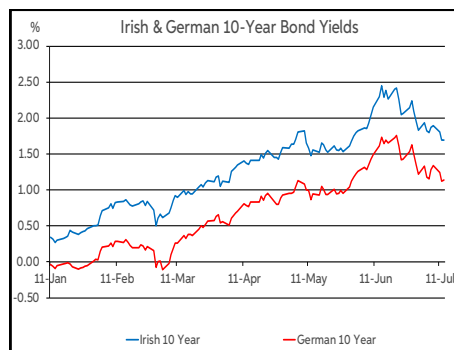
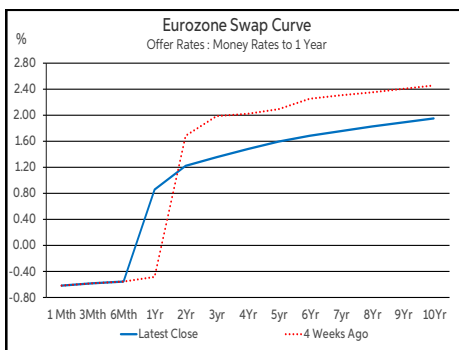
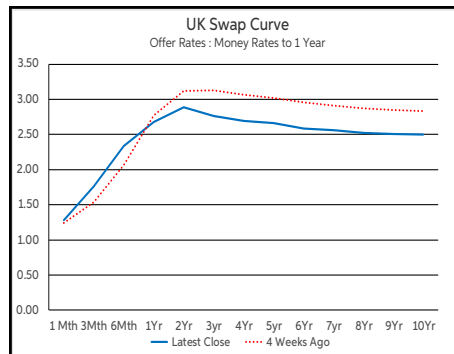
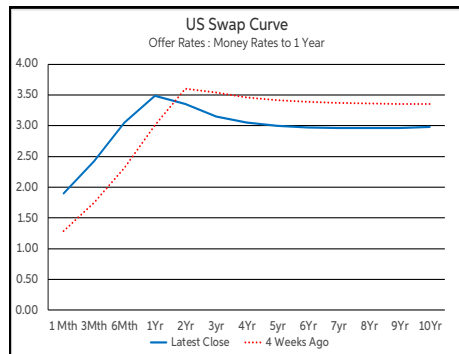
Thursday 14 July 2022
07:48 am



Euro		Sterling		Dollar	
EUR/GBP	0.8455	GBP/EUR	1.1822	USD/JPY	138.63
EUR/USD	1.0017	GBP/USD	1.1846	USD/CAD	1.3005
EUR/JPY	138.89	GBP/CAD	1.5408	USD/CHF	0.9823
EUR/SEK	10.6159	GBP/NZD	1.9351	USD/CNY	6.731
EUR/DKK	7.4415	GBP/JPY	164.22	USD/BRL	5.3927
EUR/NOK	10.2543	GBP/SEK	12.5514	USD/RUB	58.35
EUR/CHF	0.9842	GBP/DKK	8.7976	USD/INR	79.865
EUR/AUD	1.4815	GBP/NOK	12.1195	AUD/USD	0.6761
EUR/HKD	7.8646	GBP/CHF	1.1637	NZD/USD	0.6119
EUR/CAD	1.3032	GBP/AUD	1.7517		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.94	-4	-36	+142
Germany	1.15	+1	-51	+132
UK	2.06	-0	-40	+109
Ireland	1.75	+4	-56	+151
Belgium	1.77	+2	-54	+159
France	1.67	+2	-56	+147
Italy	3.23	+3	-69	+204
Spain	2.26	+3	-62	+166
Portugal	2.27	+2	-61	+178
Greece	3.50	-0	-73	+218
5 Year Swap %				
US	3.00	-0	-38	+166
Eurozone	1.59	+3	-50	+158
UK	2.66	+3	-35	+139
2 Year Swap %				
US	3.35	+13	-21	+241
Eurozone	1.23	+4	-45	+153
UK	2.89	+9	-23	+170
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	+2	-5	+18
Belgium	62	+1	-3	+27
France	52	+1	-5	+15
Italy	208	+2	-18	+72
Spain	111	+2	-12	+34
Portugal	112	+1	-10	+46
Greece	235	-1	-23	+86



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	99.57	+0.08	-15.98	+28.01
West Texas Oil	98.44	+0.77	-14.64	+30.68
Gold \$	1735.2	+0.55	-5.35	-5.10

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