

## EUR/USD regains \$1.18 handle

It was another relatively quiet day yesterday, as financial markets remained in somewhat of a summer lull. Both the Euro Stoxx 50 and the S&P 500 finished flat for the day. Meanwhile, on bond markets, US Treasury yields reversed their increases from Tuesday, with the 10 year down 7bps. Similarly, the dollar handed back its modest gains from earlier in the week.

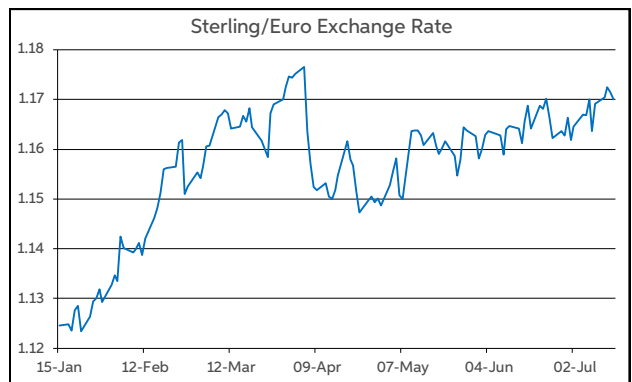
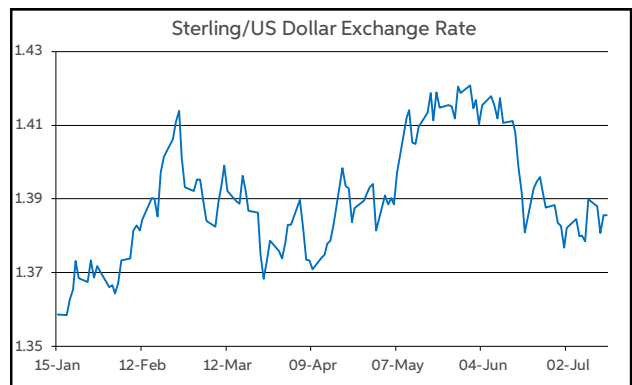
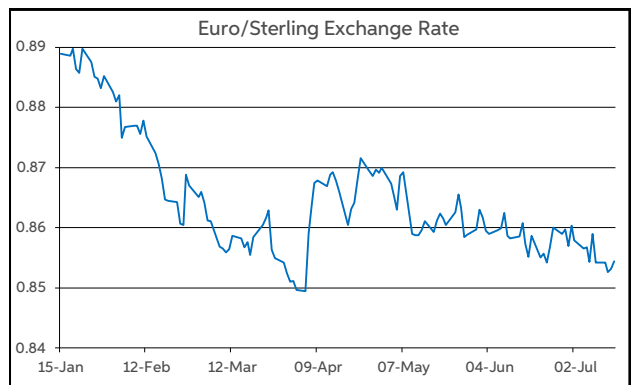
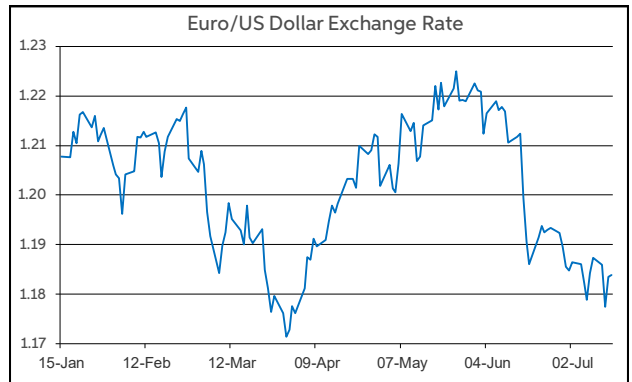
The main macro event yesterday was Fed Chair Powell's testimony to Congress. He stated that the US economy is expected to grow at its fastest pace in decades, but that it is still too early to start QE tapering, although discussions on the topic will continue. Chair Powell also noted that inflation will likely remain elevated over the next few months, before moderating thereafter. However, as the testimony did not deviate from the Fed's current guidance, the market reaction was limited.

Data-wise yesterday, the only release of note was Eurozone industrial production for May. Output fell by 1% in the month (vs. -0.2% f'cast) as supply chain bottlenecks, particularly in the motor sector (owing to semiconductor shortages), weighed on activity. However, the release had no discernable euro impact.

The softer tone to the dollar is evidenced by EUR/USD starting today back above \$1.18. Cable (GBP/USD) is changing hands at the midpoint of \$1.38-1.39. Meanwhile, EUR/GBP is near the heart of the 85-86p band.

This morning, we have already got a slew of UK labour market data. The unemployment rate inched slightly higher to 4.8% in May, while employment missed to the downside of forecasts. However, the release has not had any initial impact on sterling.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1838	0.47	-3.07
EUR/GBP	0.8544	0.21	-4.40
GBP/USD	1.3852	0.24	1.31
GBP/EUR	1.1698	-0.21	4.60
USD/JPY	109.8	-0.62	6.35
EUR/JPY	129.99	-0.15	3.04

\* 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	0.09	0.13	0.15	0.32	0.88
EUR	0.00	-0.56	-0.55	-0.50	-0.46	-0.30
GBP	0.10	0.05	0.08	0.24	0.43	0.69

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

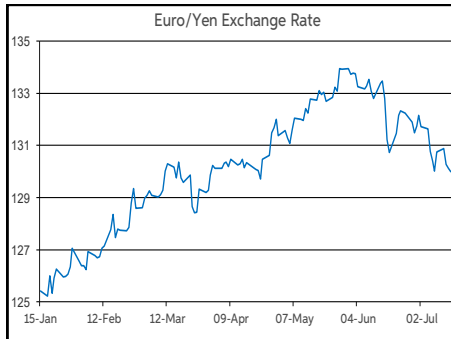
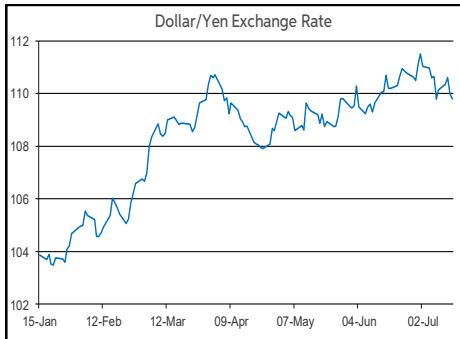
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

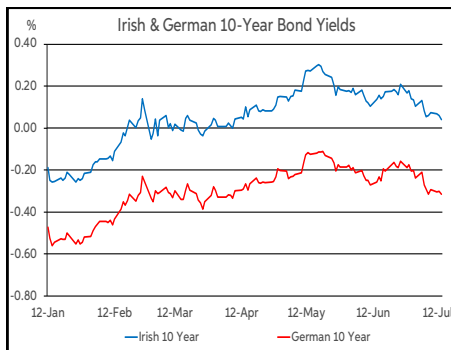
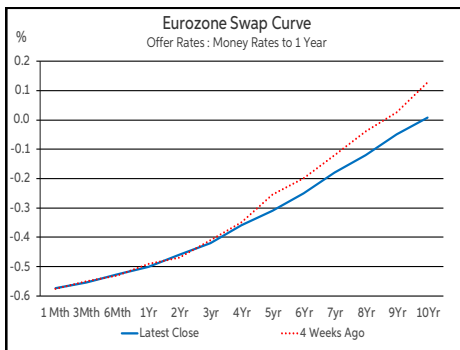
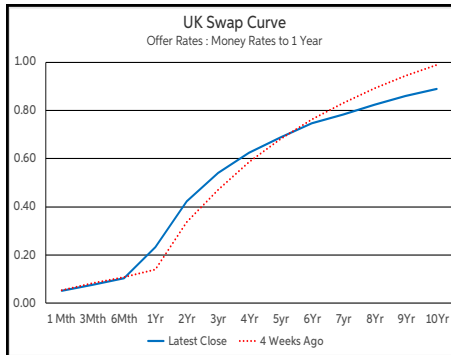
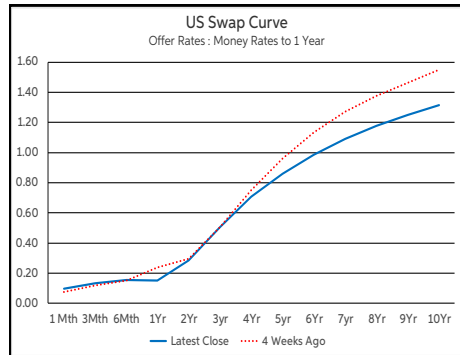
Thursday 15 July 2021  
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8544	GBP/EUR	1.1698	USD/JPY	109.8
EUR/USD	1.1838	GBP/USD	1.3852	USD/CAD	1.2529
EUR/JPY	129.99	GBP/CAD	1.7357	USD/CHF	0.9137
EUR/SEK	10.2105	GBP/NZD	1.9711	USD/CNY	6.4584
EUR/DKK	7.4379	GBP/JPY	152.09	USD/BRL	5.0706
EUR/NOK	10.3495	GBP/SEK	11.9454	USD/RUB	74.173
EUR/CHF	1.082	GBP/DKK	8.7007	USD/INR	74.51
EUR/AUD	1.5828	GBP/NOK	12.1133	AUD/USD	0.7479
EUR/HKD	9.1942	GBP/CHF	1.2659	NZD/USD	0.7025
EUR/CAD	1.4834	GBP/AUD	1.8519		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.35	-7	-23	+43
Germany	-0.31	-1	-7	+26
UK	0.63	-0	-11	+43
Ireland	0.07	-2	-10	+38
Belgium	-0.01	-2	-12	+37
France	0.02	-2	-12	+36
Italy	0.72	-0	-6	+20
Spain	0.32	-1	-9	+26
Portugal	0.29	-1	-9	+23
Greece	0.70	-2	-4	+7
<b>5 Year Swap %</b>				
US	0.86	-4	-10	+44
Eurozone	-0.31	-3	-5	+15
UK	0.69	+0	+1	+50
<b>2 Year Swap %</b>				
US	0.29	-3	+2	+9
Eurozone	-0.46	+0	+2	+7
UK	0.42	+1	+10	+40
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-1	-4	+12
Belgium	30	-1	-5	+11
France	33	-0	-5	+10
Italy	103	+1	+1	-7
Spain	63	+0	-2	-0
Portugal	61	+0	-2	-3
Greece	101	-1	+2	-19



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	74.76	-2.26	+0.50	+44.32
West Texas Oil	73.06	-2.90	+1.43	+51.11
Gold \$	1827.1	+1.09	+0.83	-3.66

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