

ECB and PMIs in focus this week

Investor sentiment retained its generally cautious tone last week. This was against the backdrop of rising concerns over the risks to the economic outlook from Covid-19 variants. Equity markets finished the week nursing some losses. The Euro Stoxx 50 was down 0.8% on the week. Meanwhile, at the closing bell on Wall Street on Friday, the S&P was 1.0% lower from where it had started on Monday.

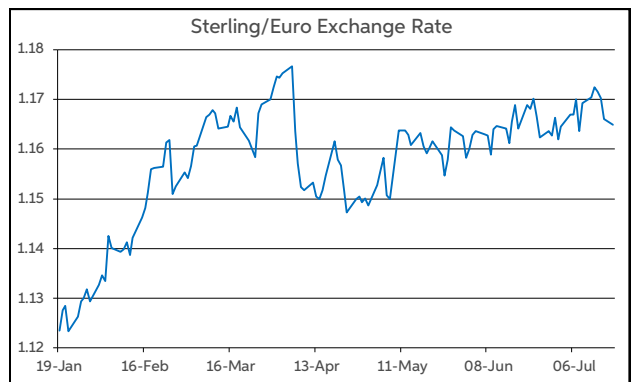
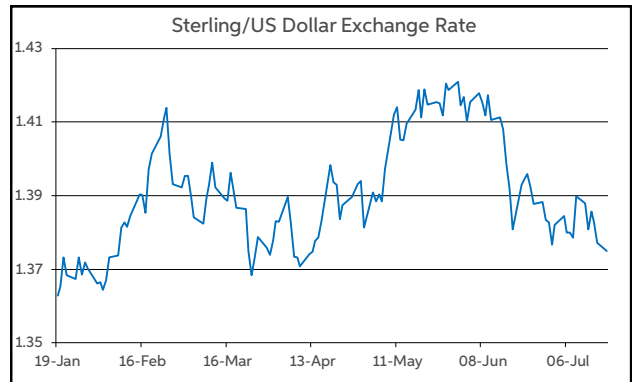
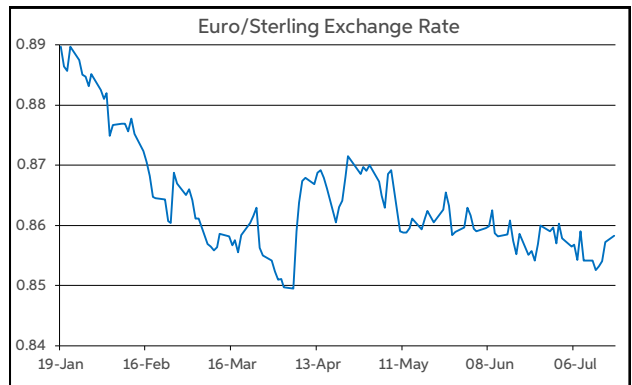
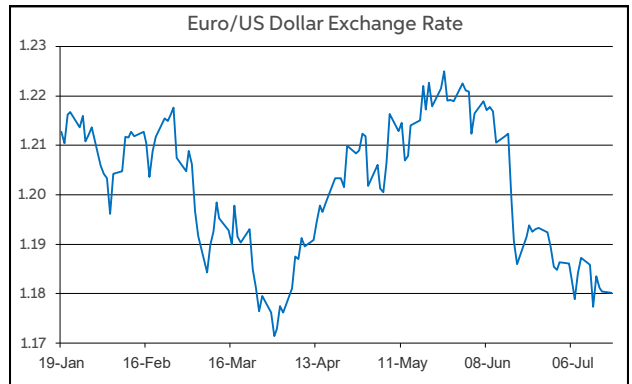
On the currency front, the action remained confined within very narrow ranges throughout last week. Of the limited moves to register, the dollar was generally holding the upper hand on the exchanges. This was reflected in the modest gains the currency registered against both the euro and sterling over the period.

In level terms this is evident in EUR/USD starting this week down at the \$1.18 threshold. Meanwhile, GBP/USD is trading below the \$1.38 mark. Elsewhere, the EUR/GBP pair continues to change hands within the 85-86p trading band.

Ahead this week, the July meeting of the ECB poses some event risk for the euro. While no changes are expected to its interest rate or QE settings, President Lagarde has hinted that there may be changes to the ECB's forward guidance. We are also likely to get more insight into its recent strategy review which saw it alter its inflation target to a symmetric 2%.

Data-wise, the main highlight will be the flash PMI's for July from the US, Eurozone and UK. Overall, the indices are expected to show that these economies started Q3 broadly maintaining their upward momentum and trajectory for a strong recovery in the second half of the year.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.18	-0.08	-3.38
EUR/GBP	0.8583	0.60	-3.96
GBP/USD	1.3749	-0.64	0.56
GBP/EUR	1.1648	-0.59	4.12
USD/JPY	109.97	-0.01	6.52
EUR/JPY	129.78	-0.09	2.87

* 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	0.125	0.08	0.13	0.15	0.31	0.86
EUR	0.00	-0.56	-0.55	-0.52	-0.45	-0.31
GBP	0.10	0.05	0.08	0.26	0.47	0.72

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

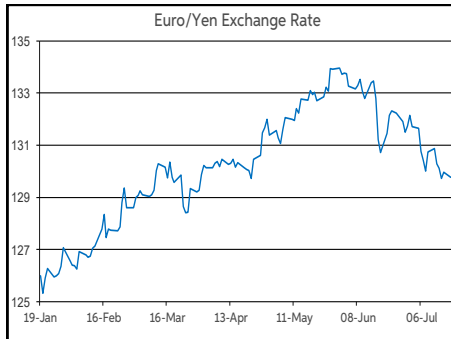
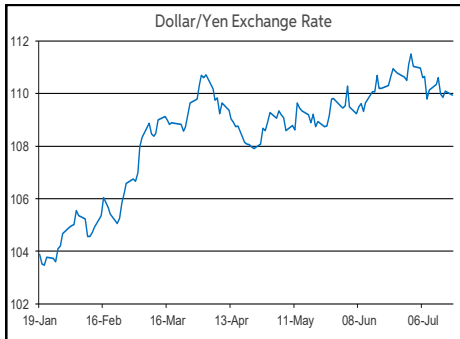
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

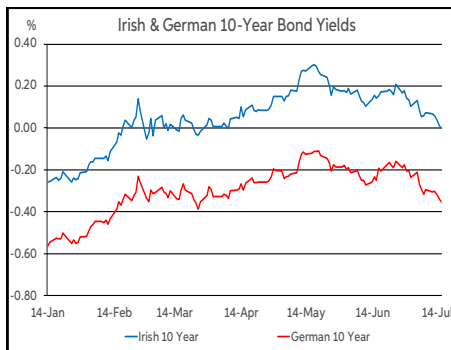
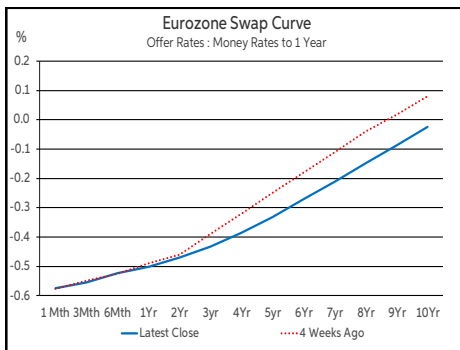
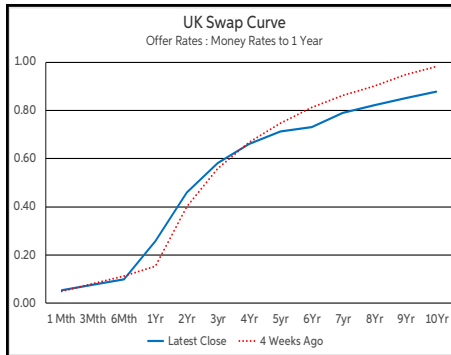
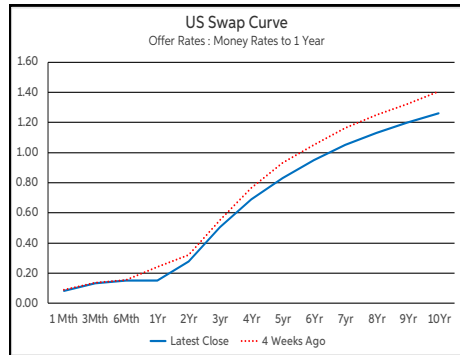
Monday 19 July 2021
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8582	GBP/EUR	1.1648	USD/JPY	109.96
EUR/USD	1.18	GBP/USD	1.3749	USD/CAD	1.2646
EUR/JPY	129.77	GBP/CAD	1.7386	USD/CHF	0.9197
EUR/SEK	10.2564	GBP/NZD	1.9664	USD/CNY	6.4788
EUR/DKK	7.4377	GBP/JPY	151.18	USD/BRL	5.1147
EUR/NOK	10.471	GBP/SEK	11.9434	USD/RUB	74.2432
EUR/CHF	1.0854	GBP/DKK	8.6646	USD/INR	74.763
EUR/AUD	1.599	GBP/NOK	12.1916	AUD/USD	0.7379
EUR/HKD	9.1662	GBP/CHF	1.2642	NZD/USD	0.6988
EUR/CAD	1.4916	GBP/AUD	1.8626		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.30	-0	-14	+38
Germany	-0.35	-2	-15	+22
UK	0.63	-4	-12	+43
Ireland	0.03	-2	-18	+34
Belgium	-0.04	-1	-17	+34
France	-0.01	-2	-17	+33
Italy	0.71	-1	-16	+19
Spain	0.36	+5	-9	+31
Portugal	0.27	-1	-16	+21
Greece	0.68	-1	-13	+5
5 Year Swap %				
US	0.83	+1	-6	+41
Eurozone	-0.33	-1	-7	+13
UK	0.71	-2	-2	+52
2 Year Swap %				
US	0.28	-1	-0	+9
Eurozone	-0.47	-1	-0	+6
UK	0.46	-1	+7	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	-3	+11
Belgium	31	+1	-2	+12
France	34	+0	-2	+10
Italy	106	+1	-1	-3
Spain	72	+7	+6	+9
Portugal	62	+1	-2	-1
Greece	103	+1	+2	-17



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	73.59	+0.16	+0.11	+42.07
West Texas Oil	71.76	+0.13	+0.17	+48.42
Gold \$	1810.9	-1.00	+2.70	-4.51

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