

## EUR/USD up above \$1.02

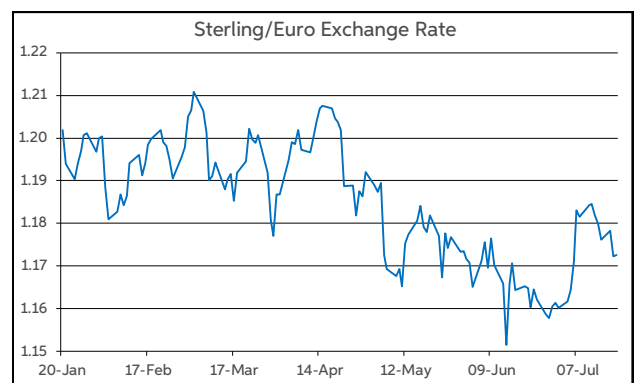
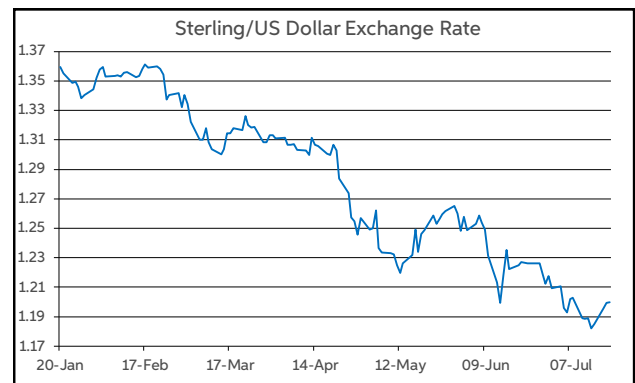
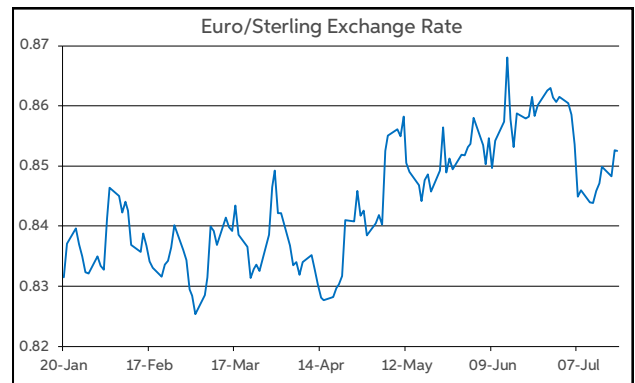
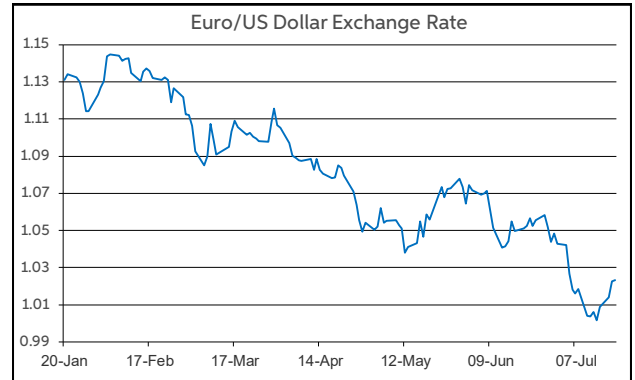
Equity markets moved higher on both sides of the Atlantic yesterday. The Euro Stoxx 50 recorded its third consecutive daily gain, up 2.2%, while the S&P 500 finished up 2.8%. On bond markets, reports that the ECB will consider a larger 50bps rate hike this week pushed the policy sensitive 2-year German Bund yield 11bps higher. However, a 25bps rate hike is still seen as more likely. Current pricing suggests the market believes there is a 40% chance the ECB will raise rates by 50bps on Thursday.

Speculation that the ECB may opt for a larger rate hike than the 25bps increase it has guided for coincided with a firmer tone to the euro yesterday. The single currency gained circa 0.5-1.0% on the exchanges. Elsewhere, the dollar remained on the defensive as risk appetite improved. From a sterling viewpoint, the currency remained unreactive to the Tory leadership contest. However, hawkish comments from BoE Governor Bailey did provide some support for sterling.

In level terms, the strong euro and the weaker dollar sees EUR/USD start today above the \$1.02 mark. Meanwhile, GBP/USD is operating up near the \$1.20 threshold. EUR/GBP is changing hands in the 85-86p corridor.

Already this morning, UK CPI inflation data for June has printed broadly in-line with the consensus. Headline CPI edged higher to 9.4% (vs. 9.3% f'cast) from 9.1%, while the core-rate inched lower to 5.8% from 5.9% as expected. The release has not impacted sterling so far in early trading. Later today, the flash Eurozone consumer confidence reading for July is forecast to decline to its lowest level since the onset of the pandemic. However, barring any major surprises the release is unlikely to impact the euro.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0228	1.01	-10.03
EUR/GBP	0.8526	0.59	1.50
GBP/USD	1.1996	0.45	-11.33
GBP/EUR	1.1724	-0.59	-1.48
USD/JPY	138.29	0.15	20.17
EUR/JPY	141.48	1.16	8.11

\* 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	2.13	2.71	3.53	3.48	3.14
EUR	0.00	-0.32	0.05	1.06	1.48	1.79
GBP	1.25	1.45	1.90	2.97	3.08	2.81

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

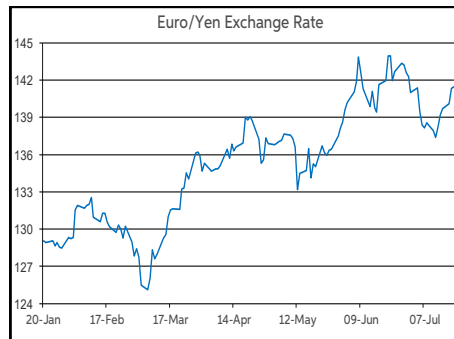
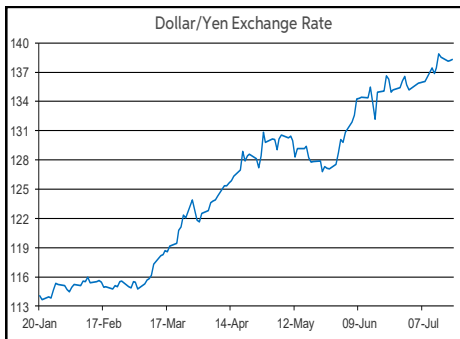
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

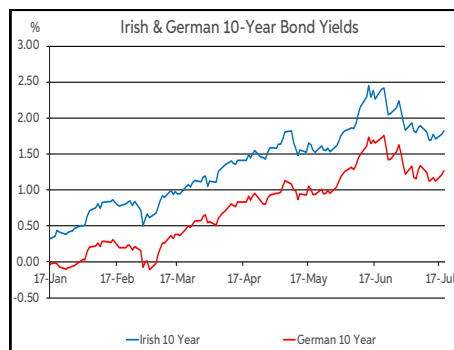
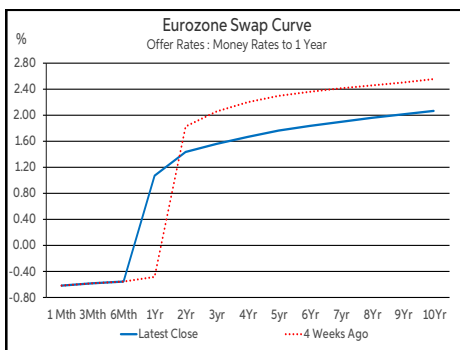
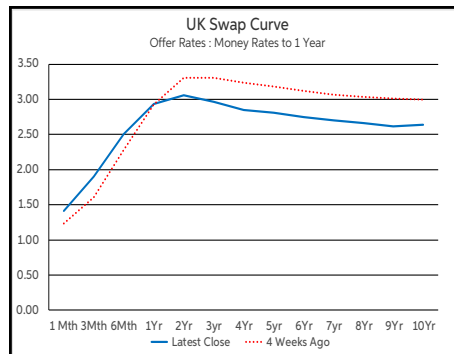
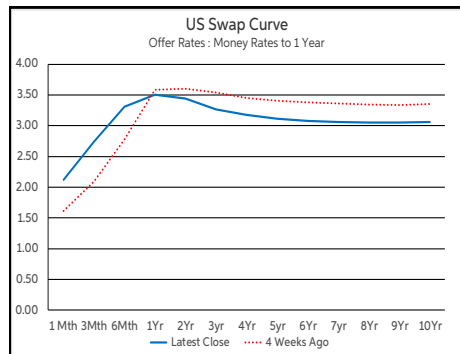
Wednesday 20 July 2022  
07:37 am



Euro		Sterling		Dollar	
EUR/GBP	0.8526	GBP/EUR	1.1724	USD/JPY	138.29
EUR/USD	1.0228	GBP/USD	1.1996	USD/CAD	1.2872
EUR/JPY	141.48	GBP/CAD	1.5442	USD/CHF	0.969
EUR/SEK	10.4664	GBP/NZD	1.9203	USD/CNY	6.7534
EUR/DKK	7.4443	GBP/JPY	165.88	USD/BRL	5.4137
EUR/NOK	10.1296	GBP/SEK	12.2705	USD/RUB	55.6
EUR/CHF	0.9916	GBP/DKK	8.7277	USD/INR	79.963
EUR/AUD	1.4824	GBP/NOK	11.8774		
EUR/HKD	8.0284	GBP/CHF	1.1626	AUD/USD	0.6899
EUR/CAD	1.3169	GBP/AUD	1.7383	NZD/USD	0.6246



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.03	+4	-25	+152
Germany	1.28	+6	-48	+146
UK	2.18	+2	-47	+121
Ireland	1.86	+6	-58	+161
Belgium	1.89	+5	-52	+171
France	1.85	+4	-49	+166
Italy	3.44	+7	-35	+226
Spain	2.49	+3	-37	+189
Portugal	2.40	+2	-41	+192
Greece	3.46	-1	-45	+215
<b>5 Year Swap %</b>				
US	3.11	+5	-27	+178
Eurozone	1.76	+9	-53	+175
UK	2.81	+4	-37	+154
<b>2 Year Swap %</b>				
US	3.44	+6	-14	+250
Eurozone	1.43	+11	-38	+173
UK	3.06	+5	-24	+187
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	58	-1	-9	+16
Belgium	61	-2	-4	+25
France	58	-3	-0	+20
Italy	216	+1	+13	+80
Spain	121	-3	+12	+43
Portugal	112	-4	+7	+46
Greece	218	-8	+3	+69



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	107.35	+1.02	-6.37	+38.02
West Texas Oil	106.12	+1.57	-3.96	+40.87
Gold \$	1711.1	+0.12	-6.63	-6.42

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