

Risk appetite continues to firm

The positive tone to investor sentiment continued yesterday. There has been no noticeable macro data/events or market newsflow behind the improvement in risk appetite over the last two days, following the risk averse start to the week on Monday.

The 'risk-on' mood was reflected in a second day of gains for equity markets. In Europe, the Euro Stoxx 50 rose by 1.8% on the day. Meanwhile, at the close on Wall Street last night, the S&P 500 was up by 0.8%.

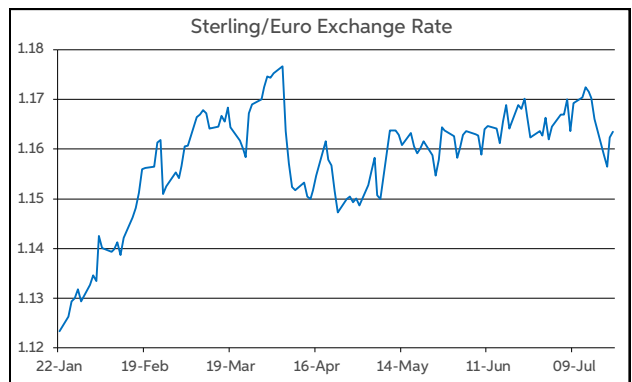
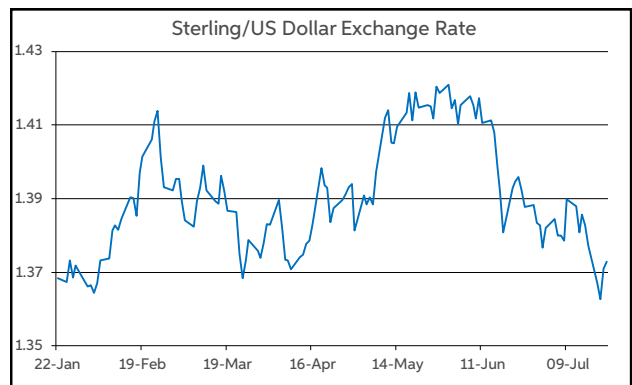
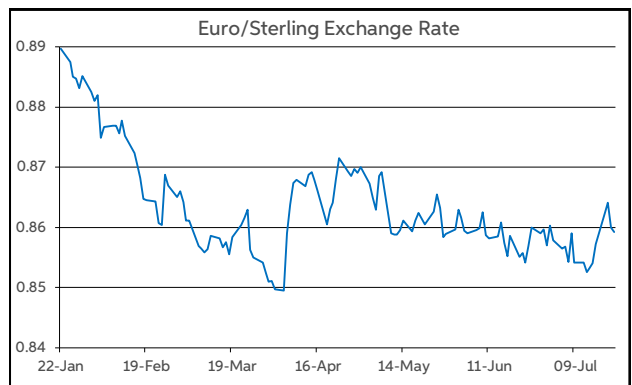
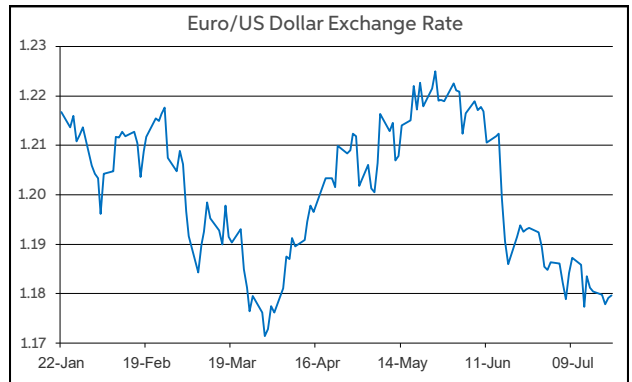
On bond markets, yields moved higher amid the more upbeat backdrop to market sentiment. One of the notable movers in this regard yesterday, was the 10 year US Treasury yield, which rose by 7bps to 1.29%.

Currency-wise, the action remained confined to narrow ranges. Of the limited moves to register, sterling managed to recover some lost ground from recent days.

In level terms, this is reflected in EUR/GBP opening this morning just below the 86p threshold. Meanwhile, GBP/USD has moved back up above the \$1.37 mark, having started yesterday closer to the \$1.36 level. Elsewhere, EUR/USD continues to change hands in the top half of the \$1.17-1.18 band.

Ahead today, there is some event risk for the euro from the ECB meeting for July. No interest rate changes are expected. However, the ECB is likely to amend how it phrases its forward guidance in light of its recent strategic review, which saw it change its inflation objective to a 2% symmetric target. It could also push out the current timeframe for its QE programme.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1796	0.22	-3.41
EUR/GBP	0.8592	-0.61	-3.86
GBP/USD	1.3728	0.84	0.40
GBP/EUR	1.1635	0.62	4.02
USD/JPY	110.13	0.24	6.67
EUR/JPY	129.92	0.44	2.98

* 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	0.09	0.14	0.16	0.31	0.82
EUR	0.00	-0.56	-0.54	-0.50	-0.46	-0.33
GBP	0.10	0.05	0.07	0.25	0.45	0.69

All rates quoted are indicative market rates

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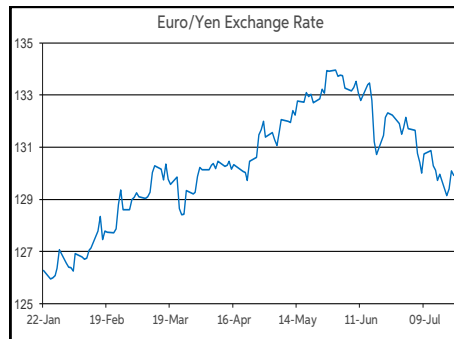
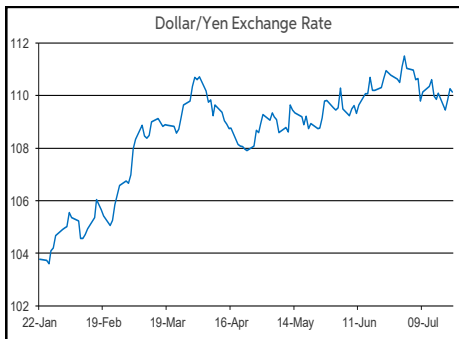
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

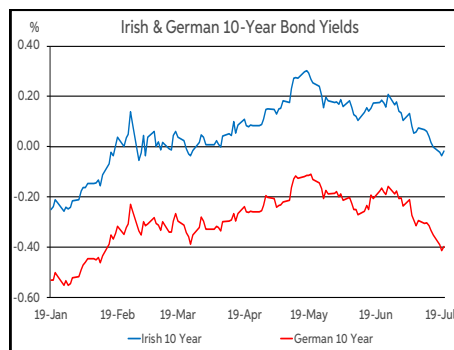
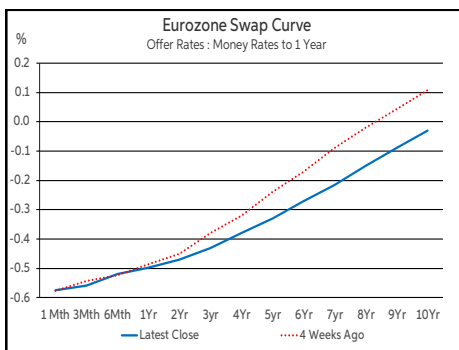
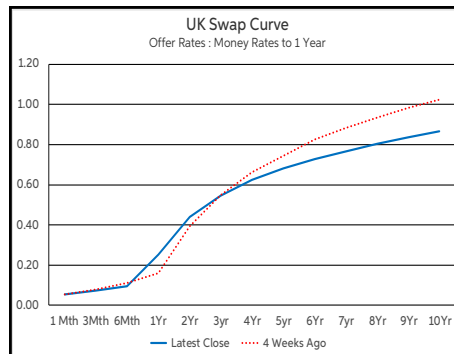
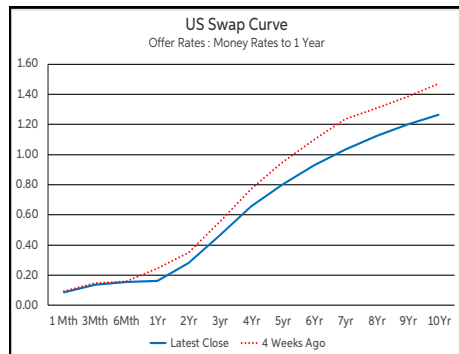
Thursday 22 July 2021
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8592	GBP/EUR	1.1635	USD/JPY	110.13
EUR/USD	1.1796	GBP/USD	1.3728	USD/CAD	1.2577
EUR/JPY	129.92	GBP/CAD	1.7265	USD/CHF	0.9174
EUR/SEK	10.2498	GBP/NZD	1.9707	USD/CNY	6.4638
EUR/DKK	7.4377	GBP/JPY	151.19	USD/BRL	5.1883
EUR/NOK	10.4799	GBP/SEK	11.9246	USD/RUB	73.8173
EUR/CHF	1.0823	GBP/DKK	8.6544	USD/INR	74.36
EUR/AUD	1.6009	GBP/NOK	12.1925	AUD/USD	0.7368
EUR/HKD	9.1695	GBP/CHF	1.2595	NZD/USD	0.6962
EUR/CAD	1.4835	GBP/AUD	1.8626		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.29	+7	-19	+38
Germany	-0.40	+1	-22	+18
UK	0.61	+4	-18	+41
Ireland	0.02	+2	-19	+32
Belgium	-0.07	+2	-20	+32
France	-0.05	+1	-20	+30
Italy	0.69	+0	-21	+17
Spain	0.35	+2	-10	+30
Portugal	0.26	+1	-18	+19
Greece	0.68	+1	-15	+5
5 Year Swap %				
US	0.80	+6	-14	+38
Eurozone	-0.33	+2	-8	+13
UK	0.68	+3	-6	+49
2 Year Swap %				
US	0.28	-1	-4	+9
Eurozone	-0.47	-0	-1	+6
UK	0.44	+0	+6	+41
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+1	+3	+14
Belgium	33	+0	+2	+14
France	35	-0	+2	+12
Italy	109	-1	+1	-1
Spain	75	+0	+12	+12
Portugal	65	-0	+4	+2
Greece	108	-0	+7	-13



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	72.23	+4.15	-3.94	+39.44
West Texas Oil	70.26	+4.37	-3.90	+45.32
Gold \$	1803.3	-0.37	+1.38	-4.91

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