

## Fed and Q2 GDP data on this week's agenda

Last week saw some volatility on markets, which is not unusual over the summer period due to lighter trading volumes. The week started in a risk averse mood, reflected in equity markets and bond yields falling.

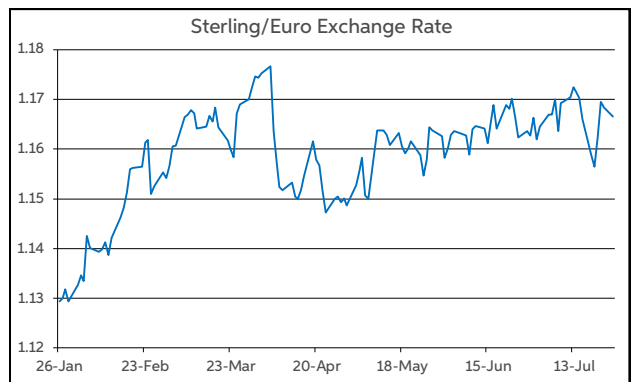
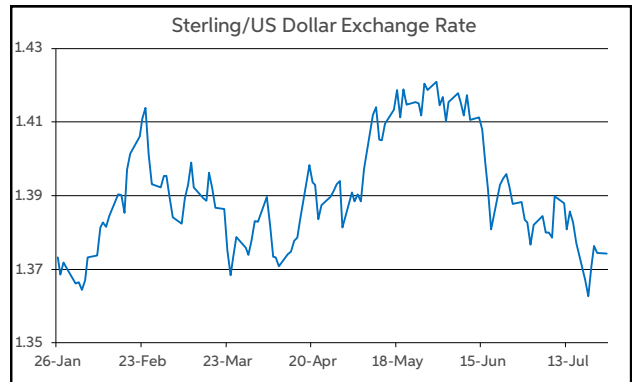
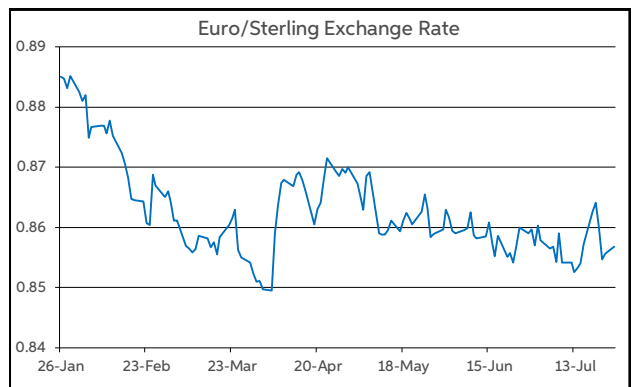
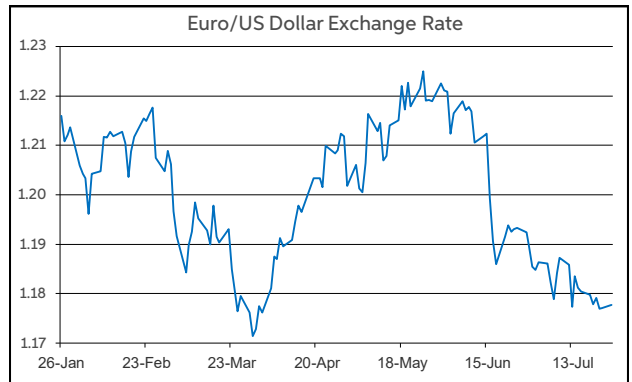
However, investor sentiment improved from Tuesday onwards, with the main equity indices managing to post weekly gains of between 1.5-2.0%. Meanwhile, on bond markets, after briefly testing down at the 1.2% level, the closely watched 10-year US Treasury yield finished Friday broadly similar to where it had started on Monday, near to 1.3%.

On the currency front, once again the action was confined to very tight ranges. The main event of the week, the ECB meeting for July, had very little impact on the euro. In terms of the key pairs, EUR/USD traded in a \$1.175-1.183 range, EUR/GBP was contained within a 85.4-86.7p band. The respective pairs are opening at \$1.177 and 85.7p this morning.

Looking ahead to this week, it's the turn of the US Fed to hold its policy setting meeting. From a dollar viewpoint, it could be a non-event. No policy changes are envisaged and on the main issue of QE tapering, expectations are low for any new insight/info as to when it could be announced.

Data-wise, there is a fairly busy schedule this week. It includes flash readings of the Q2 GDP from the US and Eurozone. The GDP numbers are expected to confirm that growth picked up in the quarter as restrictions were eased and economies re-opened. Inflation figures from the US and Eurozone will also be closely assessed, given their elevated levels recently.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1777	0.09	-3.57
EUR/GBP	0.8569	0.19	-4.12
GBP/USD	1.3742	-0.11	0.50
GBP/EUR	1.1666	-0.19	4.29
USD/JPY	110.29	0.04	6.83
EUR/JPY	129.89	0.10	2.96

\* 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	0.13	0.15	0.30	0.79
EUR	0.00	-0.56	-0.54	-0.52	-0.48	-0.35
GBP	0.10	0.05	0.07	0.24	0.44	0.68

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	AIB.G.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Monday 26 July 2021  
07:24 am



## Euro

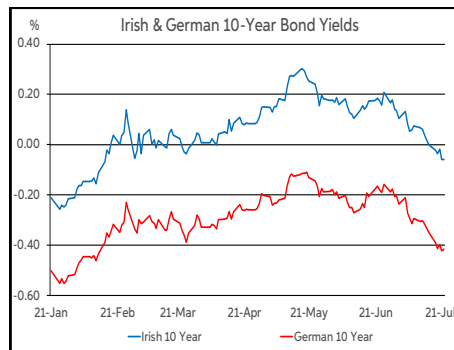
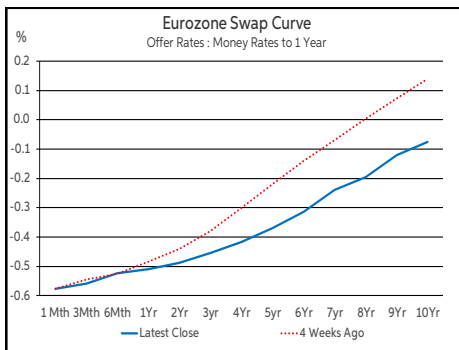
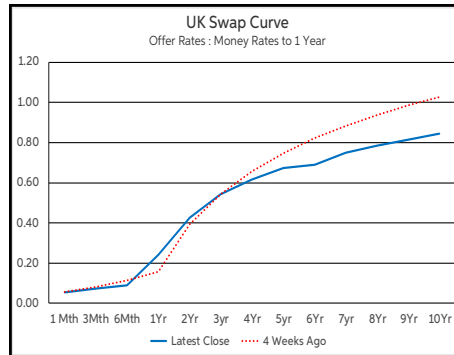
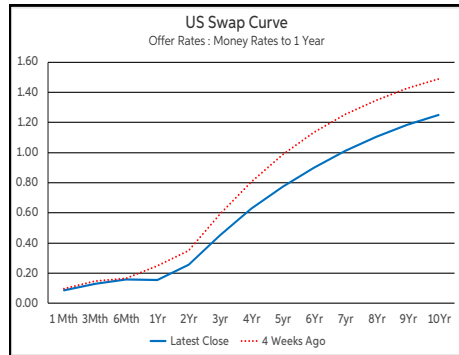
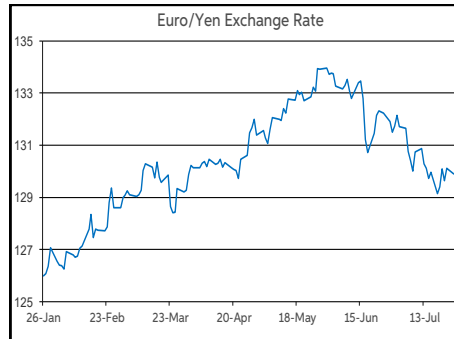
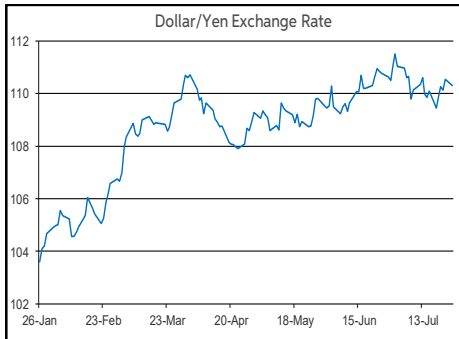
EUR/GBP	0.8569
EUR/USD	1.1777
EUR/JPY	129.91
EUR/SEK	10.2384
EUR/DKK	7.4363
EUR/NOK	10.4858
EUR/CHF	1.0821
EUR/AUD	1.6022
EUR/HKD	9.1545
EUR/CAD	1.482

## Sterling

GBP/EUR	1.1668
GBP/USD	1.3742
GBP/CAD	1.729
GBP/NZD	1.9733
GBP/JPY	151.56
GBP/SEK	11.9407
GBP/DKK	8.6757
GBP/NOK	12.2292
GBP/CHF	1.2627
GBP/AUD	1.8699

## Dollar

USD/JPY	110.29
USD/CAD	1.2584
USD/CHF	0.9188
USD/CNY	6.4861
USD/BRL	5.2006
USD/RUB	74.0434
USD/INR	74.46
AUD/USD	0.7348
NZD/USD	0.6961



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.28	+0	-24	+36
Germany	-0.41	+1	-26	+16
UK	0.59	+2	-20	+39
Ireland	-0.02	+0	-27	+28
Belgium	-0.11	+0	-28	+28
France	-0.09	-0	-28	+26
Italy	0.63	-2	-29	+11
Spain	0.28	-1	-20	+22
Portugal	0.20	-1	-27	+14
Greece	0.66	-1	-18	+3
<b>5 Year Swap %</b>				
US	0.77	-1	-18	+35
Eurozone	-0.37	-2	-14	+9
UK	0.67	+1	-7	+48
<b>2 Year Swap %</b>				
US	0.26	-1	-6	+6
Eurozone	-0.49	-1	-4	+4
UK	0.43	-0	+4	+40
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-1	-1	+12
Belgium	31	-1	-2	+12
France	33	-1	-3	+9
Italy	104	-3	-4	-5
Spain	69	-2	+5	+6
Portugal	61	-2	-1	-2
Greece	107	-2	+7	-13

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	74.1	+0.42	-2.73	+43.05
West Texas Oil	72.24	+0.12	-2.65	+49.41
Gold \$	1801.3	-0.30	+1.18	-5.02

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