

## FX action remains range bound

There was a generally muted start to the month of June on financial markets yesterday. Risk appetite on European equity markets was positive in nature, with the Euro Stoxx 50 gaining 0.8%. Meanwhile, Wall Street returned from its long weekend, in a somewhat cautious mood. The S&P 500 was flat for the day at the closing bell last night.

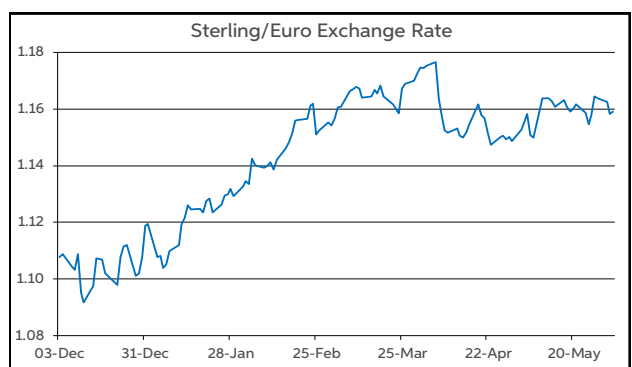
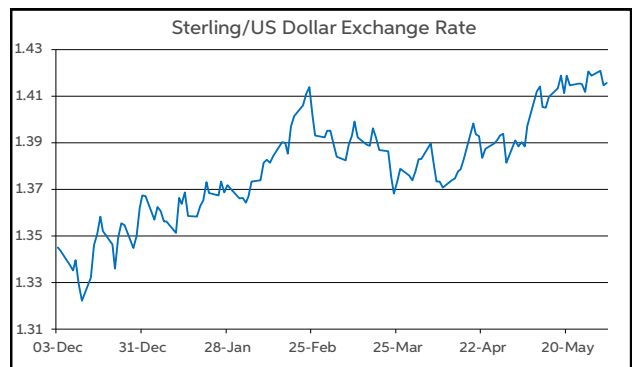
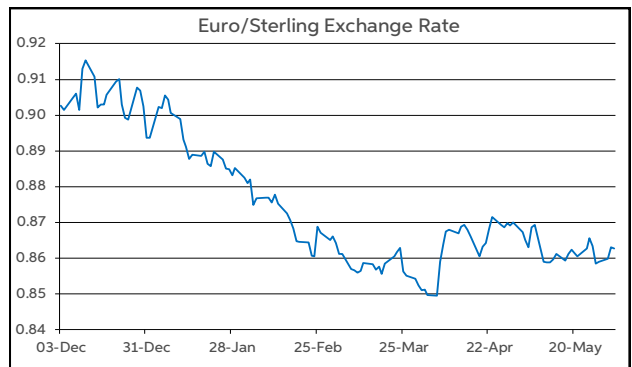
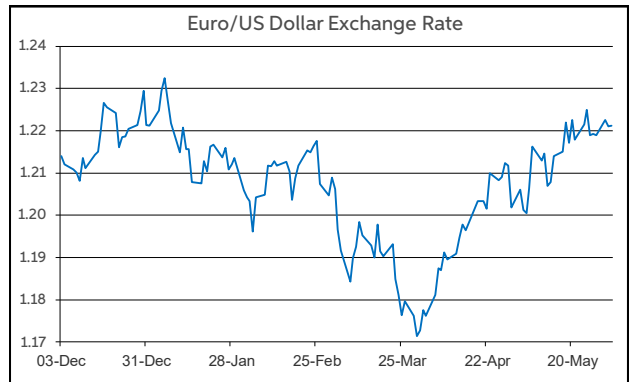
The action on currency markets remained within fairly tight ranges. Of the limited moves to register, sterling started the month holding a marginally softer tone against the dollar and the euro. It was a similar story of confined action on bond markets, with the main 10-year sovereign benchmarks showing changes of just 1-3 bps.

Data-wise, the calendar was busier compared to the previous day, although, it did not generate any major reactions or provide much new insight. Of the main highlights, the preliminary reading of Eurozone inflation for May printed at 2%, from 1.6% in April and versus a 1.9% forecast. Meantime, the US manufacturing ISM for May came in ahead of expectations, rising marginally to 61.2 (from 60.7 in April and a forecast for 60.9).

So as FX trading gets underway this morning, the slightly softer tone to sterling over the past 24 hours is reflected in EUR/GBP moving back above the 86p level. Meantime, GBP/USD has edged back below the \$1.42 threshold. Elsewhere, on the currency front, EUR/USD remains just above the \$1.22 level.

Looking ahead to today, the macro diary is very sparse on both sides of the Atlantic. As a result, it could be yet another day of relatively narrow range trading amongst the FX majors.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2212	-0.08	-0.01
EUR/GBP	0.8627	0.48	-3.47
GBP/USD	1.4154	-0.56	3.52
GBP/EUR	1.1588	-0.48	3.59
USD/JPY	109.7	0.18	6.26
EUR/JPY	133.98	0.10	6.20

\* 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	0.13	0.25	0.91
EUR	0.00	-0.56	-0.54	-0.51	-0.47	-0.26
GBP	0.10	0.05	0.08	0.13	0.32	0.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

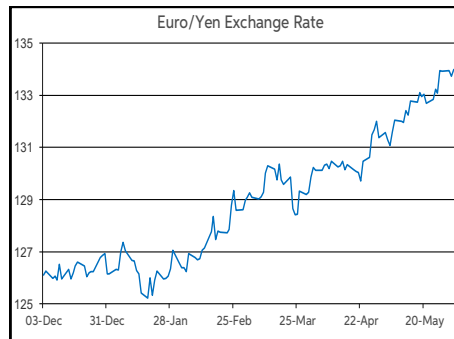
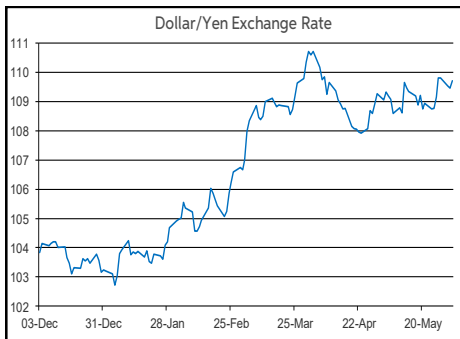
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

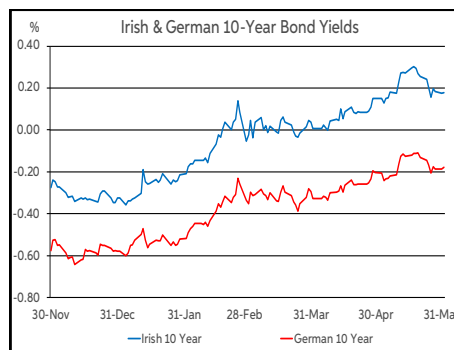
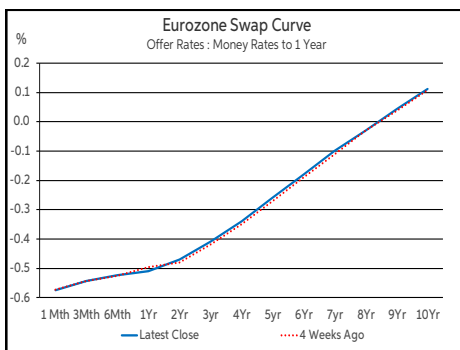
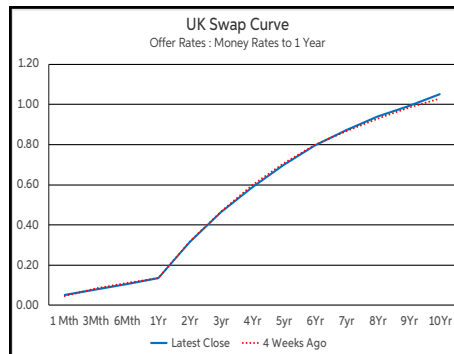
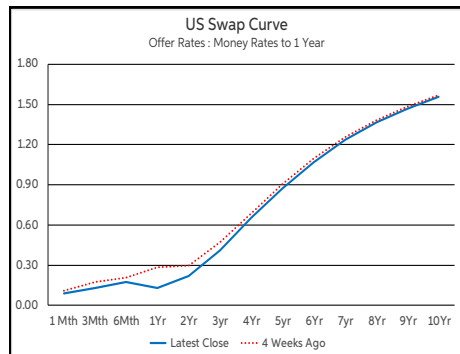
Wednesday 02 June 2021  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8626	GBP/EUR	1.1588	USD/JPY	109.7
EUR/USD	1.2212	GBP/USD	1.4154	USD/CAD	1.207
EUR/JPY	133.99	GBP/CAD	1.7084	USD/CHF	0.8977
EUR/SEK	10.1077	GBP/NZD	1.9563	USD/CNY	6.3865
EUR/DKK	7.4362	GBP/JPY	155.27	USD/BRL	5.151
EUR/NOK	10.1602	GBP/SEK	11.7119	USD/RUB	73.58
EUR/CHF	1.0963	GBP/DKK	8.6186	USD/INR	73.205
EUR/AUD	1.5784	GBP/NOK	11.7714	AUD/USD	0.7736
EUR/HKD	9.4745	GBP/CHF	1.2704	NZD/USD	0.7232
EUR/CAD	1.474	GBP/AUD	1.8294		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.61	+3	+2	+69
Germany	-0.18	+1	+6	+40
UK	0.83	+3	+3	+63
<b>5 Year Swap %</b>				
US	0.87	+2	-3	+45
Eurozone	-0.26	+0	+2	+20
UK	0.70	+1	-0	+51
<b>2 Year Swap %</b>				
US	0.22	+0	-5	+2
Eurozone	-0.47	-0	+2	+6
UK	0.31	+1	+1	+29
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-1	-1	+12
Belgium	32	-0	-3	+13
France	36	+0	-0	+13
Italy	108	-2	+2	-2
Spain	65	-0	-2	+2
Portugal	64	-1	-4	+1
Greece	101	-1	-24	-20



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	70.25	+1.34	+1.99	+35.62
West Texas Oil	67.8	+2.25	+3.16	+40.23
Gold \$	1900.2	-0.32	+6.84	+0.20

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