

Euro starts the week on the defensive

Last week, the ECB cut official interest rates by 25bps. However, the central bank indicated that it remains data dependent and would not pre-commit to a particular rate path, meaning the market impact was muted. In contrast, a stronger than anticipated US labour market report - with both payrolls and wage growth above the consensus - had a major bearing on risk appetite.

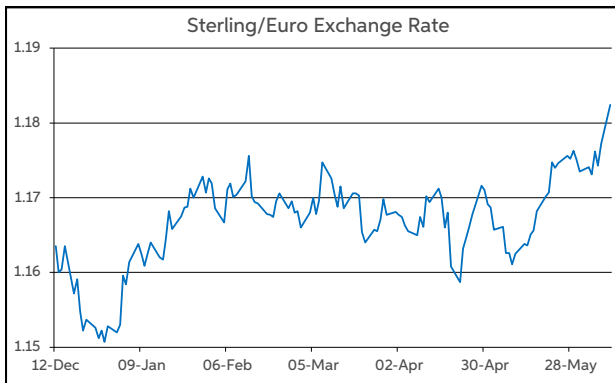
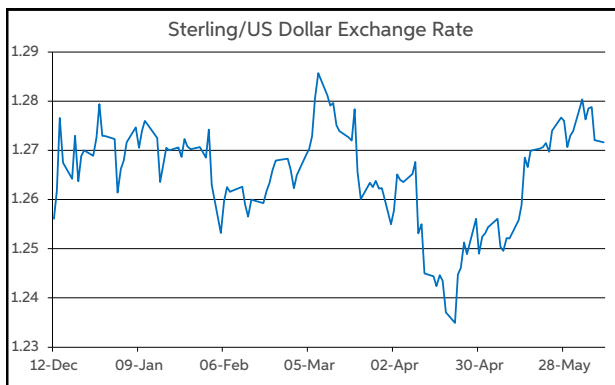
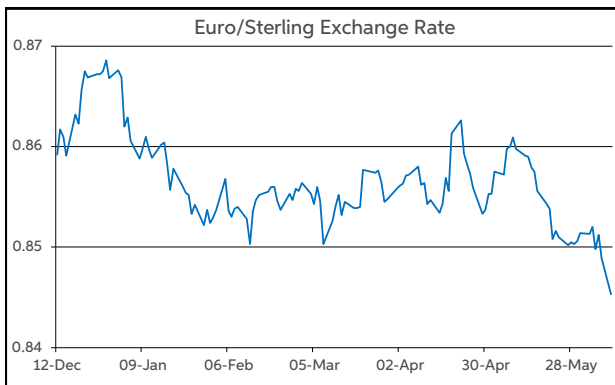
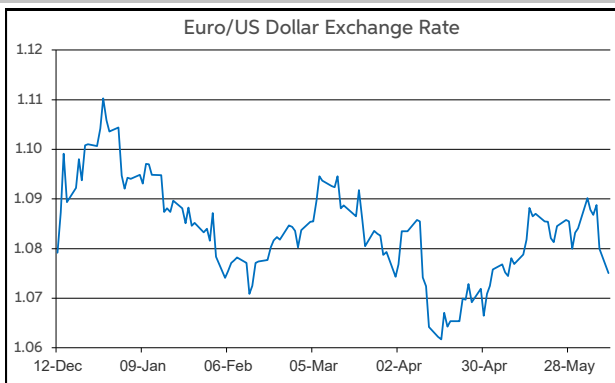
Having softened earlier in the week, US futures contracts firmed in the aftermath of the US jobs data on Friday. Current pricing is consistent with circa 35bps of rate cuts by year end (was 50bps of easing). Similarly, US Treasury yields moved off their weekly lows, while the dollar gained the ascendancy heading into the weekend.

Despite some volatility on currency markets last week, for the most part, the main FX pairs remained within their well defined recent ranges, with EUR/USD in and around \$1.08-1.09 and EUR/GBP close to the 85p threshold. However, the euro has been under some downward pressure during the APAC trading session today, as investors digest a poor showing for the Governing political parties in France and Germany in the EU Parliamentary Elections.

The softer tone to the euro sees EUR/USD operating down at the midpoint of \$1.07-1.08. Elsewhere, EUR/GBP is trading at the halfway mark of 84-85p. GBP/USD is in the lower half of \$1.27-1.28.

Turning to the week ahead, the monetary policy spotlight will be on the US Fed. The central bank is expected to leave policy on hold, but the updated economic projections, including the interest rate dotplot, and the press conference with Chair Powell will garner significant attention. Data-wise, US CPI (May), as well as UK labour market and GDP (both April) will be in focus.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0753	-1.29	-2.56
EUR/GBP	0.8453	-0.76	-2.48
GBP/USD	1.2716	-0.57	-0.10
GBP/EUR	1.1824	0.77	2.54
USD/JPY	157.02	0.93	11.31
EUR/JPY	168.86	-0.38	8.50

* 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	5.38	5.44	5.60	5.43	5.06	4.52
EUR	4.50	3.68	3.76	3.64	3.38	2.98
GBP	5.25	5.19	5.17	5.02	4.95	4.40

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	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

Monday 10 June 2024
07:00 am



Euro

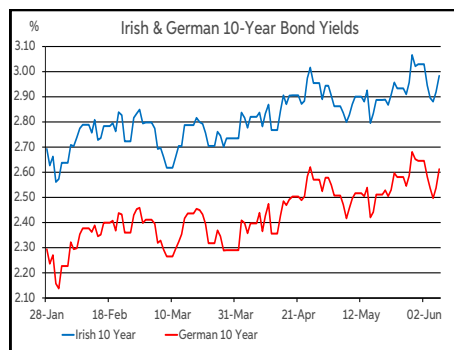
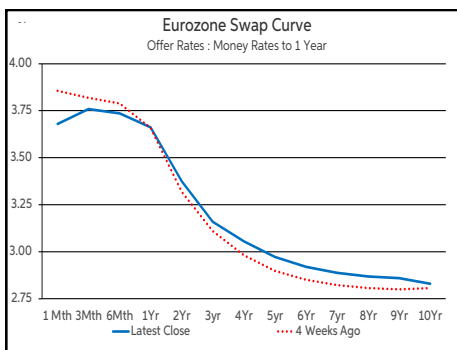
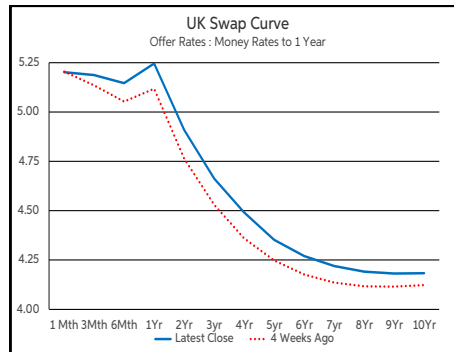
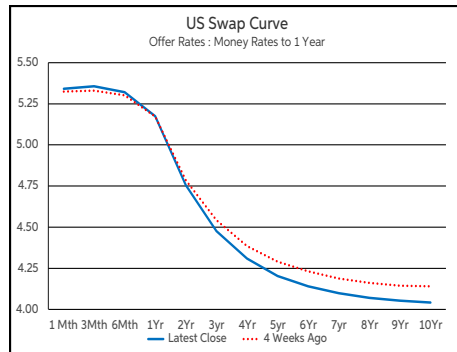
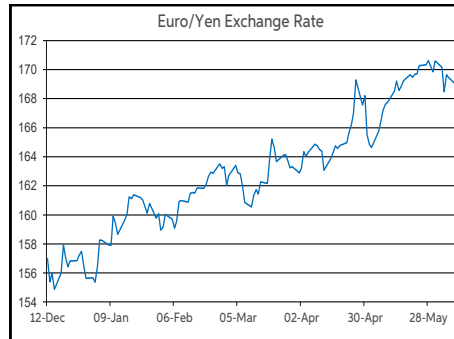
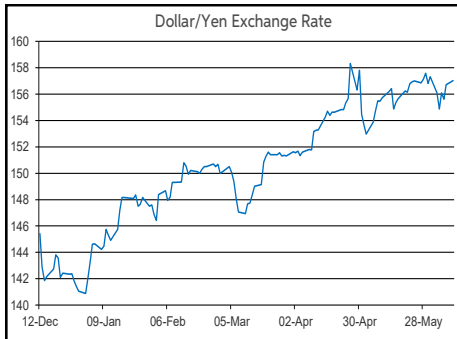
EUR/GBP	0.8453
EUR/USD	1.0753
EUR/JPY	168.86
EUR/SEK	11.3676
EUR/DKK	7.4605
EUR/NOK	11.5301
EUR/CHF	0.9643
EUR/AUD	1.6309
EUR/HKD	8.4011
EUR/CAD	1.4798

Sterling

GBP/EUR	1.1824
GBP/USD	1.2716
GBP/CAD	1.75
GBP/NZD	2.082
GBP/JPY	199.68
GBP/SEK	13.4442
GBP/DKK	8.8208
GBP/NOK	13.6556
GBP/CHF	1.1405
GBP/AUD	1.9288

Dollar

USD/JPY	157.02
USD/CAD	1.3762
USD/CHF	0.8968
USD/CNY	7.2475
USD/BRL	5.353
USD/RUB	89.3525
USD/INR	83.485
AUD/USD	0.6592
NZD/USD	0.6106



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.43	+15	-8	+57
Germany	2.62	+8	+10	+59
UK	4.27	+9	+10	+73
5 Year Swap %				
US	4.47	+16	-7	+68
Eurozone	2.97	+8	+8	+55
UK	4.35	+7	+11	+70
2 Year Swap %				
US	5.02	+16	-1	+69
Eurozone	3.37	+6	+7	+58
UK	4.91	+7	+15	+65
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-0	+1	+7
Belgium	56	-0	+2	-10
France	50	+0	+0	-3
Italy	135	+3	+2	-32
Spain	78	+4	-1	-18
Portugal	61	-0	-4	-15
Greece	105	+0	+3	-0

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	79.62	-0.31	-3.83	+3.35
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2292.7	-3.49	-2.86	+11.16

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