

Euro on the back foot

European investor sentiment was in risk averse mode yesterday against the backdrop of increased political uncertainty for the region. This is in the aftermath of the weekend European parliamentary elections. The Euro Stoxx 50 fell by 2.0%. The mood on Wall Street was cautious, but less downbeat. At the closing bell last night, the S&P 500 was up by a modest 0.2%.

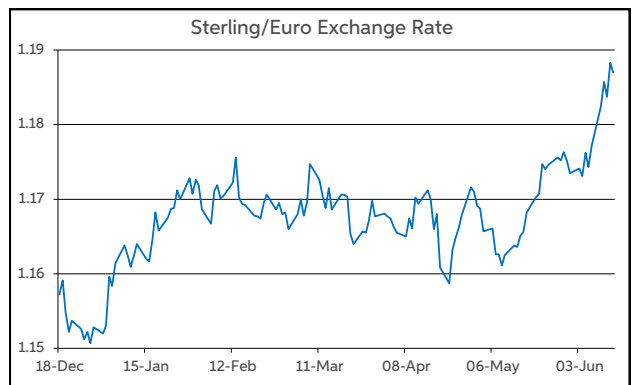
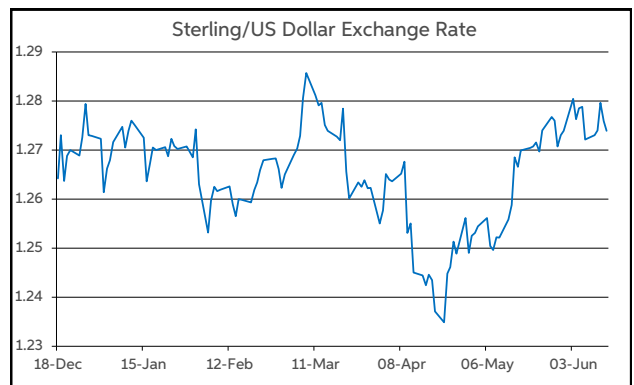
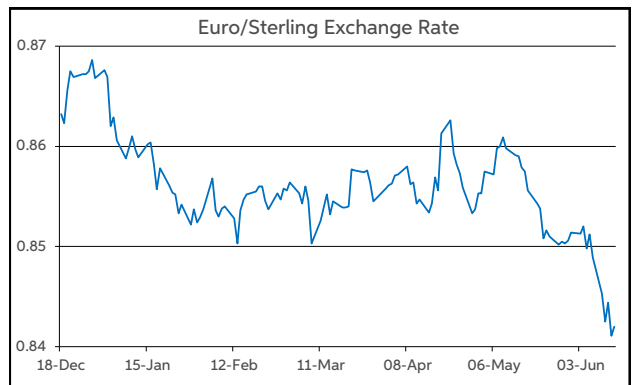
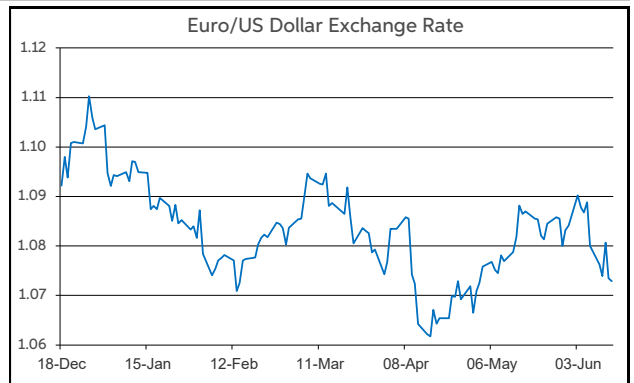
On bond markets, US Treasury yields continued to fall. The 10-year yield dropped below 2.3%. This occurred amid another soft US inflation print (PPI inflation at 2.2% vs. f'cast for 2.5%) as well as weaker than expected labour market data. Futures contracts are now pricing in around 50bps of Fed cuts by end year.

However, from a currency viewpoint, while the US data coincided with a further fall in yields, there was no noticeable drag on the dollar. Instead, the dollar has been holding the upper hand on the exchanges over the past 24 hours. At the same time, the euro has been on the defensive, weighed down by political risks/uncertainty.

In level terms, EUR/USD opens in the bottom half of \$1.08-1.09. EUR/GBP is trading below the midpoint of 84-85p. Elsewhere, cable (GBP/USD) is operating in the lower end of the 1.27-1.28 band. From a yen perspective, overnight, as expected the BoJ left its key rates unchanged. Meantime, despite 'tapering' speculation, it also did not change the amount of monthly bond purchases. Amid the firmer dollar tone, USD/JPY is back above ¥158.

Today's data calendar is sparse. The main highlight is US consumer sentiment for June. Given the quiet macro diary, the main FX pairs could be confined to relatively narrow ranges heading into the weekend.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0729	-0.68	-2.78
EUR/GBP	0.842	-0.39	-2.86
GBP/USD	1.2739	-0.31	0.08
GBP/EUR	1.1869	0.39	2.95
USD/JPY	158.15	0.71	12.12
EUR/JPY	169.71	0.02	9.05

* 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	5.30	4.83	4.28
EUR	4.50	3.63	3.72	3.60	3.26	2.85
GBP	5.25	5.18	5.16	4.92	4.76	4.22

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Opening Levels

Friday 14 June 2024
07:19 am



Euro

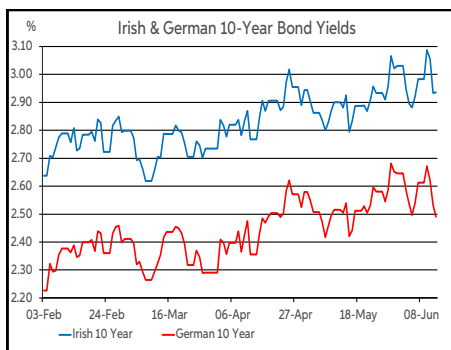
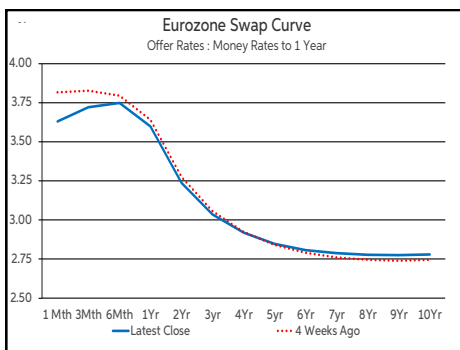
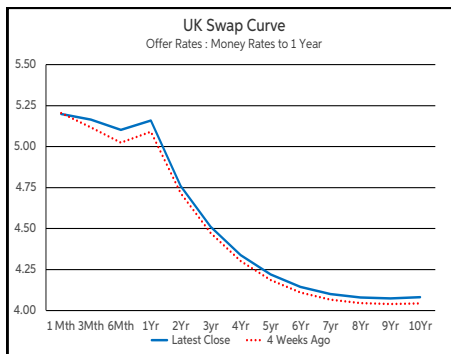
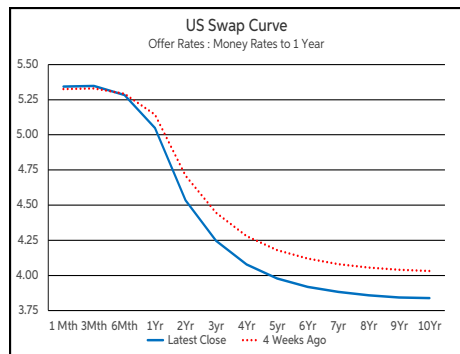
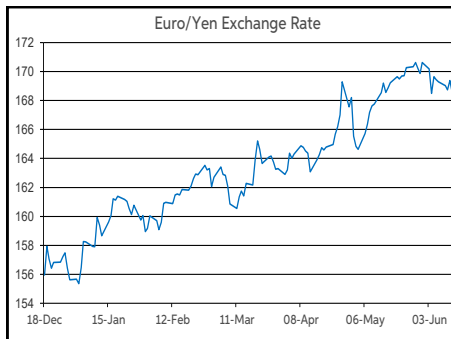
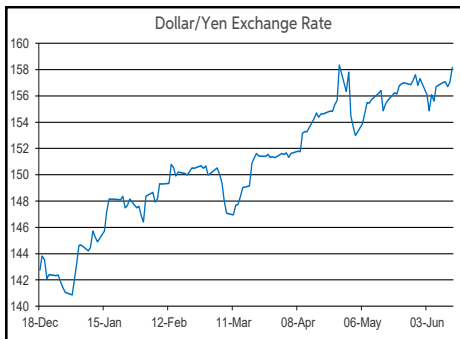
EUR/GBP	0.842
EUR/USD	1.0729
EUR/JPY	169.71
EUR/SEK	11.2498
EUR/DKK	7.4592
EUR/NOK	11.4467
EUR/CHF	0.9596
EUR/AUD	1.621
EUR/HKD	8.3798
EUR/CAD	1.4749

Sterling

GBP/EUR	1.1869
GBP/USD	1.2739
GBP/CAD	1.7511
GBP/NZD	2.0743
GBP/JPY	201.47
GBP/SEK	13.3558
GBP/DKK	8.8544
GBP/NOK	13.5894
GBP/CHF	1.1393
GBP/AUD	1.9245

Dollar

USD/JPY	158.15
USD/CAD	1.3744
USD/CHF	0.8944
USD/CNY	7.2553
USD/BRL	5.3628
USD/RUB	88.5
USD/INR	83.543
AUD/USD	0.6618
NZD/USD	0.6139



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.24	-5	-14	+38
Germany	2.49	-4	+5	+47
UK	4.12	-1	+4	+58
5 Year Swap %				
US	4.25	-8	-17	+46
Eurozone	2.85	-3	+2	+42
UK	4.22	-2	+4	+57
2 Year Swap %				
US	4.79	-9	-17	+46
Eurozone	3.24	-4	-3	+44
UK	4.76	-3	+5	+49
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	+4	+6	+13
Belgium	64	+5	+10	-2
France	69	+7	+19	+16
Italy	146	+7	+15	-21
Spain	88	+6	+12	-8
Portugal	70	+5	+7	-6
Greece	117	+7	+16	+12

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.75	+0.18	-0.62	+7.41
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2303.2	-0.83	-3.08	+11.66

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.