## **Morning Comment**

AIB Treasury Economic Research Unit



Wednesday 10 July 2024 07:24 am

## Narrow trading for the FX majors

Yesterday's macro data calendar was very quiet on both sides of the Atlantic. Instead, the main focus was on Fed Chair Powell's semi-annual testimony to Congress. Overall, his prepared remarks and subsequent comments in the Q&A did not provide any surprises or new insight into the Fed's current mindset in relation to when it may start to cut interest rates.

As a result, his testimony had no impact on interest rate expectations or the dollar. Futures contracts continue to indicate that the market is anticipating 50bps of rate cuts in total from the Fed by year end. The market is attaching around a 75% chance that the first 25bps cut could happen in September.

On the currency front, the action on the exchanges yesterday remained characterised by narrow range trading for most of the majors. This has persisted in overnight trading on Asia-Pacific markets. This sees most of the main FX pairs start this morning's European session broadly similar to yesterday's open.

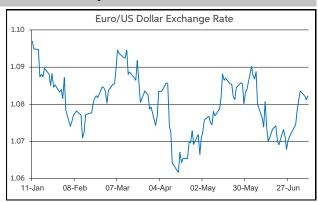
In level terms, EUR/USD remains above the \$1.08 handle. EUR/GBP continues to operate in a very narrow corridor in and around the midpoint of 84-85p. Meanwhile, GBP/USD has spent the past 24 hours straddling the \$1.28 mark. Elsewhere, the yen is slightly softer, with USD/JPY back above the ¥161 threshold.

Looking ahead to today, there is another sparse schedule of data releases. Meanwhile, Fed Chair Powell has his second day of testimony to Congress. However, he is unlikely to provide any additional observations on what he said yesterday. Remarks from other Fed officials may also garner some attention. Overall though, range trading could remain the order of the day on FX markets.

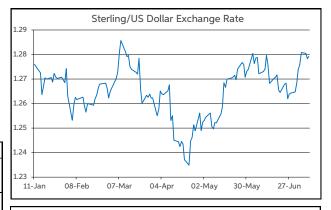
John Fahey, Senior Economist, AIB

Today's Opening FX Rates				
		% Change		
		Day *	End 2023	
EUR/USD	1.0817	-0.11	-1.98	
EUR/GBP	0.8454	-0.01	-2.47	
GBP/USD	1.2791	-0.12	0.49	
GBP/EUR	1.1821	0.01	2.53	
USD/JPY	161.43	0.30	14.44	
EUR/JPY	174.64	0.18	12.21	
* v Previous Day's European Open				
See Next Page for More Rates				

Opening Interest Rates						
		Money Market		Swap Rates		5
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.57	5.21	4.75	4.26
EUR	4.25	3.63	3.70	3.52	3.20	2.85
GBP	5.25	5.15	5.08	4.83	4.69	4.20









All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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## **Opening Levels**



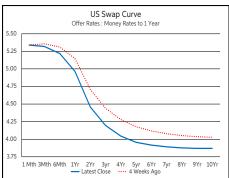
0.8454
1.0817
174.64
11.4204
7.4594
11.5195
0.9704
1.6044
8.4511
1.4749

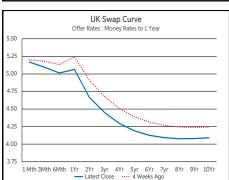
Sterling				
GBP/EUR	1.1821			
GBP/USD	1.2791			
GBP/CAD	1.7441			
GBP/NZD	2.1012			
GBP/JPY	206.49			
GBP/SEK	13.5021			
GBP/DKK	8.8198			
GBP/NOK	13.6217			
GBP/CHF	1.1475			
GBP/AUD	1.8972			

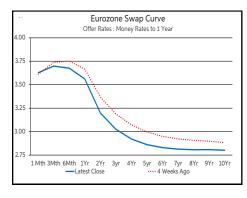
Dollar				
USD/JPY	161.43			
USD/CAD	1.3633			
USD/CHF	0.8972			
USD/CNY	7.2756			
USD/BRL	5.4177			
USD/RUB	87.5			
USD/INR	83.48			
AUD/USD	0.6742			
NZD/USD	0.6086			













	Debt	Markets				
			Change bps			
	Close	Day	4 Weeks	End 23		
10 Year Yield %						
US	4.30	+3	-10	+44		
Germany	2.56	+4	-6	+53		
UK	4.16	+5	-11	+62		
Ireland	2.97	+7	-10	+60		
Belgium	3.17	+7	-5	+48		
France	3.25	+9	+1	+70		
Italy	3.95	+6	-11	+26		
Spain	3.37	+6	-9	+38		
Portugal	3.20	+7	-8	+41		
Greece	3.60	+2	-20	+53		
5 Year Swap %						
US	4.22	+0	-21	+43		
Eurozone	2.86	+3	-13	+43		
UK	4.19	+3	-19	+54		
2 Year Swap %						
US	4.71	-2	-24	+37		
Eurozone	3.20	+1	-16	+40		
UK	4.68	+1	-22	+42		
10 Year Governme	ent Bond Spread	s to Benchn	 nark bps			
Ireland	41	+3	-4	+7		
Belgium	61	+3	+1	-5		
France	69	+4	+8	+16		
Italy	139	+2	-5	-28		
Spain	81	+2	-3	-16		
Portugal	64	+3	-2	-12		
Greece	104	-2	-14	-1		

Commodities					
		% Change			
	Close	Day	4 Weeks	End 23	
Brent Oil	84.66	-1.27	+3.34	+9.89	
West Texas Oil	71.65	-0.17	-1.90	-1.27	
Gold \$	2363.6	+0.20	+2.04	+14.59	

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