

Dollar weakens post US labour market report

There was a mixed mood on markets yesterday. The Euro Stoxx 50 rose by 1.2%, despite a fall in the value of tech stocks. Meantime on Wall Street, the more tech heavy S&P 500 was flat on the day. Elsewhere on markets, short-dated sovereign bond yields edged 2-4bps lower across the board.

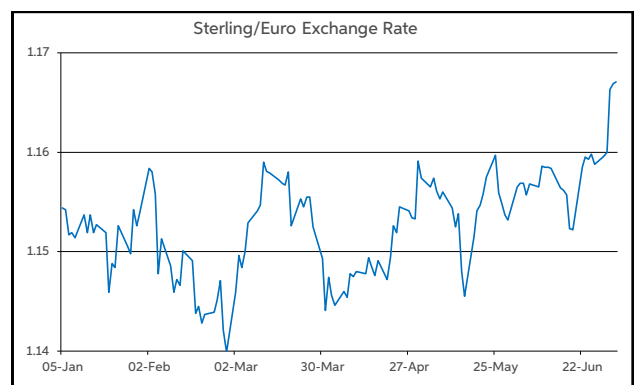
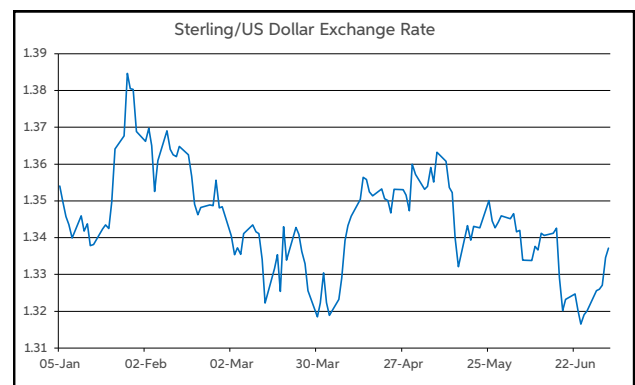
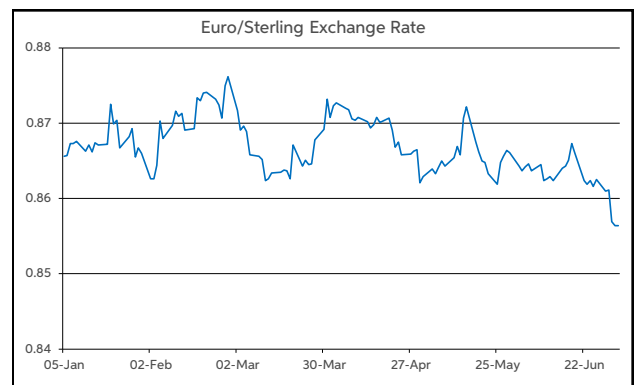
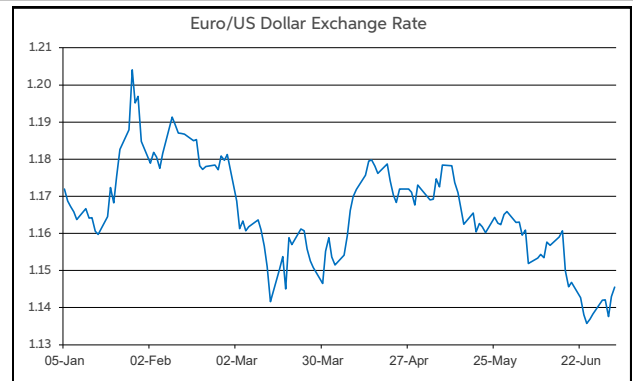
The decline in short-dated yields was most pronounced in the US, and coincided with a modest softening in US market rate expectations, following the release of the labour market report for June. Against that backdrop, US futures contracts now indicate that the market sees a 60% chance of a rate hike in September (was 75%), albeit a rate hike is still fully priced in by year end.

The report showed that the US labour market was not as strong as previously estimated in April and May, and that it lost further momentum in June. Payrolls expanded by 57,000 in the month (vs. 110,00 f'cast). Meantime the unemployment rate inched down to 4.2% (vs. 4.3% f'cast), but this was largely due to a fall in the size of the labour force.

Currency-wise, the dollar was under some downward pressure amid the softening in US interest rate futures. The greenback shed 0.6% versus the euro and sterling, and depreciated by 0.8% against the yen heading into the European close. Overnight, the yen has strengthened further, as Japan's Finance Minister Katayama warned that authorities may step in to support the currency. USD/JPY is back below the ¥161 threshold. Meantime, EUR/USD is up at the midpoint of the \$1.14-1.15 range, while EUR/GBP remains in the top half of the 85-86p band.

Looking ahead, the macro data calendar is quite sparse today. On the monetary policy front, remarks from BoE Governor Bailey will be in focus. US markets are closed today for Independence Day.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.1456	0.61	-2.46
EUR/GBP	0.8566	-0.01	-1.71
GBP/USD	1.3371	0.62	-0.76
GBP/EUR	1.1671	0.01	1.74
USD/JPY	160.85	-0.97	2.68
EUR/JPY	184.3	-0.36	0.17

* 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	3.63	3.66	3.72	3.97	4.26	4.21
EUR	2.25	2.19	2.31	2.66	2.70	2.78
GBP	3.75	3.73	3.76	3.94	4.22	4.31

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

Friday 03 July 2026
07:33 am



Euro

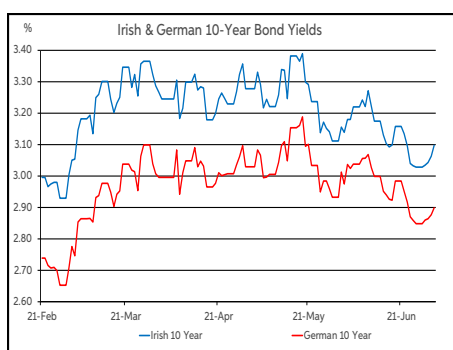
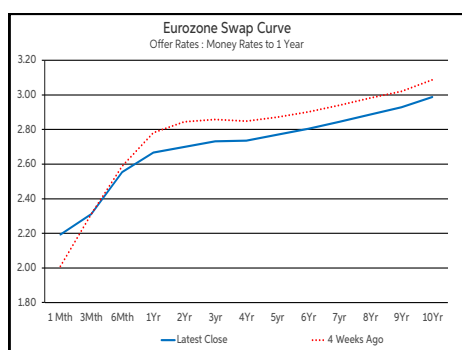
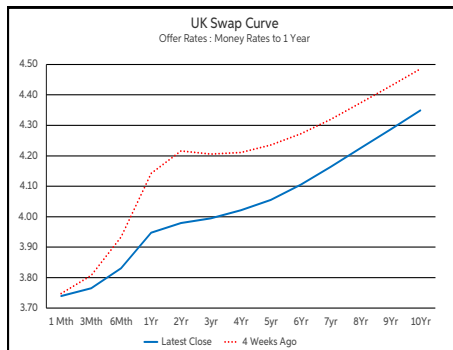
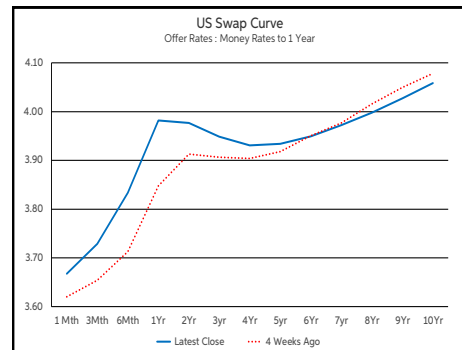
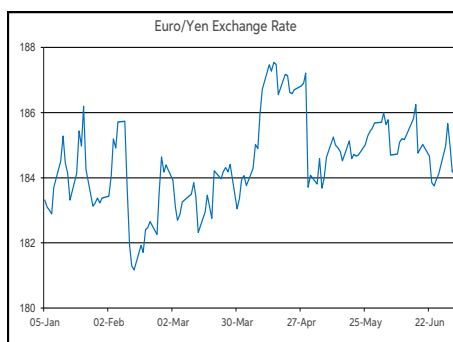
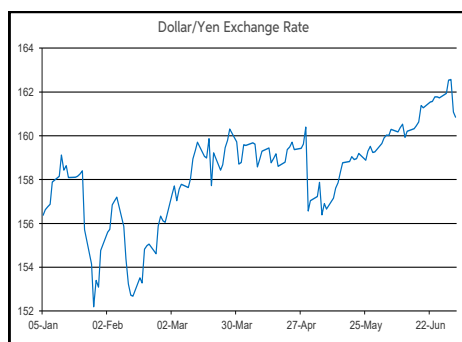
EUR/GBP	0.8566
EUR/USD	1.1456
EUR/JPY	184.3
EUR/SEK	11.0424
EUR/DKK	7.4745
EUR/NOK	11.2335
EUR/CHF	0.9181
EUR/AUD	1.6489
EUR/HKD	8.9852
EUR/CAD	1.6226

Sterling

GBP/EUR	1.1671
GBP/USD	1.3371
GBP/CAD	1.8938
GBP/NZD	2.3353
GBP/JPY	215.07
GBP/SEK	12.8865
GBP/DKK	8.7228
GBP/NOK	13.11
GBP/CHF	1.0715
GBP/AUD	1.9245

Dollar

USD/JPY	160.85
USD/CAD	1.4164
USD/CHF	0.8014
USD/CNY	6.7786
USD/BRL	5.2062
USD/RUB	77.9
USD/INR	95.245
AUD/USD	0.6945
NZD/USD	0.5722



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 25
10 Year Yield %				
US	4.48	+0	+0	+33
Germany	2.90	+2	-13	+4
UK	4.78	+2	-12	+31
Ireland	3.10	+3	-8	+7
Belgium	3.47	+1	-10	+13
France	3.70	+2	+4	+14
Italy	3.69	+7	-9	+18
Spain	3.40	+2	-6	+11
Portugal	3.31	+3	-10	+15
Greece	3.60	+3	-10	+12
5 Year Swap %				
US	4.20	-1	+2	+47
Eurozone	2.75	+1	-11	+19
UK	4.31	+1	-14	+41
2 Year Swap %				
US	4.25	-3	+10	+67
Eurozone	2.69	-1	-15	+44
UK	4.22	-0	-21	+49
10 Year Government Bond Spreads to Benchmark bps				
Ireland	20	+1	+4	+3
Belgium	58	-1	+3	+9
France	81	+0	+16	+11
Italy	80	+4	+3	+15
Spain	50	+0	+6	+7
Portugal	41	+0	+3	+11
Greece	70	+1	+2	+8

Commodities				
	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	71.8	+0.32	-24.44	+18.00
West Texas Oil	69.73	-0.01	-27.99	+21.78
Gold \$	4122.8	+2.31	-7.85	-4.43

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