

EUR/USD back below \$1.10

There was a positive tone to sentiment yesterday, following some better than anticipated US data. The S&P 500 gained 1.6%, while the Euro Stoxx 50 rose by 1.7%. At the same time, US market rate expectations hardened. Amid the firming in US market rate expectations, Treasury yields rose by 5-12bps, led higher by the front end of the curve. The rise in US yields pushed Eurozone and UK yields higher also.

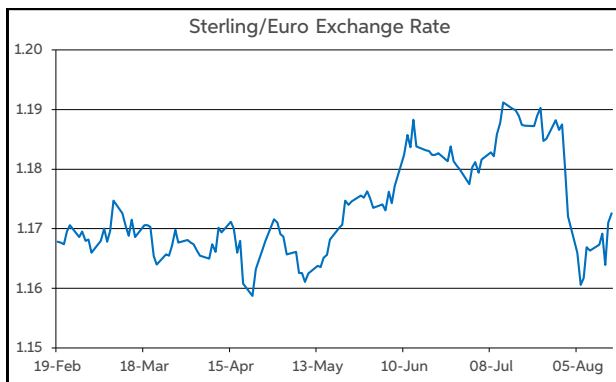
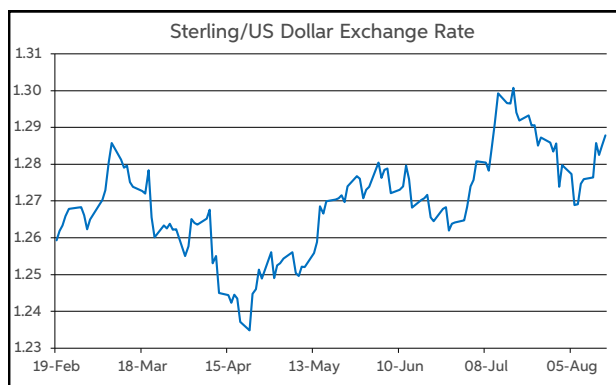
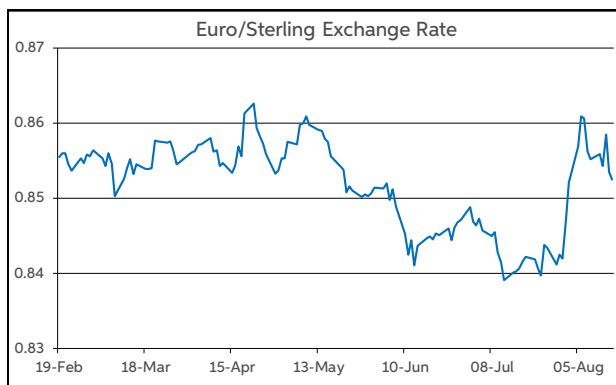
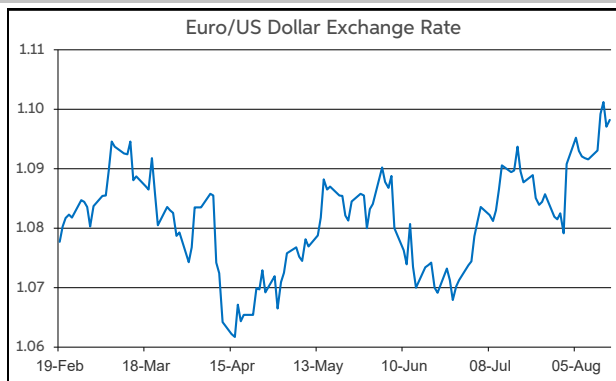
US retail sales jumped by 1% in July (vs. +0.3% f'cast). Similarly, the control group measure rose by 0.3% in the month (vs. +0.1% f'cast). Meanwhile, the latest weekly initial jobless claims fell to 227k (vs. +235k f'cast). However, US industrial production fell by 0.6% in July (vs. -0.3% f'cast). Overall though, the data appear to have eased some concerns that the US may be heading for a recession.

Following the release of the US data, markets pared expectations of a 50bps rate cut from the Fed in September. Current pricing is now leaning more towards a 25bps cut, and a total of 90bps of easing by year end (compared to 100bps previously).

On the currency front, the yen was on the defensive as rate expectations hardened elsewhere. Meantime, the euro handed back some of its gains from earlier in the week. Sterling registered some gains also. This sees EUR/USD open back below \$1.10. GBP/USD is operating in the top half of \$1.28-1.29. EUR/GBP is changing hands back in the lower half of 85-86p. USD/JPY is up at ¥149.

Already today, UK retail sales have printed in-line with the consensus, rising by 0.5% in July. The data have not impacted sterling in early trading. Later on, the main release will be the preliminary August reading of US consumer sentiment.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0982	-0.26	-0.49
EUR/GBP	0.8525	-0.57	-1.65
GBP/USD	1.2875	0.27	1.15
GBP/EUR	1.1723	0.57	1.68
USD/JPY	148.98	1.16	5.61
EUR/JPY	163.62	0.91	5.13

* 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	5.45	5.36	4.65	4.16	3.78
EUR	4.25	3.61	3.54	3.13	2.76	2.51
GBP	5.00	4.94	4.90	4.50	4.33	3.92

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 16 August 2024
07:49 am



Euro

EUR/GBP	0.8525
EUR/USD	1.0982
EUR/JPY	163.62
EUR/SEK	11.5471
EUR/DKK	7.4613
EUR/NOK	11.7768
EUR/CHF	0.9564
EUR/AUD	1.6546
EUR/HKD	8.5581
EUR/CAD	1.5067

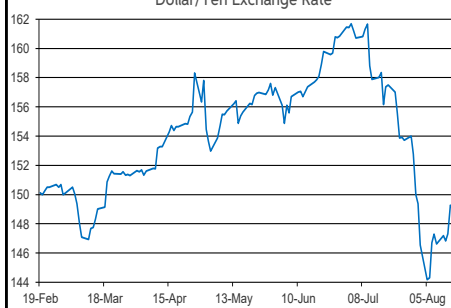
Sterling

GBP/EUR	1.1723
GBP/USD	1.2875
GBP/CAD	1.7668
GBP/NZD	2.1403
GBP/JPY	191.81
GBP/SEK	13.5429
GBP/DKK	8.7471
GBP/NOK	13.8097
GBP/CHF	1.1215
GBP/AUD	1.9406

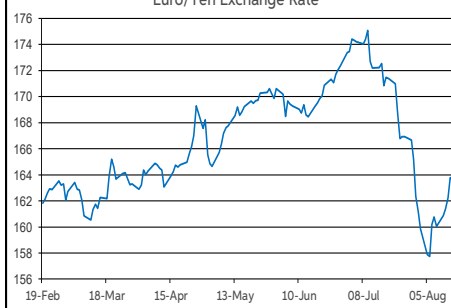
Dollar

USD/JPY	148.98
USD/CAD	1.372
USD/CHF	0.871
USD/CNY	7.1737
USD/BRL	5.4858
USD/RUB	88.9
USD/INR	83.9525
AUD/USD	0.6634
NZD/USD	0.6016

Dollar/Yen Exchange Rate

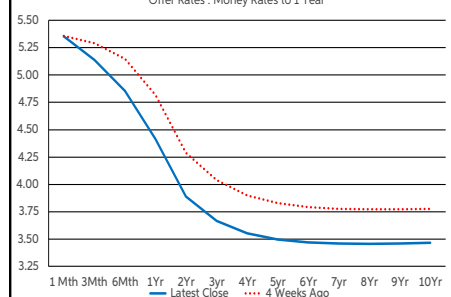


Euro/Yen Exchange Rate



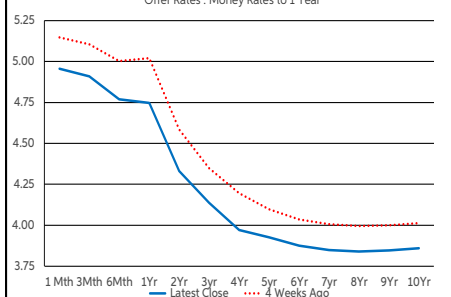
US Swap Curve

Offer Rates : Money Rates to 1 Year



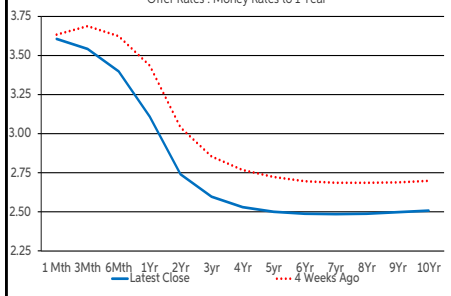
UK Swap Curve

Offer Rates : Money Rates to 1 Year

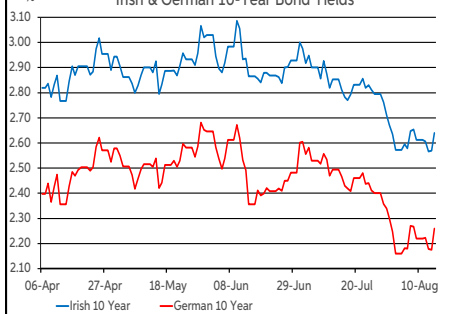


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.93	+10	-26	+7
Germany	2.26	+9	-15	+23
UK	3.92	+9	-14	+39
Ireland				
Belgium	2.68	+7	-14	+31
France	2.86	+7	-12	+17
Italy	2.98	+6	-9	+42
Spain	3.64	+7	-8	-6
Portugal	3.09	+7	-11	+10
Greece	2.89	+8	-12	+10
	3.32	+4	-7	+25
5 Year Swap %				
US	3.75	+10	-34	-5
Eurozone	2.50	+8	-21	+7
UK	3.93	+9	-17	+27
2 Year Swap %				
US	4.14	+12	-41	-20
Eurozone	2.74	+8	-29	-5
UK	4.33	+9	-25	+7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	-1	+1	+8
Belgium	59	-1	+3	-7
France	72	-2	+6	+19
Italy	138	-1	+7	-29
Spain	83	-1	+4	-13
Portugal	62	-1	+2	-14
Greece	106	-4	+8	+1

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	81.04	+1.60	-4.78	+5.19
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2456.1	+0.35	+0.46	+19.08

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