

Dollar starts the week under pressure

Overall, there was a positive tone to investor sentiment last week, supported by some better than expected US data, easing recession fears. US retail sales printed above the consensus, while weekly initial jobless claims fell for a second week. Against this backdrop, the S&P 500 gained 3.9%, while the Euro Stoxx 50 rose by 3.5%.

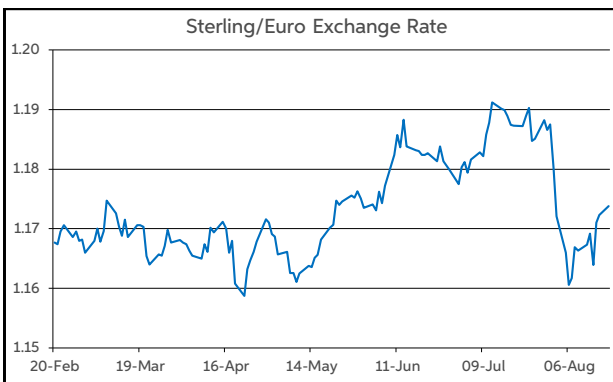
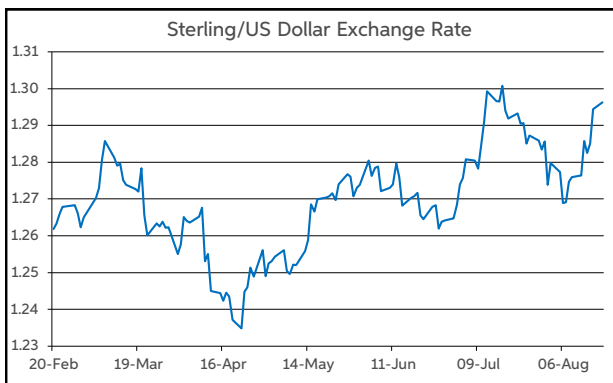
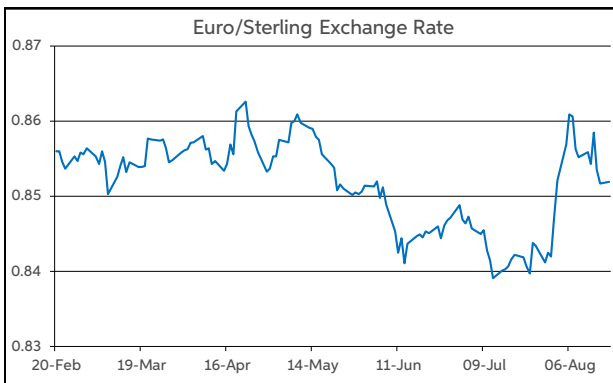
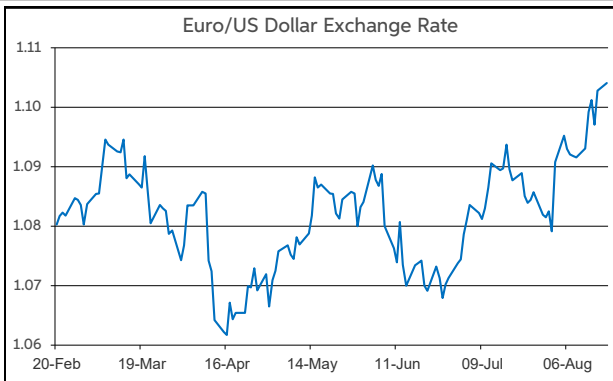
The better than anticipated US data also sparked a firming in US market rate expectations. Investors have reduced bets that the Fed will cut by 50bps in September, and are now pricing in a total of 95bps of easing between now and year end, compared to 100bps at the start of last week. EZ and UK futures pricing is little changed.

Currency-wise, the dollar was under some downward pressure last week amid the improvement in risk appetite. This saw EUR/USD trade to a high of \$1.1047, before ending the week below \$1.10. Elsewhere, there was a firmer tone to sterling following some good UK employment, GDP and CPI data. Meantime, trading conditions for the yen remained volatile. However, in early APAC trading at the start of this week, the dollar has been on the defensive.

In level terms, EUR/USD opens this morning close to the midpoint of \$1.10-1.11. GBP/USD is operating in the top half of the \$1.29-1.30 range. EUR/GBP is changing hands back in the lower half of the 85-86p corridor. USD/JPY is back below ¥146.

Turning to the week ahead, the main data highlight will be the flash PMIs for August in the US, UK and Eurozone. Meantime, on the monetary policy front, the Jackson Hole Economic Symposium will be in focus. A speech on Friday from Fed Chair Powell will garner significant attention, while comments from other Fed officials will also be of interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1042	0.55	0.05
EUR/GBP	0.8519	-0.12	-1.72
GBP/USD	1.2962	0.70	1.83
GBP/EUR	1.1738	0.12	1.75
USD/JPY	145.77	-2.08	3.34
EUR/JPY	160.96	-1.54	3.42

* 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	5.39	4.62	4.14	3.75
EUR	4.25	3.60	3.56	3.06	2.73	2.48
GBP	5.00	4.94	4.89	4.49	4.33	3.93

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 19 August 2024
07:58 am



Euro

EUR/GBP	0.8519
EUR/USD	1.1042
EUR/JPY	160.96
EUR/SEK	11.4952
EUR/DKK	7.4612
EUR/NOK	11.7626
EUR/CHF	0.9539
EUR/AUD	1.6508
EUR/HKD	8.6026
EUR/CAD	1.5094

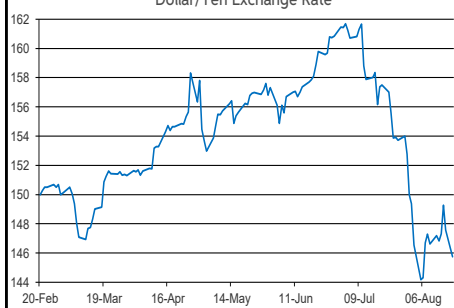
Sterling

GBP/EUR	1.1738
GBP/USD	1.2962
GBP/CAD	1.7718
GBP/NZD	2.1337
GBP/JPY	188.95
GBP/SEK	13.4988
GBP/DKK	8.7579
GBP/NOK	13.8097
GBP/CHF	1.1197
GBP/AUD	1.9379

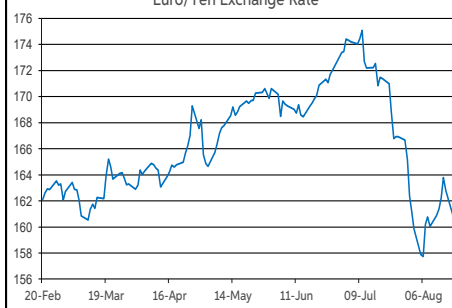
Dollar

USD/JPY	145.77
USD/CAD	1.3669
USD/CHF	0.8638
USD/CNY	7.141
USD/BRL	5.4714
USD/RUB	89.2
USD/INR	83.92
AUD/USD	0.6688
NZD/USD	0.6074

Dollar/Yen Exchange Rate

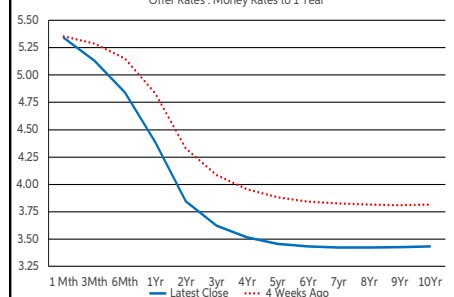


Euro/Yen Exchange Rate



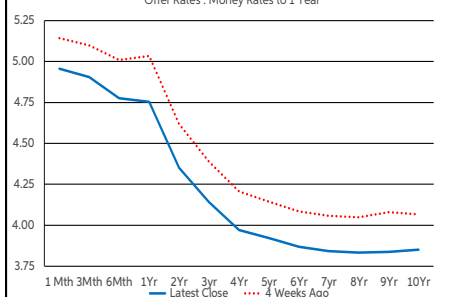
US Swap Curve

Offer Rates : Money Rates to 1 Year



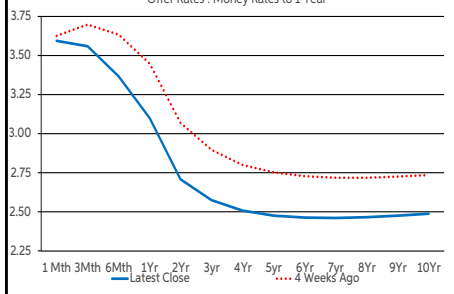
UK Swap Curve

Offer Rates : Money Rates to 1 Year

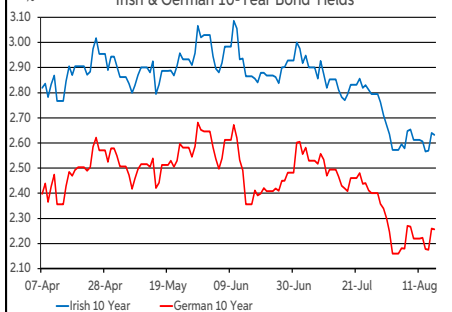


Eurozone Swap Curve

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	3.89	-3	-35	+3
Germany	2.26	-0	-21	+23
UK	3.93	+1	-20	+39
Ireland	2.67	-1	-19	+31
Belgium	2.86	+0	-17	+17
France	2.98	+0	-15	+43
Italy	3.64	+0	-14	-6
Spain	3.10	+0	-15	+11
Portugal	2.89	+1	-18	+10
Greece	3.33	+1	-13	+25
5 Year Swap %				
US	3.72	-2	-40	-7
Eurozone	2.48	-2	-27	+5
UK	3.92	-0	-22	+27
2 Year Swap %				
US	4.10	-4	-49	-24
Eurozone	2.71	-3	-36	-9
UK	4.35	+2	-26	+9
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-0	+1	+7
Belgium	60	+1	+4	-6
France	73	+1	+6	+20
Italy	138	+1	+7	-29
Spain	84	+1	+6	-12
Portugal	63	+1	+3	-13
Greece	107	+1	+7	+2

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.68	-1.68	-3.57	+3.43
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2507.3	+2.08	+4.44	+21.56

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