

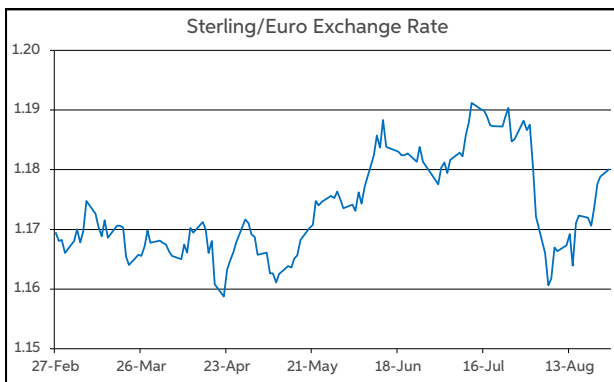
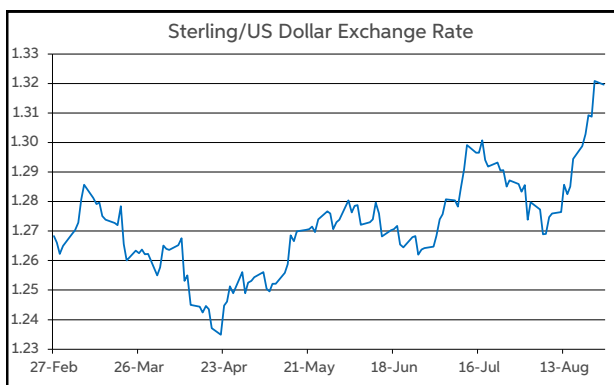
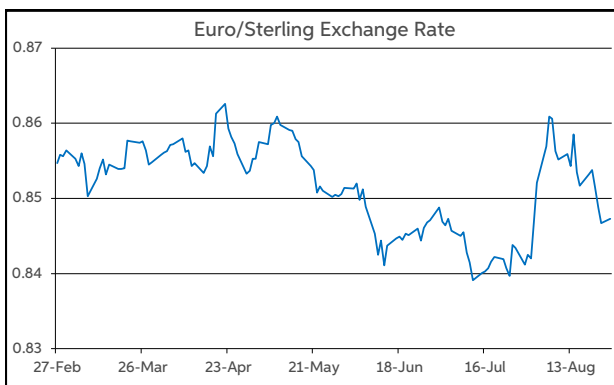
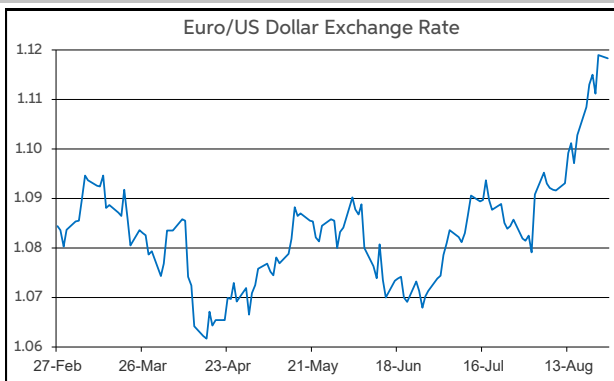
August blues for the dollar

There were some significant moves on currency markets last week. The dollar, which had come into week on the back foot amid softer inflation data and a firming in risk appetite, continued its weakening trend. This was against the backdrop of the market contemplating the potential for a number of rate cuts from the Fed before year end. The latest Fed meeting minutes had a strong dovish tone and suggested that a rate cut was on the cards in September. This prospect was reinforced by Fed Chair Powell's "time has come" comments at the Jackson Hole Economic Symposium on Friday.

At the same time, sterling had some upward momentum last week. While the BoE has already cut rates, it has been non-committal on the timing/extent of future rates cuts. Indeed, the market is anticipating that the BoE will not cut to the same extent as the Fed between now and year end (50bps vs. 100bps). The further softening in the dollar over recent days is reflected in both EUR/USD and GBP/USD posting fresh year-to-date highs, at \$1.12 and \$1.323, respectively. Meanwhile, the firmer sterling is evident in EUR/GBP moving back below the 85p threshold.

Monetary policy and market interest rate expectations will remain a key driver of currency markets over the coming months. Central banks will be paying close attention to incoming data, especially in relation to inflation and the labour market to determine their interest rate decisions. In this context, this week's macro diary contains two important releases, which pose some potential event risk for their respective currencies. In the Eurozone, we get the first reading of HICP inflation for August. Meantime, in the US, Core-PCE (Fed's preferred inflation gauge) for July is due. From a sterling perspective, the macro diary is quiet. Markets will also be paying attention to developments in the Middle East.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1183	0.50	1.33
EUR/GBP	0.8473	-0.15	-2.25
GBP/USD	1.3198	0.68	3.68
GBP/EUR	1.1801	0.15	2.30
USD/JPY	143.87	-1.30	1.99
EUR/JPY	160.9	-0.81	3.39

* 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	5.39	5.34	4.48	3.95	3.61
EUR	4.25	3.60	3.53	3.03	2.67	2.43
GBP	5.00	4.93	4.87	4.45	4.33	3.96

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 26 August 2024
07:25 am



Euro

EUR/GBP	0.8473
EUR/USD	1.1183
EUR/JPY	160.9
EUR/SEK	11.402
EUR/DKK	7.461
EUR/NOK	11.7082
EUR/CHF	0.9474
EUR/AUD	1.6501
EUR/HKD	8.7178
EUR/CAD	1.5106

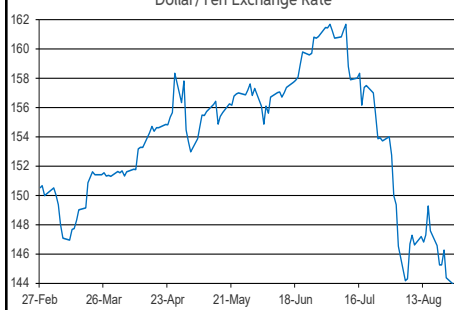
Sterling

GBP/EUR	1.1801
GBP/USD	1.3198
GBP/CAD	1.7827
GBP/NZD	2.1244
GBP/JPY	189.88
GBP/SEK	13.4512
GBP/DKK	8.8024
GBP/NOK	13.818
GBP/CHF	1.118
GBP/AUD	1.9477

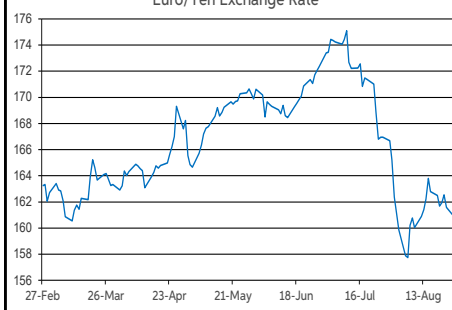
Dollar

USD/JPY	143.87
USD/CAD	1.3508
USD/CHF	0.8471
USD/CNY	7.1208
USD/BRL	5.4857
USD/RUB	91.7
USD/INR	83.845
AUD/USD	0.6774
NZD/USD	0.6212

Dollar/Yen Exchange Rate

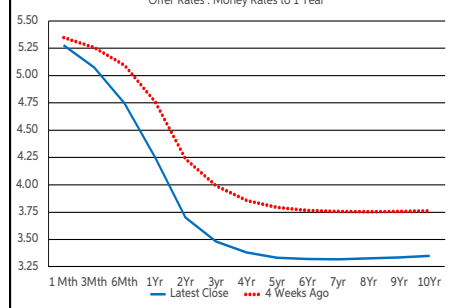


Euro/Yen Exchange Rate



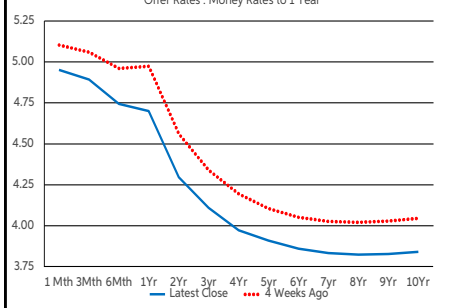
US Swap Curve

Offer Rates : Money Rates to 1 Year



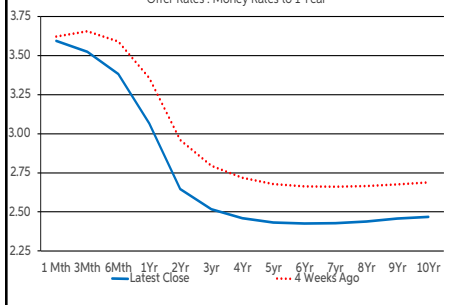
UK Swap Curve

Offer Rates : Money Rates to 1 Year

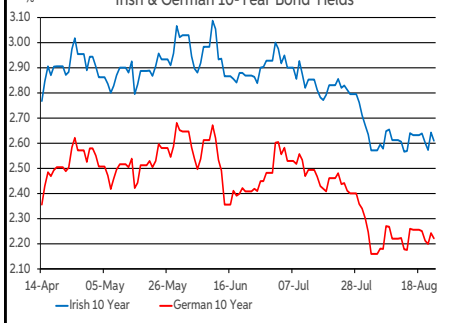


Eurozone Swap Curve

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	3.81	-6	-39	-5
Germany	2.23	-2	-18	+20
UK	3.91	-5	-19	+38
Ireland	2.64	-2	-19	+27
Belgium	2.81	-2	-18	+12
France	2.93	-2	-18	+37
Italy	3.57	-5	-19	-13
Spain	3.02	-3	-21	+3
Portugal	2.80	-4	-25	+2
Greece	3.30	+2	-16	+23
5 Year Swap %				
US	3.60	-7	-43	-19
Eurozone	2.43	-4	-24	+0
UK	3.91	-7	-19	+26
2 Year Swap %				
US	3.95	-8	-51	-38
Eurozone	2.65	-6	-30	-15
UK	4.29	-6	-26	+3
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+0	-2	+7
Belgium	58	-0	-1	-8
France	71	+0	-0	+18
Italy	134	-3	-2	-33
Spain	80	-1	-3	-17
Portugal	58	-2	-7	-18
Greece	108	+4	+2	+3

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	79.02	+2.33	-2.60	+2.57
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2512.1	+1.16	+5.30	+21.79

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