

Eurozone and US inflation data in focus

There was a somewhat more positive tone to investor sentiment yesterday, amid solid macro data and some mixed company earnings reports. The Euro Stoxx 50 gained 1.1%, while the S&P 500 finished flat for the day. Meantime, on bond markets, benchmark sovereign bond yields rose by 2-3bps.

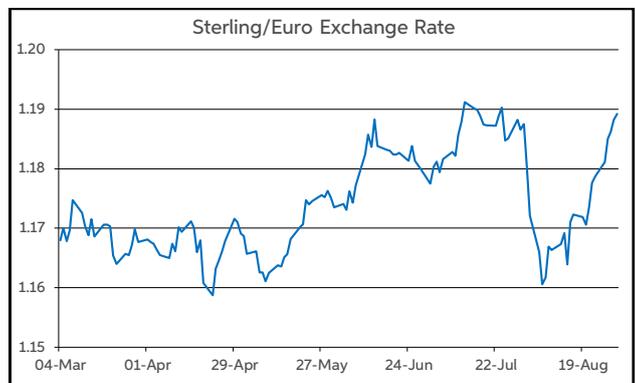
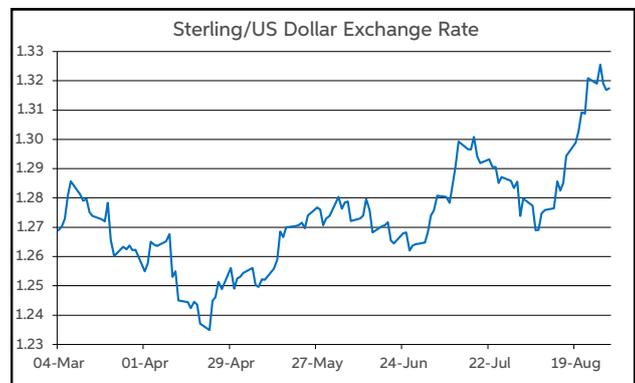
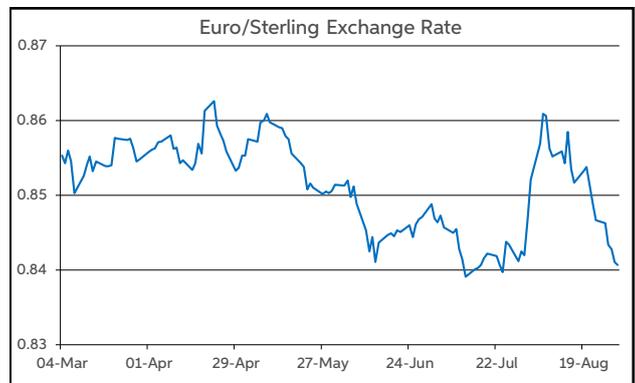
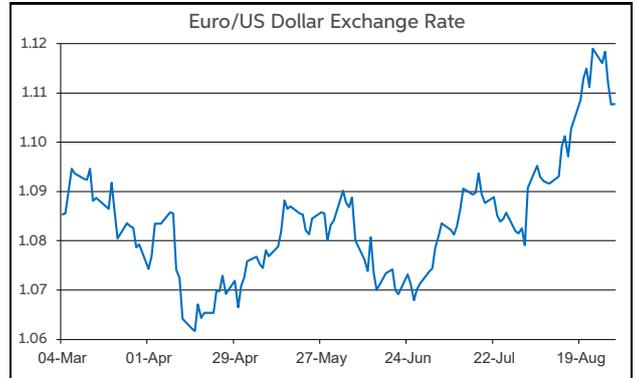
Data-wise, the flash readings of both Spanish and German HICP inflation printed below the consensus. They fell to 2.4% and 2% in August, versus expectations for 2.5% and 2.3%, respectively. At the same time, the Eurozone EC economic sentiment index improved to 96.6 in August (vs. 95.8 f'cast). In the US, GDP growth was revised higher to +3.0% annualised in Q2, while core-PCE was revised down marginally to +2.8%.

On the currency front, the firmer dollar tone seen throughout this week gathered further momentum yesterday. The greenback was supported by the upward revisions to the US data. Overnight though, the US currency has handed back some of its gains. Elsewhere, the euro was holding a slightly softer tone following the lower than anticipated inflation readings in Spain and Germany.

In level terms, the firmer dollar and softer euro sees EUR/USD open this morning back below the \$1.11 threshold. GBP/USD is changing hands down in the \$1.31-1.32 corridor. EUR/GBP is operating closer to the 84p handle.

Turning to the day ahead, inflation data on both sides of the Atlantic will be in focus. The flash reading of Eurozone HICP is forecast to decline to 2.2% in August. Meantime, in the US, core-PCE is projected to edge slightly higher to 2.7% in July from 2.6%. The releases pose some event risk for currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1078	-0.49	0.38
EUR/GBP	0.8407	-0.23	-3.01
GBP/USD	1.3174	-0.27	3.50
GBP/EUR	1.1891	0.23	3.10
USD/JPY	145.04	0.26	2.82
EUR/JPY	160.68	-0.25	3.24

* 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	5.36	5.32	4.49	4.01	3.66
EUR	4.25	3.59	3.51	3.02	2.66	2.48
GBP	5.00	4.93	4.88	4.47	4.34	3.99

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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Euro

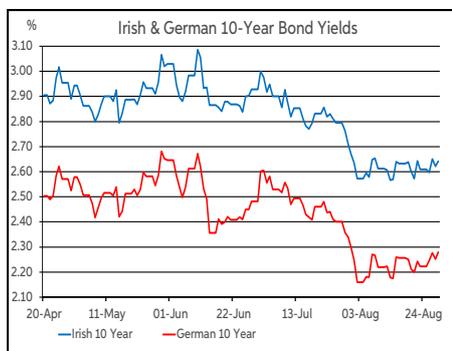
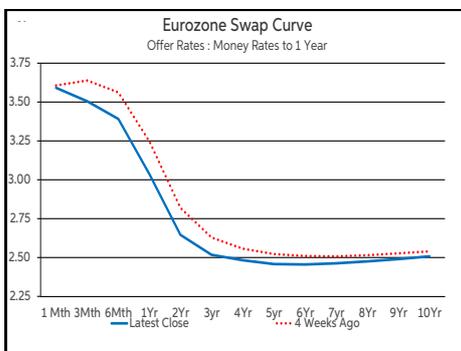
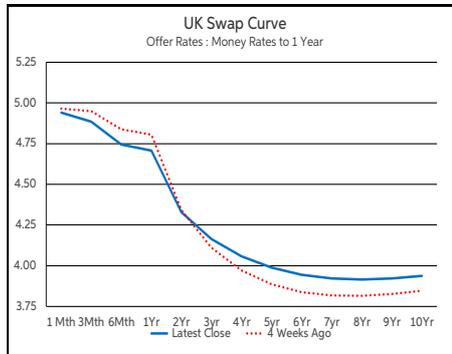
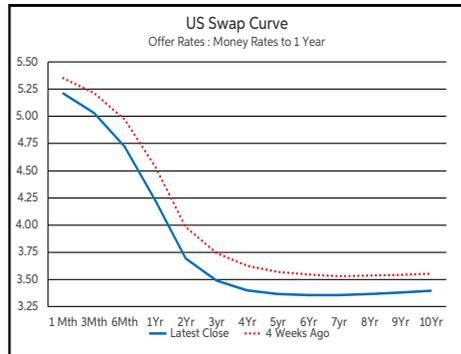
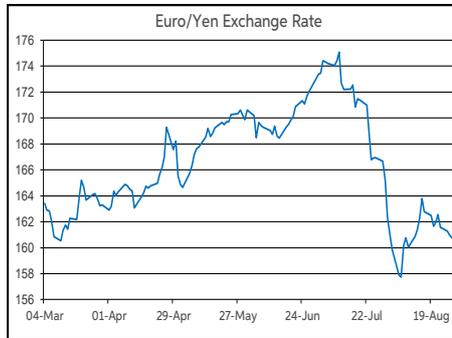
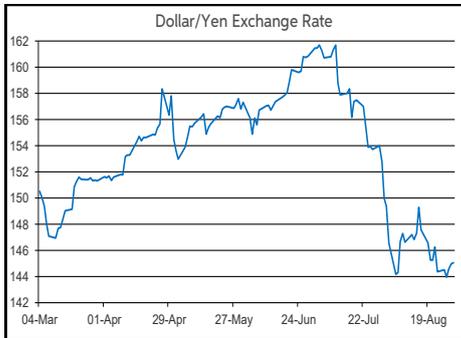
EUR/GBP	0.8407
EUR/USD	1.1078
EUR/JPY	160.68
EUR/SEK	11.3263
EUR/DKK	7.4582
EUR/NOK	11.6233
EUR/CHF	0.9394
EUR/AUD	1.628
EUR/HKD	8.6359
EUR/CAD	1.494

Sterling

GBP/EUR	1.1891
GBP/USD	1.3174
GBP/CAD	1.7767
GBP/NZD	2.1068
GBP/JPY	191.08
GBP/SEK	13.4689
GBP/DKK	8.8699
GBP/NOK	13.8209
GBP/CHF	1.1171
GBP/AUD	1.9365

Dollar

USD/JPY	145.04
USD/CAD	1.3486
USD/CHF	0.848
USD/CNY	7.0934
USD/BRL	5.6286
USD/RUB	91.4955
USD/INR	83.855
AUD/USD	0.6802
NZD/USD	0.6251



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.87	+3	-11	+1
Germany	2.28	+3	+3	+25
UK	4.02	+2	+13	+48
5 Year Swap %				
US	3.63	+2	-18	-16
Eurozone	2.46	-0	-5	+3
UK	3.99	+0	+11	+34
2 Year Swap %				
US	3.94	-1	-30	-40
Eurozone	2.65	-2	-17	-15
UK	4.33	-1	-1	+7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	-3	-6	+3
Belgium	59	-1	-3	-7
France	71	-2	-3	+18
Italy	137	-2	-2	-30
Spain	82	-2	-3	-14
Portugal	61	-2	-5	-15
Greece	104	-2	-5	-1

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	79.94	+1.64	+0.53	+3.76
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2521.2	+0.76	+3.10	+22.23

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