

ECB likely to be a non-event this week

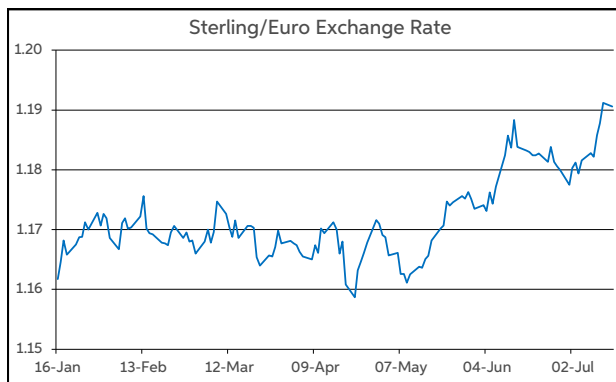
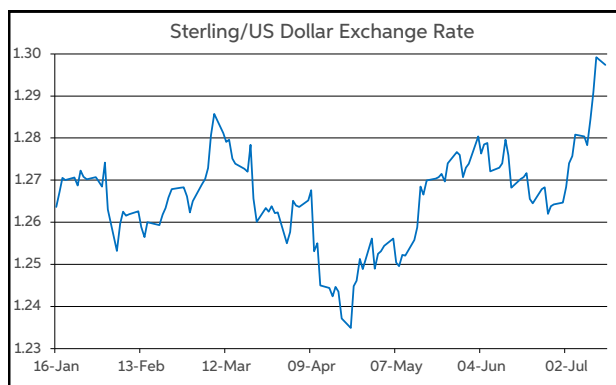
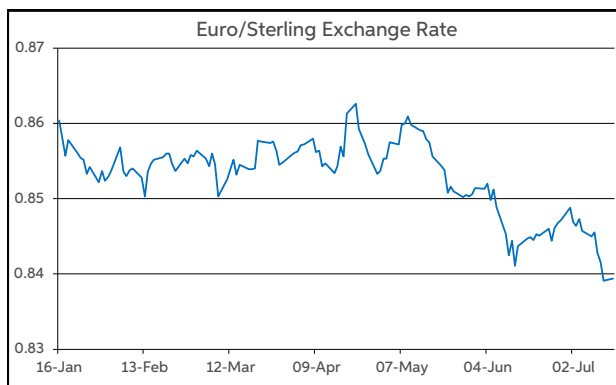
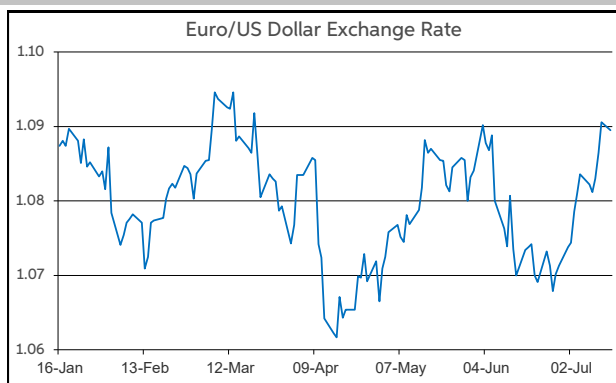
After a relatively slow and quiet start, financial markets came alive near the end of last week, as data releases impacted investor sentiment. In the US, CPI inflation fell to 3.0% in June (vs. 3.1% f'cast), with the core rate easing to 3.3% (vs. 3.4% f'cast). Meantime, UK GDP rose by 0.4% in May (vs. +0.2% f'cast).

Amid the below consensus US CPI data, market rate expectations softened somewhat. Current pricing is now consistent with a 25bps rate cut in September, and a total of 60bps of policy easing in the US by year end. Against this backdrop, the S&P 500 moved higher, gaining 0.9% on the week, supported also by some good earnings data for Q2. In terms of fixed income, US Treasury yields fell by 10-15bps, led lower by the front end of the curve, while European yields declined by a more modest 1-9bps.

Currency-wise, having initially traded sideways, the dollar ended the week under some downward pressure. At the same time, sterling was on the front foot. This was reflected in GBP/USD reaching a fresh YTD high of \$1.299. Meantime, the yen was supported by FX market intervention from the BoJ, with USD/JPY falling initially to a low of ¥157.4. Elsewhere, EUR/USD tested above \$1.09, while EUR/GBP dipped below 84p. However, the moves above \$1.09 and below 84p could not be sustained.

Turning to the week ahead, the main highlight will be the latest ECB policy decision. However, no changes to policy are expected. Indeed, the focus will be on any guidance around a rate cut in September, albeit even this may not be forthcoming. Data-wise, a busy UK calendar includes updates on inflation and the labour market, as well as retail sales. Retail sales and industrial production will be the highlights in the US.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0895	0.25	-1.28
EUR/GBP	0.8396	-0.25	-3.14
GBP/USD	1.2976	0.51	1.94
GBP/EUR	1.1909	0.25	3.24
USD/JPY	158.01	-0.69	12.02
EUR/JPY	172.15	-0.47	10.61

* 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	5.44	5.55	5.08	4.58	4.14
EUR	4.25	3.63	3.66	3.46	3.12	2.81
GBP	5.25	5.14	5.08	4.80	4.66	4.17

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 15 July 2024
07:12 am



Euro

EUR/GBP	0.8396
EUR/USD	1.0895
EUR/JPY	172.15
EUR/SEK	11.5024
EUR/DKK	7.4615
EUR/NOK	11.716
EUR/CHF	0.9756
EUR/AUD	1.6084
EUR/HKD	8.5058
EUR/CAD	1.4876

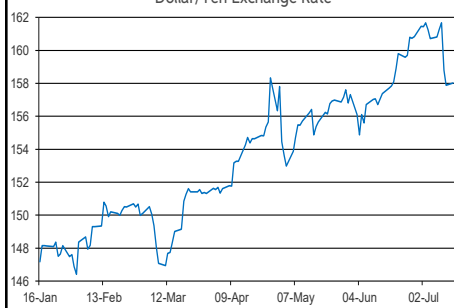
Sterling

GBP/EUR	1.1909
GBP/USD	1.2976
GBP/CAD	1.7715
GBP/NZD	2.1277
GBP/JPY	204.99
GBP/SEK	13.6959
GBP/DKK	8.8837
GBP/NOK	13.9498
GBP/CHF	1.1618
GBP/AUD	1.9156

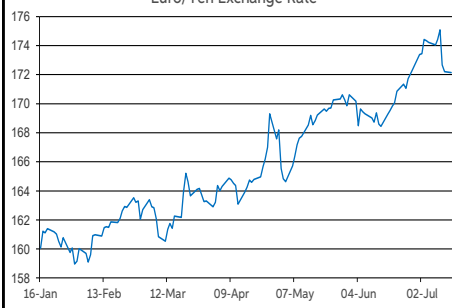
Dollar

USD/JPY	158.01
USD/CAD	1.3654
USD/CHF	0.8954
USD/CNY	7.2615
USD/BRL	5.4286
USD/RUB	87.2
USD/INR	83.542
AUD/USD	0.6773
NZD/USD	0.6098

Dollar/Yen Exchange Rate

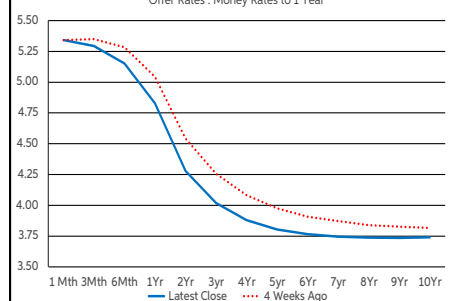


Euro/Yen Exchange Rate



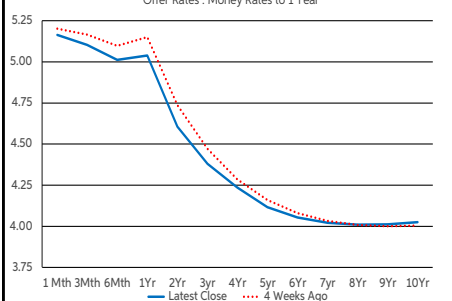
US Swap Curve

Offer Rates : Money Rates to 1 Year



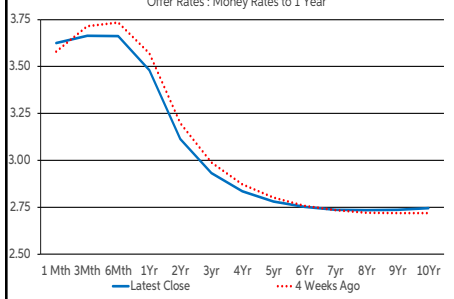
UK Swap Curve

Offer Rates : Money Rates to 1 Year

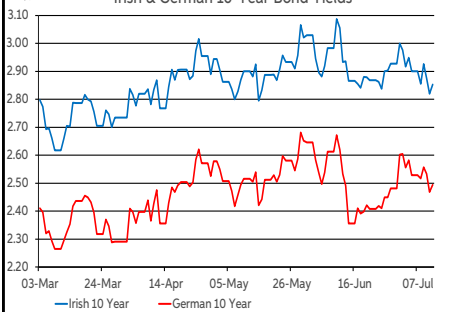


Eurozone Swap Curve

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	4.19	-1	-3	+33
Germany	2.50	+2	+14	+47
UK	4.11	+3	+5	+57
Ireland	2.88	+3	-0	+52
Belgium	3.06	+2	-0	+38
France	3.15	+2	+1	+59
Italy	3.79	+0	-13	+9
Spain	3.26	+2	-7	+27
Portugal	3.08	+1	-7	+30
Greece	3.49	+0	-17	+42

5 Year Swap %				
US	4.06	-4	-17	+27
Eurozone	2.78	+2	-1	+35
UK	4.12	+1	-4	+46

2 Year Swap %				
US	4.53	-5	-26	+20
Eurozone	3.11	+2	-8	+32
UK	4.62	+2	-11	+36

10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-14	+5
Belgium	57	-0	-14	-9
France	65	+0	-13	+12
Italy	130	-2	-27	-37
Spain	77	-0	-21	-20
Portugal	59	-2	-21	-17
Greece	100	-2	-31	-5

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	85.03	-0.43	+2.92	+10.37
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2411.3	-0.15	+3.38	+16.91

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