

Dollar retains its softer tone

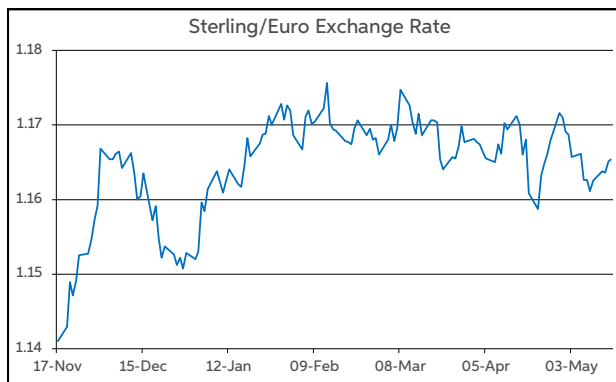
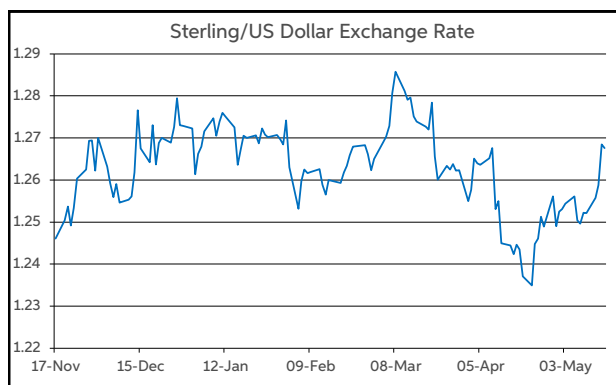
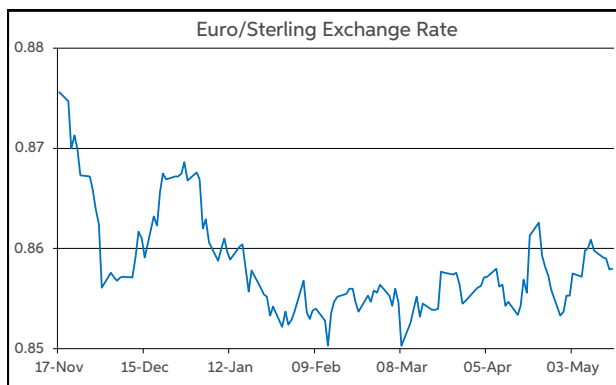
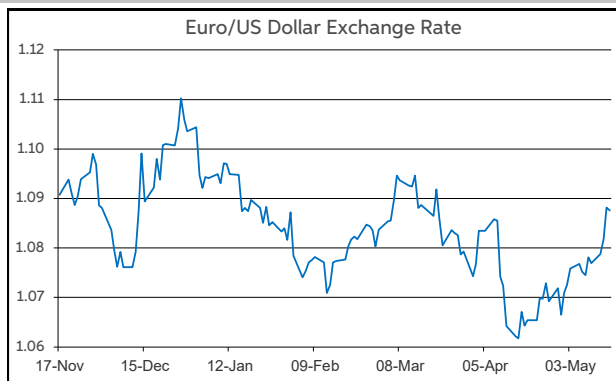
The focus yesterday was on the US macro diary with the release of some key indicators for April. The CPI inflation numbers were the main point of interest. Both headline and core inflation rates were in line with expectations, at 3.4% y/y and 3.6% y/y, respectively, indicating an easing in inflationary pressures last month. Meanwhile, the US retail sales report disappointed versus the consensus. Headline sales were flat in the month of April (vs. f'cast for +0.4% m/m). This combined with a downward revision to the March number suggests a weakening in US consumer spending over recent months.

In terms of market reaction, bond yields fell and this was not just confined to US Treasuries. Meanwhile, interest rate expectations shifted lower, with around 50bps of Fed rate cuts now priced in by year end. Against this backdrop, equity markets registered gains. From a currency perspective, the signs of easing in US inflation and a softening in the all-important household expenditure side of the economy created an unhelpful setting for the dollar.

This was reflected in the dollar continuing to give up some ground to both the euro and sterling. In level terms, EUR/USD consolidated its position above \$1.08, trading up into the top half of the \$1.08-1.09 band. At the same time, GBP/USD moved above the midpoint of \$1.26-1.27. The action in EUR/GBP was confined to a very tight range just below the 86p mark. Elsewhere, the yen has registered some gains over the past 24 hours.

Looking ahead to today, the US economy will remain in focus with most of the data due for release coming from across the Atlantic. This includes industrial production and housing starts (both April) as well as the latest weekly jobless claims numbers.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0876	0.51	-1.45
EUR/GBP	0.858	-0.13	-1.02
GBP/USD	1.2676	0.66	-0.42
GBP/EUR	1.1651	0.13	1.03
USD/JPY	154.22	-1.36	9.33
EUR/JPY	167.76	-0.85	7.79

* 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	5.59	5.36	4.91	4.40
EUR	4.50	3.84	3.82	3.60	3.23	2.79
GBP	5.25	5.19	5.10	4.84	4.70	4.16

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

Thursday 16 May 2024
07:24 am



Euro

EUR/GBP	0.858
EUR/USD	1.0876
EUR/JPY	167.76
EUR/SEK	11.6044
EUR/DKK	7.4607
EUR/NOK	11.6218
EUR/CHF	0.98
EUR/AUD	1.6287
EUR/HKD	8.4887
EUR/CAD	1.4812

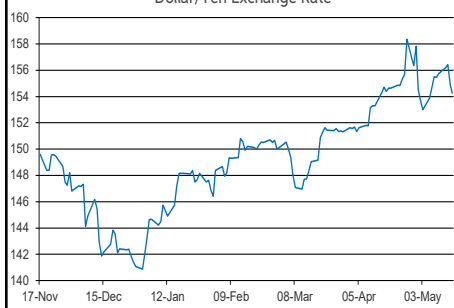
Sterling

GBP/EUR	1.1651
GBP/USD	1.2676
GBP/CAD	1.7262
GBP/NZD	2.073
GBP/JPY	195.49
GBP/SEK	13.5207
GBP/DKK	8.6932
GBP/NOK	13.543
GBP/CHF	1.1422
GBP/AUD	1.8981

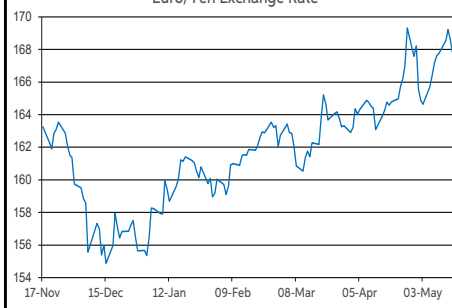
Dollar

USD/JPY	154.22
USD/CAD	1.3618
USD/CHF	0.9008
USD/CNY	7.217
USD/BRL	5.1361
USD/RUB	91.015
USD/INR	83.4975
AUD/USD	0.6677
NZD/USD	0.6113

Dollar/Yen Exchange Rate

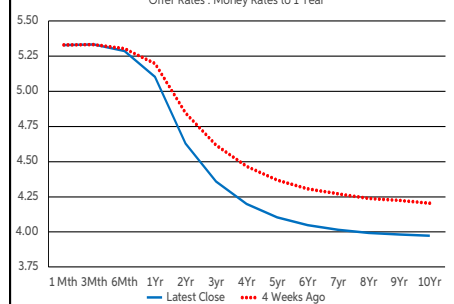


Euro/Yen Exchange Rate



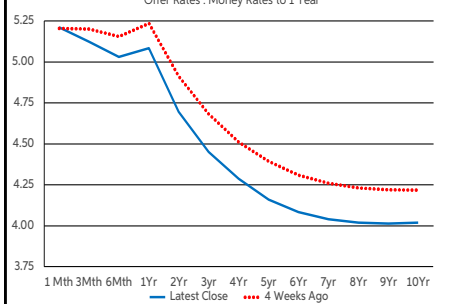
US Swap Curve

Offer Rates : Money Rates to 1 Year



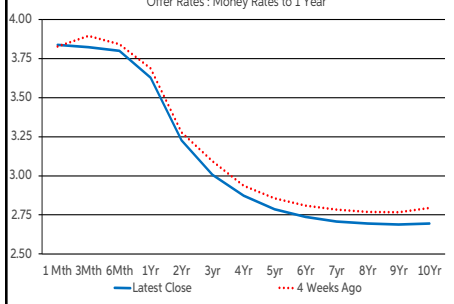
UK Swap Curve

Offer Rates : Money Rates to 1 Year

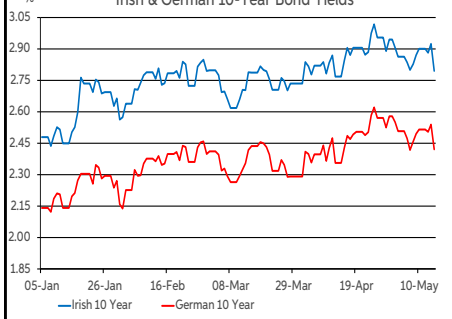


Eurozone Swap Curve

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	4.36	-9	-23	+50
Germany	2.42	-12	-5	+40
UK	4.07	-10	-20	+53
Ireland	2.82	-13	-8	+46
Belgium	2.96	-12	-7	+27
France	2.92	-14	-6	+37
Italy	3.74	-16	-15	+4
Spain	3.19	-15	-11	+20
Portugal	3.05	-13	-11	+27
Greece	3.45	-11	+0	+37
5 Year Swap %				
US	4.36	-11	-26	+57
Eurozone	2.79	-11	-6	+36
UK	4.16	-9	-23	+51
2 Year Swap %				
US	4.89	-10	-22	+55
Eurozone	3.23	-8	-4	+43
UK	4.69	-7	-21	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-1	-4	+6
Belgium	54	-0	-3	-12
France	50	-2	-1	-3
Italy	131	-4	-10	-36
Spain	77	-3	-7	-19
Portugal	63	-1	-7	-13
Greece	103	+1	+5	-2

Commodities

	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.75	+0.45	-5.20	+7.41
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2386.0	+1.19	+1.07	+15.68

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