

## US labour market report due today

There was some central bank speakers and inflation data for markets to digest yesterday. ECB official Schnabel noted that policy may be left on-hold in September, so that the ECB can fully assess the impact of slowing demand on prices. Meantime, the BoE's Pill stated that he preferred a "Table Mountain" profile for rates, suggesting he favours holding rates higher for longer, instead of hiking much more. Elsewhere, the Fed's Bostic stated that he believes US monetary policy is "appropriately restrictive".

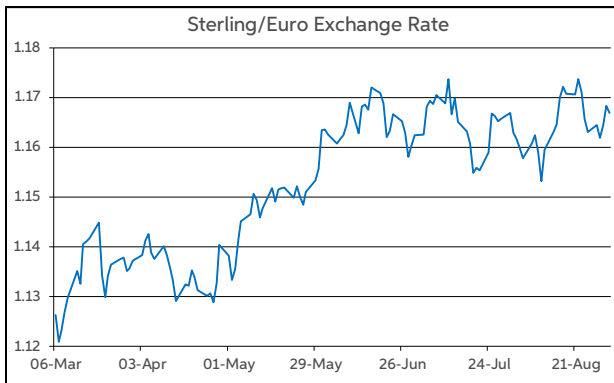
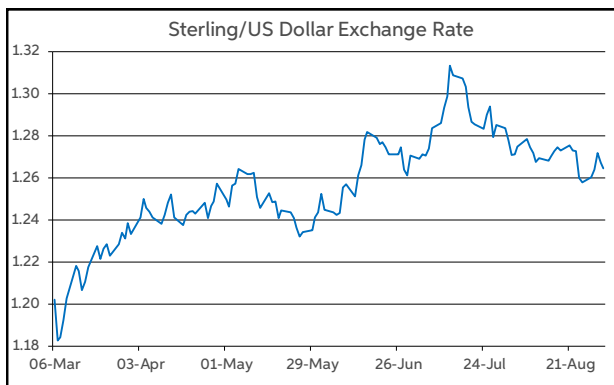
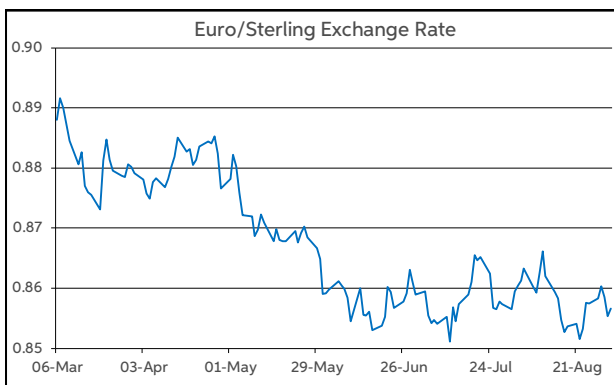
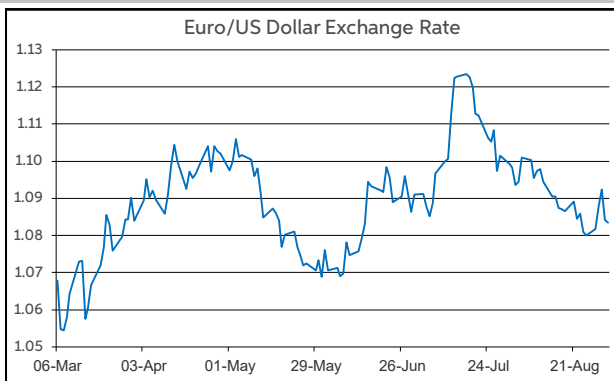
Data-wise, US core-PCE inflation edged higher to 4.2% in July from 4.1%, as anticipated. However, the monthly increase was just 0.2% for the second consecutive month. In the Eurozone, headline inflation remained at 5.3% in August (vs. 5.1% f'cast), while the core rate fell to 5.3% as well, in-line with expectations.

Against the backdrop of "less hawkish" central bank rhetoric, and encouraging inflation data, market rate expectations softened. Futures contracts pared back pricing of a rate hike from the ECB in September, and reduced the level at which they see UK rates peaking this year. US rates were more static, partly reflecting the fact that they had already softened markedly this week.

On the currency front, the dollar recouped some of its recent losses yesterday. At the same time the euro was on the defensive. In level terms, this sees EUR/USD open this morning back in the lower half of \$1.08-1.09. EUR/GBP remains in the 85-86p range. Meantime, GBP/USD is operating down at the halfway mark of \$1.26-1.27.

Today, the US labour market report for August is due. The release is expected to show a further slowdown in the pace of payroll growth. The data pose some event risk for US rates and the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0835	-0.75	1.24
EUR/GBP	0.8565	-0.19	-3.15
GBP/USD	1.2647	-0.60	4.55
GBP/EUR	1.167	0.19	3.26
USD/JPY	145.56	-0.22	11.02
EUR/JPY	157.74	-0.97	12.43
* 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	5.67	5.64	5.07	4.34
EUR	4.25	3.65	3.80	3.98	3.63	3.16
GBP	5.25	5.26	5.44	5.74	5.70	5.07

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

Friday 01 September 2023  
07:41 am



## Euro

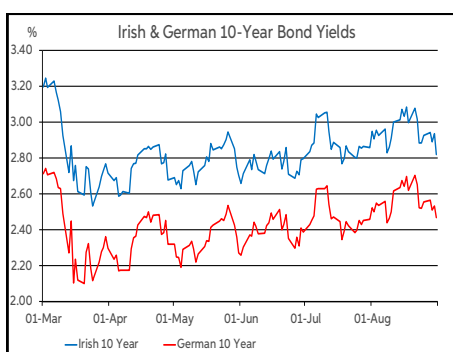
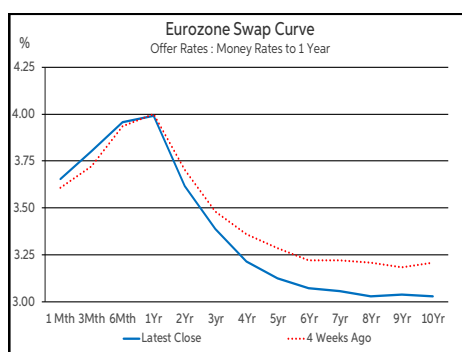
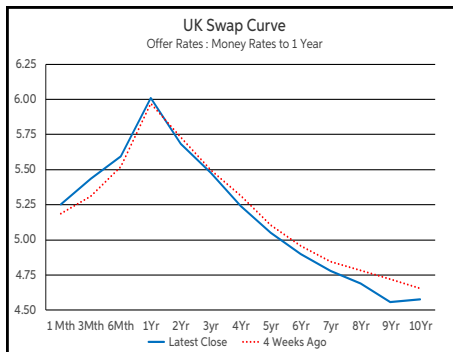
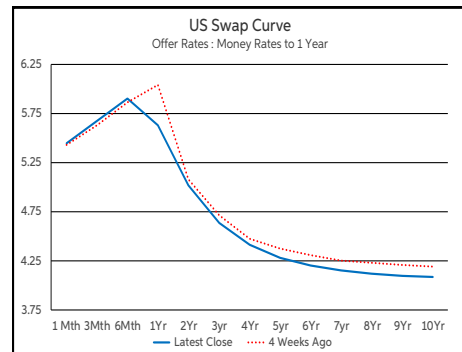
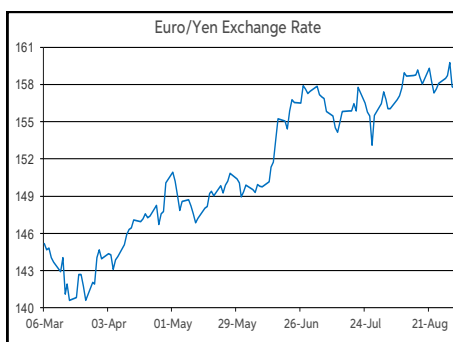
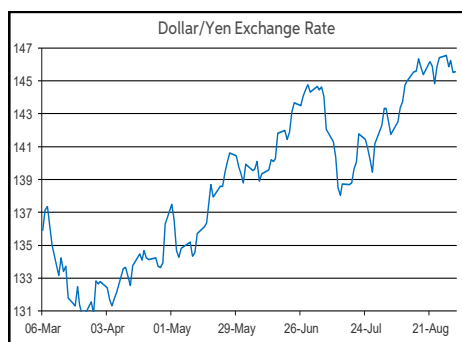
EUR/GBP	0.8565
EUR/USD	1.0835
EUR/JPY	157.74
EUR/SEK	11.8855
EUR/DKK	7.4527
EUR/NOK	11.5461
EUR/CHF	0.9569
EUR/AUD	1.678
EUR/HKD	8.4986
EUR/CAD	1.4646

## Sterling

GBP/EUR	1.167
GBP/USD	1.2647
GBP/CAD	1.7096
GBP/NZD	2.1255
GBP/JPY	184.09
GBP/SEK	13.872
GBP/DKK	8.6973
GBP/NOK	13.4756
GBP/CHF	1.1172
GBP/AUD	1.9585

## Dollar

USD/JPY	145.56
USD/CAD	1.3517
USD/CHF	0.8831
USD/CNY	7.2627
USD/BRL	4.9547
USD/RUB	96.24
USD/INR	82.68
AUD/USD	0.6456
NZD/USD	0.5948



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 22
10 Year Yield %				
US	4.11	-1	-7	+23
Germany	2.47	-6	-8	-9
UK	4.36	-7	-11	+69
5 Year Swap %				
US	4.28	-4	-5	+29
Eurozone	3.13	-10	-13	-10
UK	5.05	-8	-0	+75
2 Year Swap %				
US	5.02	-1	-2	+34
Eurozone	3.62	-10	-8	+23
UK	5.68	-9	-4	+100
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	-6	-8	-21
Belgium	61	-5	-7	-3
France	51	-1	-6	-4
Italy	165	-1	-5	-49
Spain	101	-1	-7	-9
Portugal	72	+1	-5	-32
Greece	132	-0	-2	-71

Commodities				
	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	86.86	+1.16	+2.02	+1.11
West Texas Oil	83.55	+2.34	+2.44	+4.23
Gold \$	1939.7	-0.13	+0.31	+6.32

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