

US CPI inflation due later today

There was a cautious tone to investor sentiment yesterday, on both sides of the Atlantic. On equity markets, the Euro Stoxx 50 declined by 0.7%. On Wall Street, the S&P 500 initially traded in the red but rallied late on to finish the day 0.4% higher. Elsewhere, oil prices declined by over 2%, amid ongoing demand concerns, with Brent crude moving to a 3-year low below \$70 per barrel.

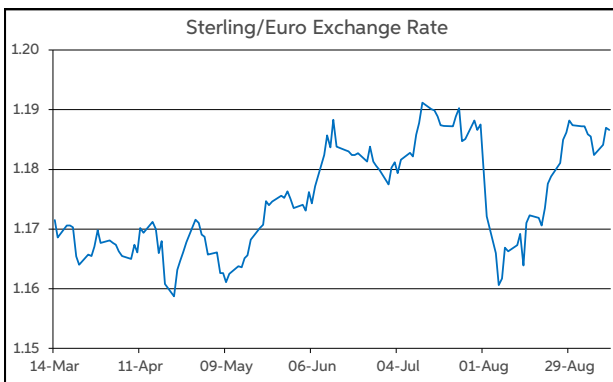
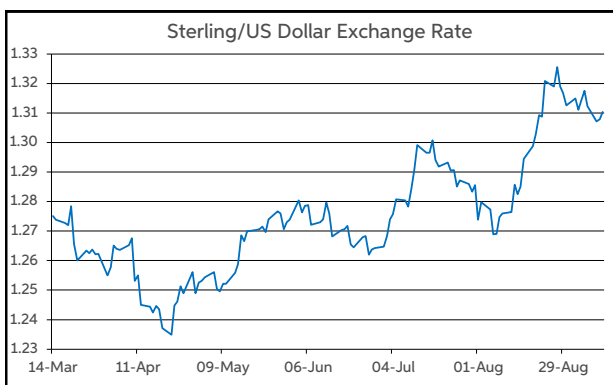
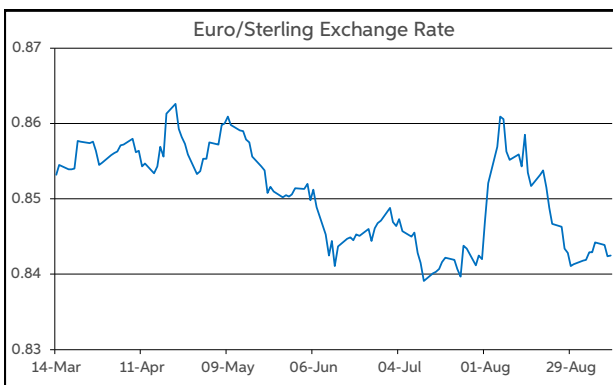
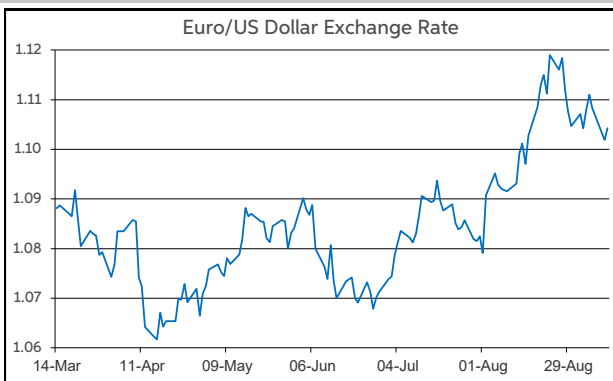
The subdued mood on markets was also reflected in sovereign bond yields moving lower. German Bund and UK Gilt yields declined by circa 2-4bps. Meantime, US Treasury yields fell by a more pronounced 5-9bps, led lower by the front-end of the curve, amid a modest softening in US futures pricing.

The risk averse mood also extended to currencies, where traditional safe havens such as the yen and Swiss franc were in the ascendancy. However, the dollar's progress was hampered by the softening in US market rate expectations. Against this backdrop, EUR/USD and GBP/USD traded in very tight ranges yesterday.

In level terms, EUR/USD opens this morning in the lower half of \$1.10-1.11. GBP/USD is changing hands up at the \$1.31 threshold. Elsewhere, EUR/GBP remains in the bottom half of the 84-85p range. USD/JPY is trading down near the ¥141 handle.

Already this morning, the monthly reading of UK GDP for July has been released. The data printed below the consensus, with output flat-lining in the month vs. forecasts for 0.2% m/m rise. Sterling has softened marginally in the initial aftermath of the release. Later today, the focus will be on US CPI inflation for August. The headline rate is expected to fall to 2.6% from 2.9%, while the core rate is set to stay at 3.2%. The release poses some event risk for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1043	0.03	0.06
EUR/GBP	0.8425	-0.20	-2.80
GBP/USD	1.3101	0.19	2.92
GBP/EUR	1.1863	0.20	2.88
USD/JPY	141.15	-1.35	0.06
EUR/JPY	155.87	-1.32	0.15

* 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	5.22	5.19	4.18	3.63	3.37
EUR	4.25	3.51	3.46	2.85	2.44	2.29
GBP	5.00	4.91	4.83	4.28	4.08	3.75

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	0.8425
EUR/USD	1.1043
EUR/JPY	155.87
EUR/SEK	11.4287
EUR/DKK	7.462
EUR/NOK	11.9403
EUR/CHF	0.9313
EUR/AUD	1.6583
EUR/HKD	8.6093
EUR/CAD	1.5015

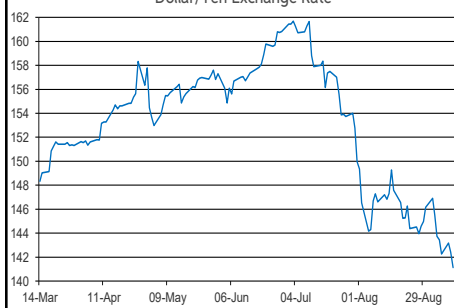
Sterling

GBP/EUR	1.1863
GBP/USD	1.3101
GBP/CAD	1.7817
GBP/NZD	2.1322
GBP/JPY	184.92
GBP/SEK	13.561
GBP/DKK	8.8546
GBP/NOK	14.1656
GBP/CHF	1.105
GBP/AUD	1.9683

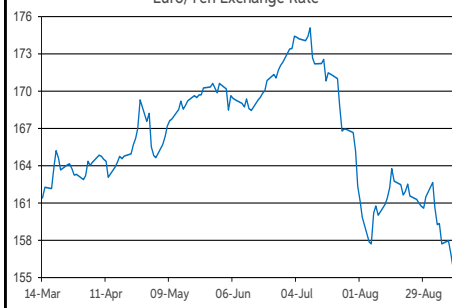
Dollar

USD/JPY	141.15
USD/CAD	1.3597
USD/CHF	0.8431
USD/CNY	7.1112
USD/BRL	5.6633
USD/RUB	90.9
USD/INR	83.952
AUD/USD	0.6655
NZD/USD	0.6143

Dollar/Yen Exchange Rate

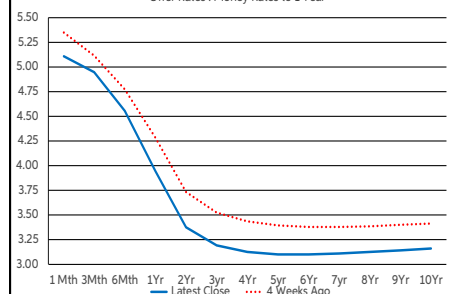


Euro/Yen Exchange Rate



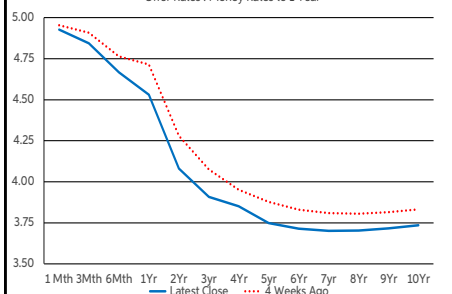
US Swap Curve

Offer Rates : Money Rates to 1 Year



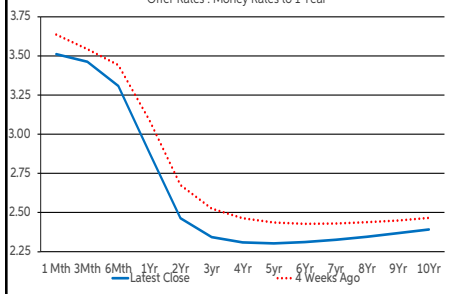
UK Swap Curve

Offer Rates : Money Rates to 1 Year

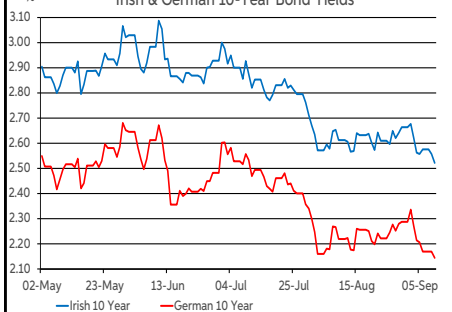


Eurozone Swap Curve

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	3.64	-5	-21	-22
Germany	2.15	-2	-3	+12
UK	3.82	-4	-7	+28
Ireland	2.55	-4	-6	+18
Belgium	2.76	-2	-3	+7
France	2.85	-3	-7	+29
Italy	3.51	-3	-6	-19
Spain	2.97	-3	-6	-3
Portugal	2.77	-3	-4	-1
Greece	3.22	-3	-7	+14

5 Year Swap %				
US	3.36	-6	-27	-43
Eurozone	2.30	-3	-12	-13
UK	3.75	-3	-12	+10

2 Year Swap %				
US	3.63	-8	-34	-70
Eurozone	2.46	-2	-20	-33
UK	4.08	-2	-20	-18

10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-2	-3	+6
Belgium	61	+0	+1	-5
France	70	-1	-4	+17
Italy	137	-1	-3	-31
Spain	82	-1	-3	-15
Portugal	63	-1	-1	-13
Greece	107	-1	-3	+2

Commodities

	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	69.19	-3.69	-14.25	-10.19
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2516.1	+0.43	+2.07	+21.99

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