

## US inflation numbers in focus this week

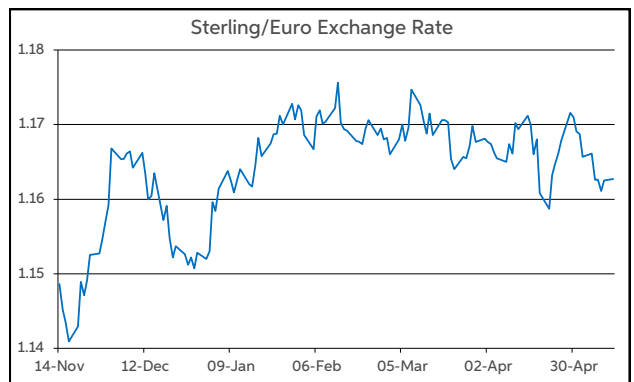
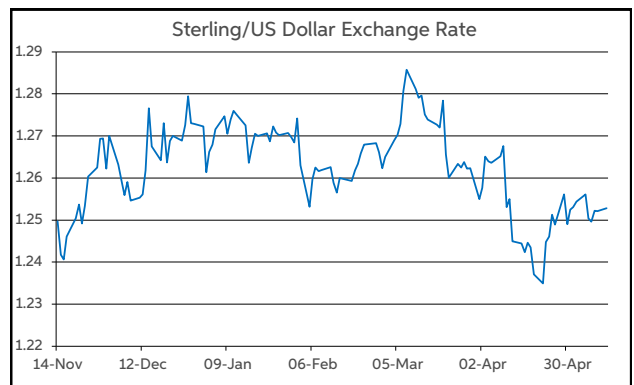
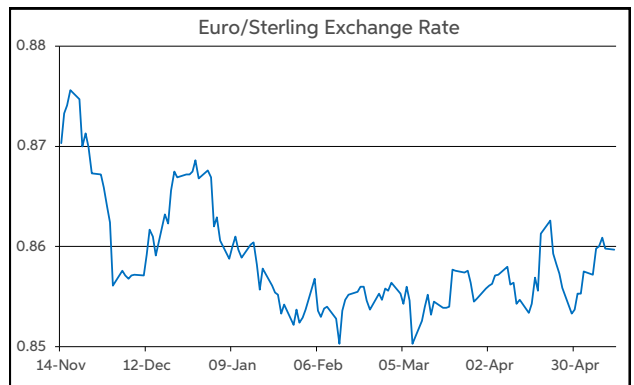
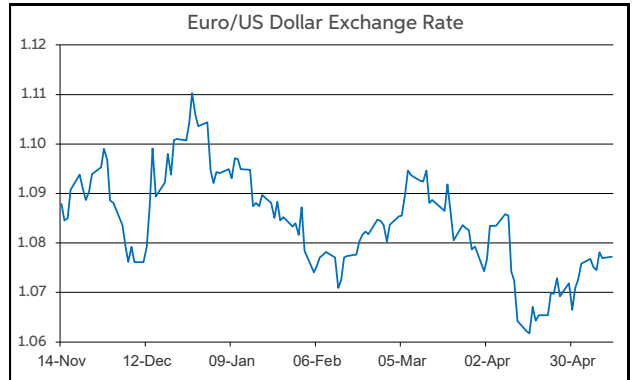
Looking back over the market action last week, investor sentiment was holding a positive tone. This was in part attributed to investors taking comfort from some weakness in recent macro data increasing the prospect of rate cuts from the main central banks over the coming quarters. The 'risk-on' mood was evident in the main equity indices registering strong gains on the week. In Europe, the Euro Stoxx 50 posted a weekly gain of 3.3%. Meanwhile, by the close on Wall Street on Friday night, the S&P 500 was 1.9% higher from where it had started the week.

From a currency viewpoint, trading amongst most of the majors was characterised by narrow ranges. The main event risk was sterling related. However, despite the BoE espousing a dovish tone, there was no noticeable or lasting impact on the UK pound.

Of the FX moves that registered, the yen found itself on the defensive again, with USD/JPY above ¥155 and EUR/JPY up near ¥168. Elsewhere, EUR/USD was confined to a very tight \$1.072-1.079 trading range. The EUR/GBP pair traded in and around the 86p mark for much of the week. Meantime, GBP/USD operated within a \$1.245-1.259 corridor.

Ahead this week, from a dollar viewpoint, there is a busy US data schedule. The highlight being CPI inflation numbers for April. Retail sales and industrial production (both April) updates are also noteworthy releases across the Atlantic. For sterling, there is a raft of labour market data for Q1 due. A batch of BoE speakers will also justify attention to see if they provide any insight on when they view the likely timing of rate cuts. On the euro side, the macro diary over the coming days is quieter. Industrial production (Mar) and the second reading of Q1 GDP feature.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0772	0.00	-2.39
EUR/GBP	0.8598	-0.10	-0.81
GBP/USD	1.2528	0.10	-1.58
GBP/EUR	1.1626	0.10	0.81
USD/JPY	155.85	0.12	10.48
EUR/JPY	167.91	0.11	7.89

\* 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	5.43	5.58	5.42	5.05	4.56
EUR	4.50	3.86	3.82	3.63	3.31	2.89
GBP	5.25	5.19	5.12	4.87	4.79	4.27

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

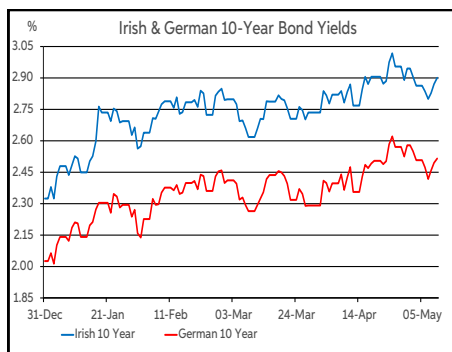
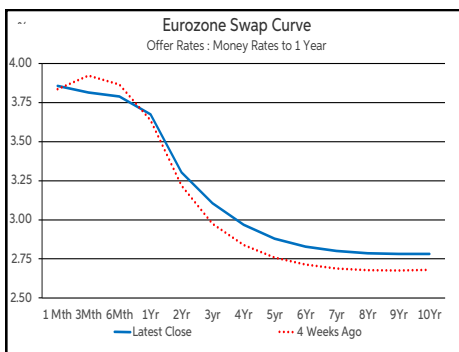
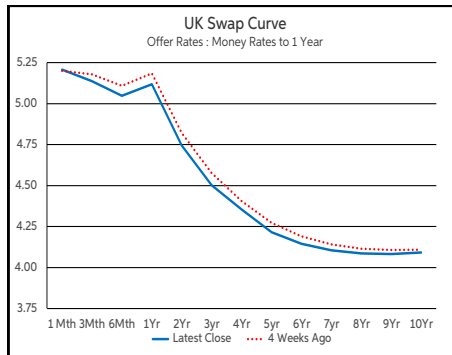
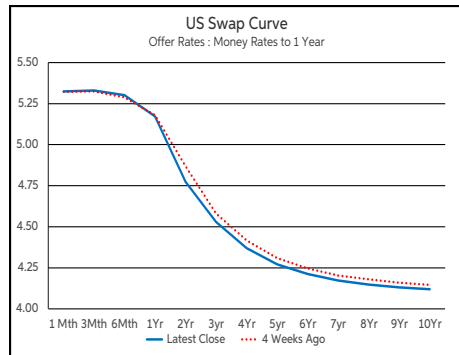
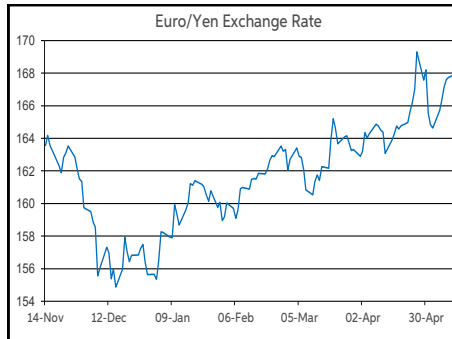
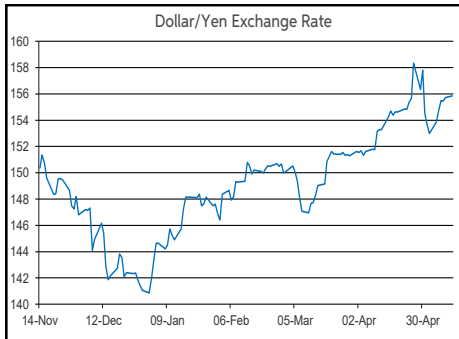
EUR/GBP	0.8596
EUR/USD	1.0772
EUR/JPY	167.91
EUR/SEK	11.6825
EUR/DKK	7.46
EUR/NOK	11.6877
EUR/CHF	0.9765
EUR/AUD	1.6327
EUR/HKD	8.4196
EUR/CAD	1.4738

## Sterling

GBP/EUR	1.1626
GBP/USD	1.2528
GBP/CAD	1.7138
GBP/NZD	2.085
GBP/JPY	195.25
GBP/SEK	13.5835
GBP/DKK	8.674
GBP/NOK	13.5923
GBP/CHF	1.1356
GBP/AUD	1.8988

## Dollar

USD/JPY	155.85
USD/CAD	1.3678
USD/CHF	0.9063
USD/CNY	7.2342
USD/BRL	5.1579
USD/RUB	92.175
USD/INR	83.517
AUD/USD	0.6596
NZD/USD	0.6008



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.50	+5	+0	+64
Germany	2.52	+2	+16	+49
UK	4.17	+2	+3	+63
<b>5 Year Swap %</b>				
US	4.54	+5	-3	+75
Eurozone	2.88	+2	+13	+45
UK	4.22	+1	-5	+56
<b>2 Year Swap %</b>				
US	5.03	+5	-4	+70
Eurozone	3.30	+3	+9	+51
UK	4.75	+3	-7	+48
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	40	+1	-4	+6
Belgium	54	-2	-2	-12
France	50	+0	-1	-3
Italy	134	+0	-5	-33
Spain	79	+1	-4	-17
Portugal	65	+0	-4	-11
Greece	101	-3	+7	-4

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.79	-1.30	-8.47	+7.46
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2360.1	+0.61	+0.71	+14.43

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