

Dollar retains its softer tone

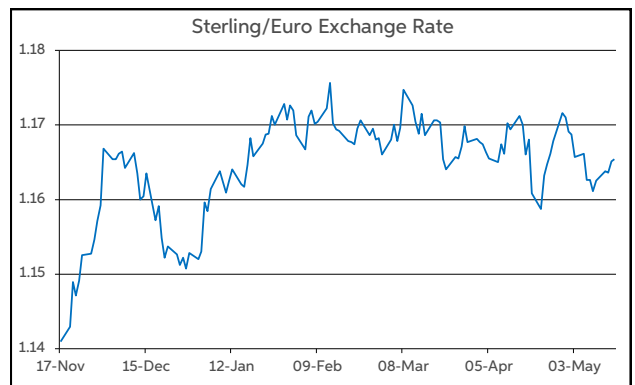
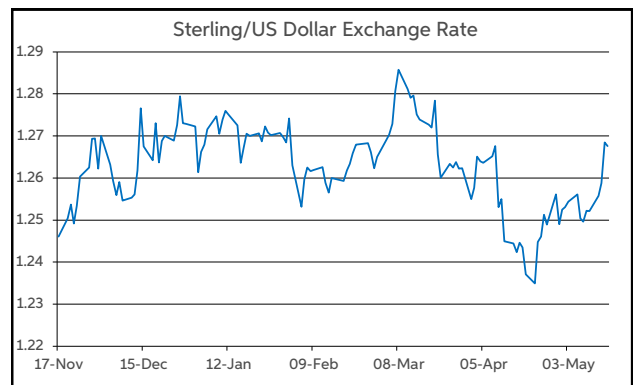
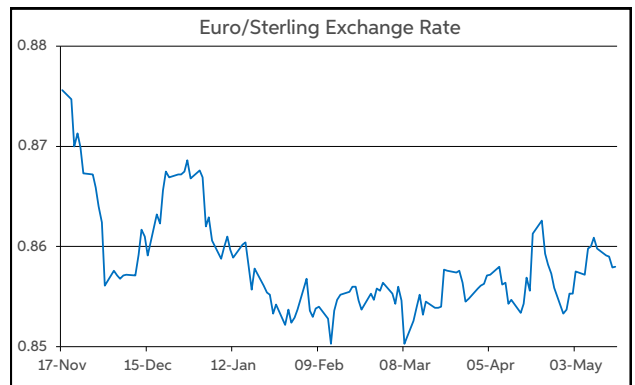
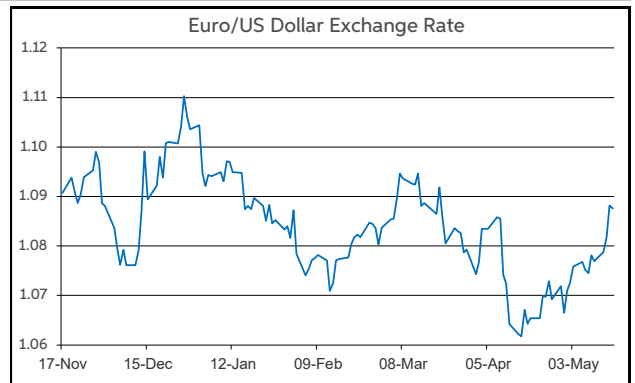
The focus yesterday was on the US macro diary with the release of some key indicators for April. The CPI inflation numbers were the main point of interest. Both headline and core inflation rates were in line with expectations, at 3.4% y/y and 3.6% y/y, respectively, indicating an easing in inflationary 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

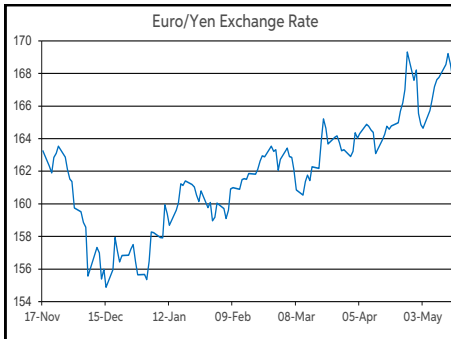
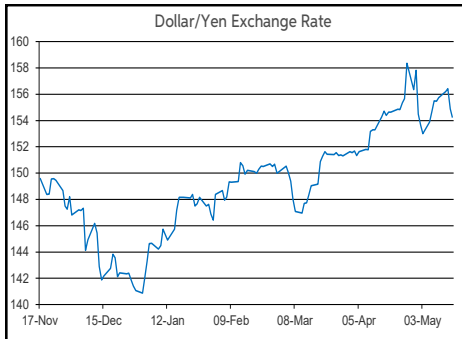
All rates quoted are indicative market rates

See Next Page For More Rates & Charts

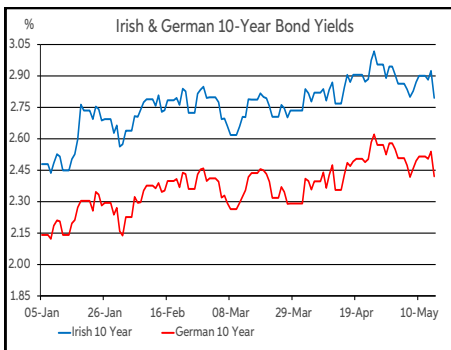
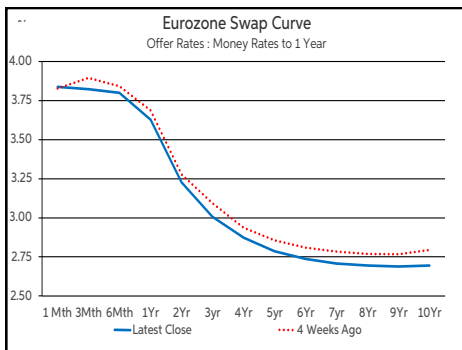
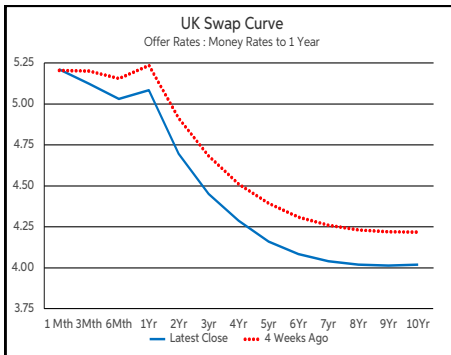
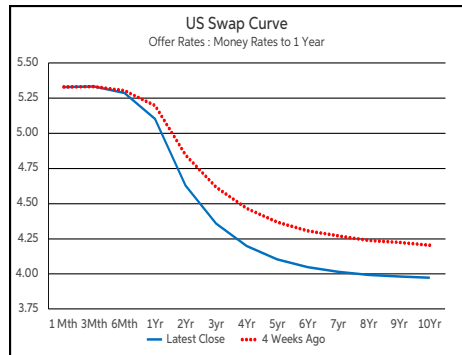
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Euro		Sterling		Dollar	
EUR/GBP	0.858	GBP/EUR	1.1651	USD/JPY	154.22
EUR/USD	1.0876	GBP/USD	1.2676	USD/CAD	1.3618
EUR/JPY	167.76	GBP/CAD	1.7262	USD/CHF	0.9008
EUR/SEK	11.6044	GBP/NZD	2.073	USD/CNY	7.217
EUR/DKK	7.4607	GBP/JPY	195.49	USD/BRL	5.1361
EUR/NOK	11.6218	GBP/SEK	13.5207	USD/RUB	91.015
EUR/CHF	0.98	GBP/DKK	8.6932	USD/INR	83.4975
EUR/AUD	1.6287	GBP/NOK	13.543	AUD/USD	0.6677
EUR/HKD	8.4887	GBP/CHF	1.1422	NZD/USD	0.6113
EUR/CAD	1.4812	GBP/AUD	1.8981		



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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