

US payrolls round out a busy week

In a finely balanced decision, the BoE MPC voted 5:4 in favour of a 25bps rate cut yesterday. In the run up to the announcement, markets were expecting a close call and pricing was slightly leaning towards a rate cut. Meantime, the meeting summary, minutes and press conference offered very little in the way of guidance on the future path of policy.

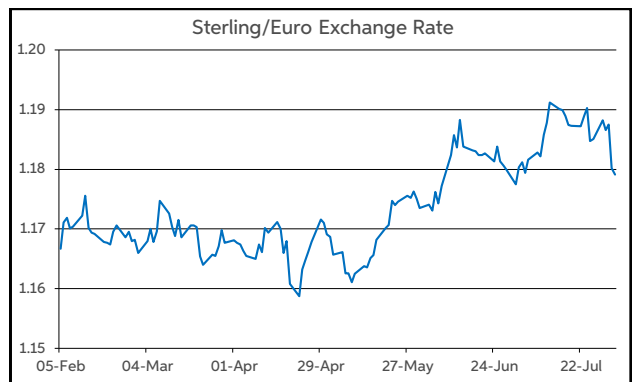
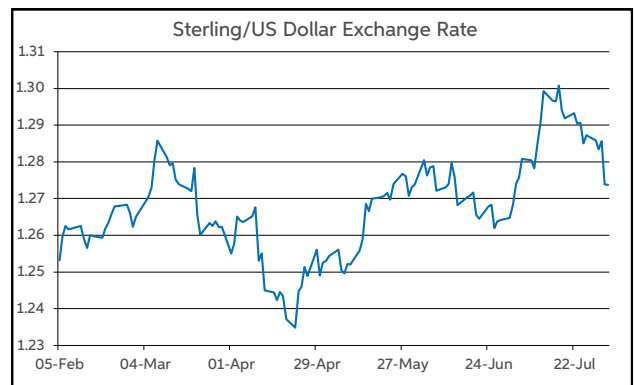
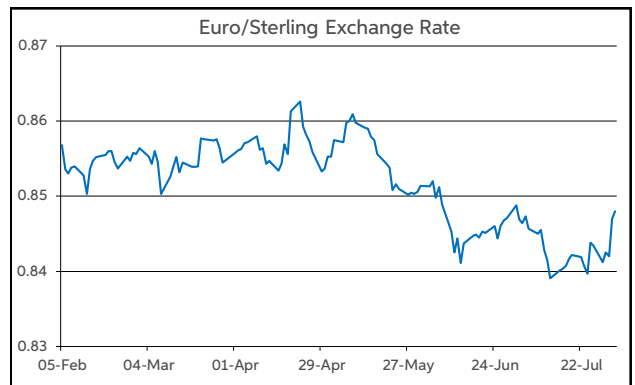
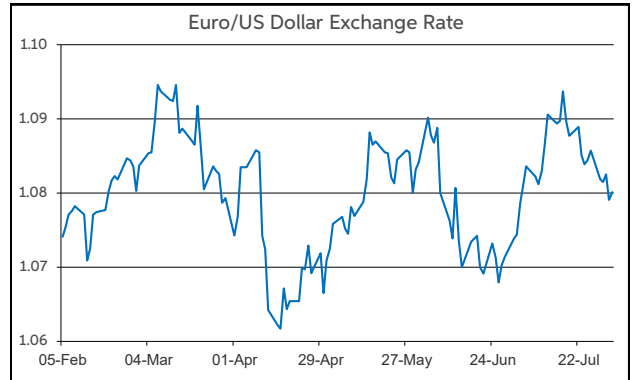
Data-wise, the US manufacturing ISM for July printed well below the consensus of 48.8, falling to 46.8. New orders and employment were quite weak in the month. Meanwhile, US initial jobless claims rose to +249k, their highest level in almost a year. In the Eurozone, the unemployment rate rose to 6.5% in June (vs. 6.4% f'cast).

Amid the BoE decision to cut, and the data misses in the US and Eurozone, there was a softening in market rate expectations yesterday. Around 55bps of policy easing is expected in the Eurozone between now and year end, while rate cuts worth 85bps and 40bps, respectively, are priced in for the US and UK.

Meanwhile, there was a strong risk-off tone to investor sentiment yesterday. The Euro Stoxx 50 shed 2.2%, while the S&P 500 lost 1.4%. Against this backdrop, the dollar was in the ascendancy on currency markets. Elsewhere, sterling was on the defensive. This sees GBP/USD open down in the lower half of \$1.27-1.28. EUR/USD is back at \$1.08. Meantime, EUR/GBP is in the top half of 84-85p.

Today, the US labour market report for July will be the highlight. There have been some signs of softening in the labour market in Q2 and this trend is set to continue. Payrolls are forecast to expand by 175k, down from +206k in June, while the unemployment rate is expected to remain at 4.1%. The release may impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0801	-0.23	-2.13
EUR/GBP	0.848	0.68	-2.17
GBP/USD	1.2738	-0.87	0.07
GBP/EUR	1.1791	-0.67	2.22
USD/JPY	148.9	-0.52	5.56
EUR/JPY	160.85	-0.75	3.35

* 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	5.46	5.50	4.79	4.27	3.82
EUR	4.25	3.63	3.65	3.19	2.76	2.50
GBP	5.25	4.94	4.94	4.50	4.28	3.86

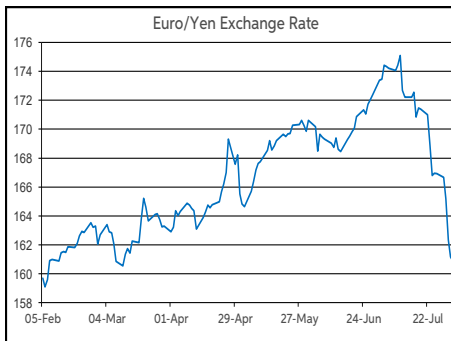
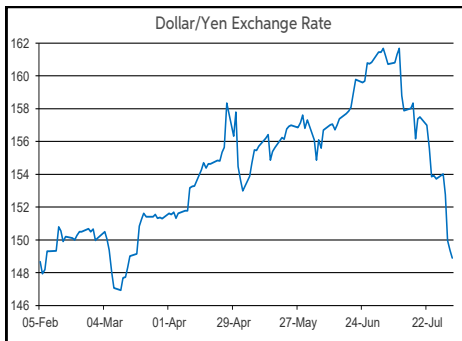
All rates quoted are indicative market rates

See Next Page For More Rates & Charts

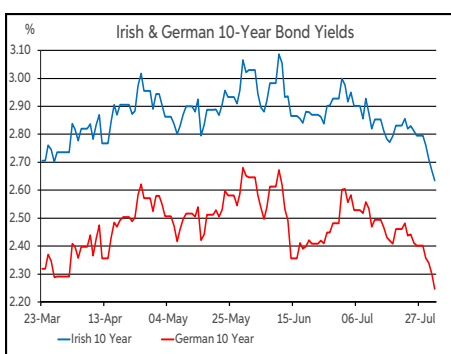
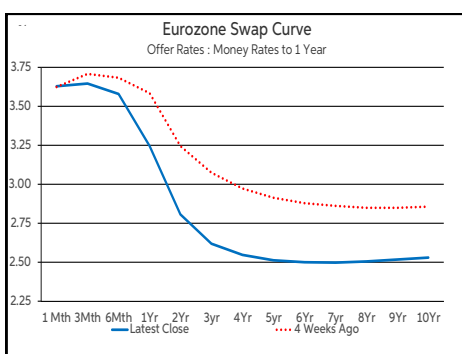
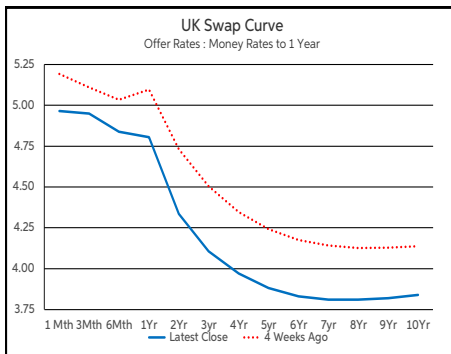
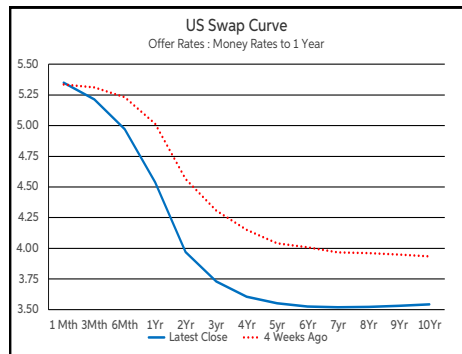
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------



Euro		Sterling		Dollar	
EUR/GBP	0.848	GBP/EUR	1.1791	USD/JPY	148.9
EUR/USD	1.0801	GBP/USD	1.2738	USD/CAD	1.3855
EUR/JPY	160.85	GBP/CAD	1.7648	USD/CHF	0.8718
EUR/SEK	11.563	GBP/NZD	2.1369	USD/CNY	7.2045
EUR/DKK	7.462	GBP/JPY	189.66	USD/BRL	5.7518
EUR/NOK	11.8	GBP/SEK	13.6404	USD/RUB	85.75
EUR/CHF	0.9417	GBP/DKK	8.7987	USD/INR	83.703
EUR/AUD	1.6553	GBP/NOK	13.909	AUD/USD	0.6524
EUR/HKD	8.4395	GBP/CHF	1.1104	NZD/USD	0.596
EUR/CAD	1.4967	GBP/AUD	1.9524		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.98	-13	-37	+12
Germany	2.25	-5	-34	+22
UK	3.89	-8	-31	+35
5 Year Swap %				
US	3.81	-8	-50	+2
Eurozone	2.51	-6	-39	+9
UK	3.88	-11	-36	+23
2 Year Swap %				
US	4.22	-14	-59	-11
Eurozone	2.81	-5	-43	+1
UK	4.34	-14	-39	+7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+3	+3	+9
Belgium	62	+3	+3	-4
France	74	+3	+5	+21
Italy	140	+5	-2	-27
Spain	85	+3	+3	-12
Portugal	65	+2	+1	-11
Greece	108	+3	-1	+3



Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	79.52	-1.49	-9.05	+3.22
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2445.4	-0.11	+3.79	+18.56

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.