

US CPI inflation in focus today

Investor sentiment was holding a cautious tone yesterday. This was evident in equity markets handing back some of their gains from the day before. In Europe, the Euro Stoxx 50 fell by 0.3%. On Wall Street, the S&P 500 was 0.6% lower at the closing bell last night. Meantime, on bond markets, the action was relatively muted. Although, UK Gilt yields continued to trend lower. Elsewhere, oil prices remained on an upward trajectory, with Brent crude trading up to \$92 per barrel.

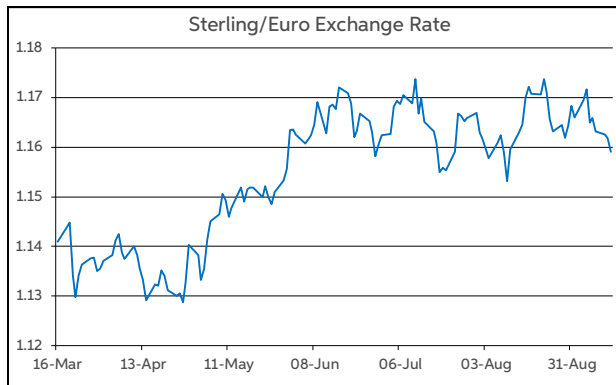
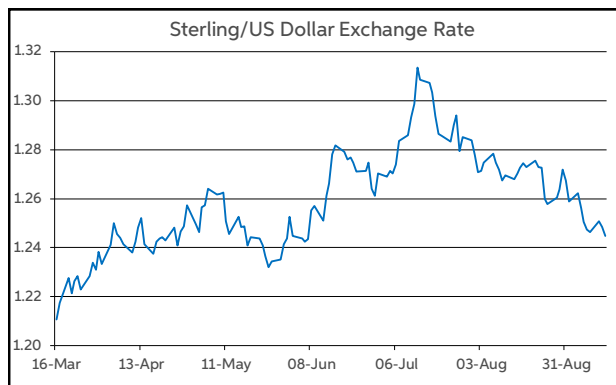
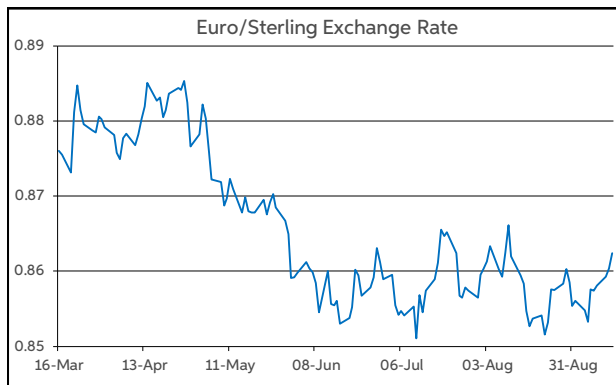
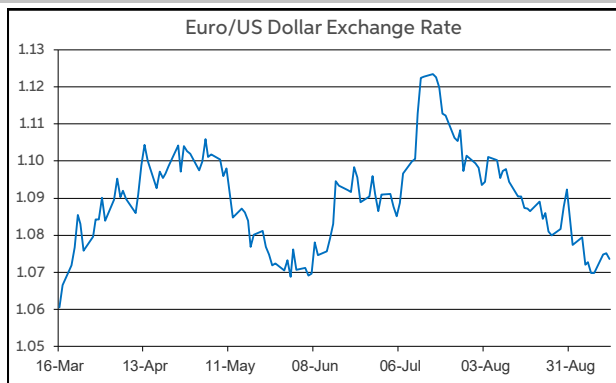
Currency-wise, the main pairs were confined to fairly tight ranges yesterday. This was not overly surprising, as aside from the 7am publication of a batch of UK labour market updates, the remainder of Tuesday's macro diary was generally quiet.

Of the limited FX moves to register over the past 24 hours, sterling is somewhat weaker against the backdrop of lower UK yields. As trading gets underway this morning, EUR/GBP is changing hands above the 86p mark, while GBP/USD is operating below the \$1.25 threshold. Meantime, EUR/USD is in the lower half of \$1.07-1.08.

Today's macro calendar features some important updates. Indeed, already this morning, we have got UK GDP figures for July. The economy contracted by 0.5% in the month, which weaker than expectations for a 0.2% decline. The disappointing GDP data has seen sterling remain on the defensive this morning.

Later today, we get US CPI inflation numbers for August. The data will form a key input into the Fed's policy deliberations at its meeting next week (Sept 19th/20th). The consensus forecast is for headline inflation to accelerate from 3.2% to 3.6%. Meanwhile, the core rate is expected to ease from 4.7% to 4.3%.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2022
EUR/USD	1.0735	-0.02	0.31
EUR/GBP	0.8621	0.45	-2.52
GBP/USD	1.2449	-0.48	2.91
GBP/EUR	1.1593	-0.45	2.59
USD/JPY	147.33	0.41	12.37
EUR/JPY	158.17	0.39	12.74

* 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	5.45	5.67	5.66	5.23	4.52
EUR	4.25	3.66	3.82	4.06	3.78	3.33
GBP	5.25	5.31	5.43	5.64	5.56	5.00

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

Wednesday 13 September 2023
07:19 am



Euro

EUR/GBP	0.8621
EUR/USD	1.0735
EUR/JPY	158.17
EUR/SEK	11.9351
EUR/DKK	7.4597
EUR/NOK	11.4772
EUR/CHF	0.9579
EUR/AUD	1.6764
EUR/HKD	8.4002
EUR/CAD	1.4565

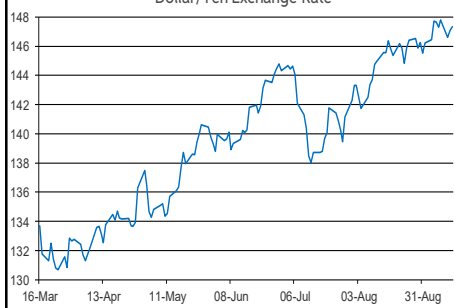
Sterling

GBP/EUR	1.1593
GBP/USD	1.2449
GBP/CAD	1.6891
GBP/NZD	2.1124
GBP/JPY	183.41
GBP/SEK	13.8396
GBP/DKK	8.6487
GBP/NOK	13.303
GBP/CHF	1.1108
GBP/AUD	1.9439

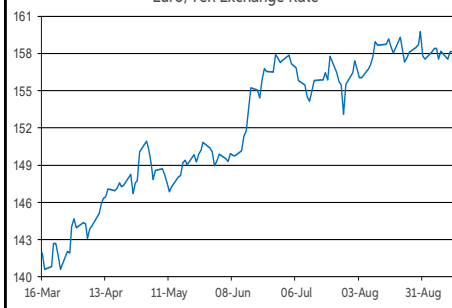
Dollar

USD/JPY	147.33
USD/CAD	1.3568
USD/CHF	0.8923
USD/CNY	7.2821
USD/BRL	4.9469
USD/RUB	94.925
USD/INR	82.928
AUD/USD	0.6403
NZD/USD	0.5891

Dollar/Yen Exchange Rate

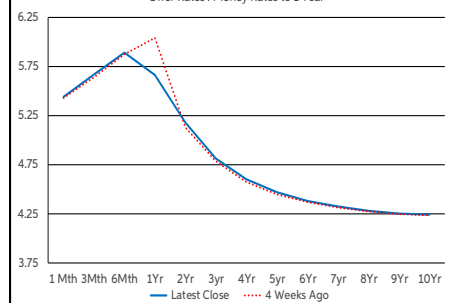


Euro/Yen Exchange Rate



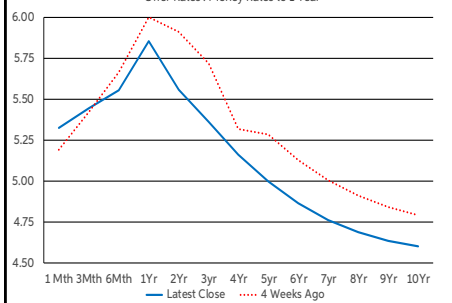
US Swap Curve

Offer Rates : Money Rates to 1 Year



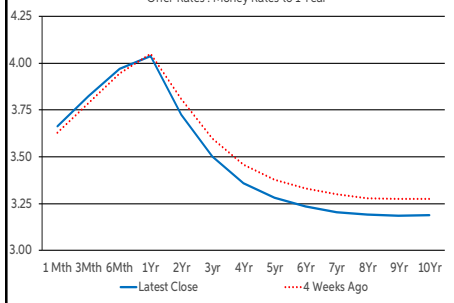
UK Swap Curve

Offer Rates : Money Rates to 1 Year

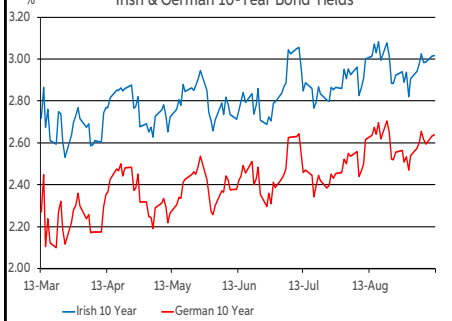


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 22
<i>10 Year Yield %</i>				
US	4.28	-1	+6	+40
Germany	2.64	+1	-4	+8
UK	4.42	-5	-18	+75
Ireland	3.05	+2	-5	-10
Belgium	3.29	+1	-5	+9
France	3.19	+1	-3	+7
Italy	4.41	+1	+5	-29
Spain	3.70	+1	-1	+4
Portugal	3.38	+0	-2	-22
Greece	4.05	+3	+5	-55
<i>5 Year Swap %</i>				
US	4.47	+2	+6	+47
Eurozone	3.28	+2	-9	+5
UK	5.00	-4	-28	+69
<i>2 Year Swap %</i>				
US	5.18	+4	+9	+50
Eurozone	3.72	+3	-7	+34
UK	5.56	-2	-35	+88
<i>10 Year Government Bond Spreads to Benchmark bps</i>				
Ireland	41	+1	-2	-18
Belgium	64	+0	-2	+1
France	55	+1	+0	-0
Italy	177	+1	+9	-37
Spain	106	+1	+3	-3
Portugal	74	-0	+2	-30
Greece	140	+2	+9	-62

Commodities

	% Change			
	Close	Day	4 Weeks	End 22
Brent Oil	92.06	+1.57	+8.45	+7.16
West Texas Oil	88.87	+1.80	+9.63	+10.87
Gold \$	1913.3	-0.44	+0.62	+4.87

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