

Strong US payrolls boost the dollar

There was a marked firming of rate hike expectations last week that saw bond yields jump sharply. However, the main equity indices managed to eke out some modest gains. At the closing bell on Friday, the S&P 500 was up 0.4% on the week.

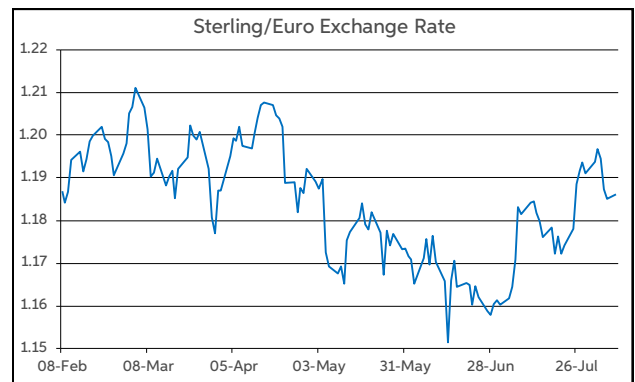
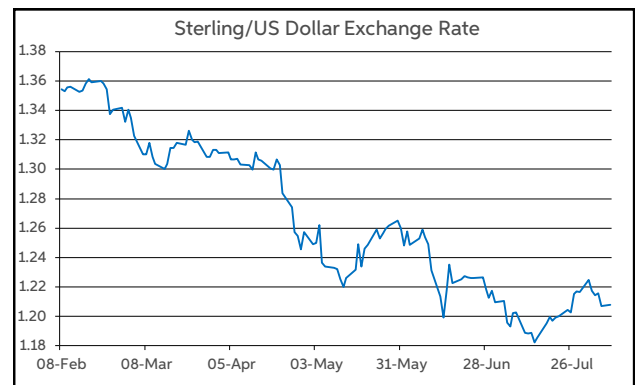
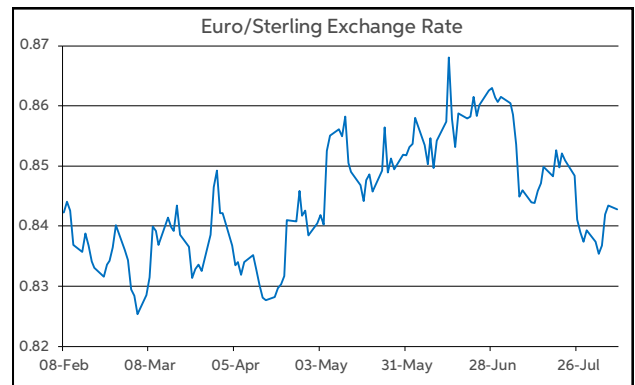
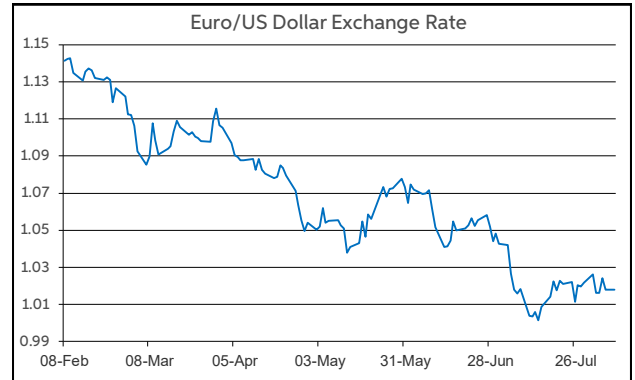
One of the key events of note was the BoE policy setting meeting for August. As expected, the central bank hiked rates by 50bps to 1.75% and retained its bias for further tightening. However, its August edition of the Monetary Policy Report painted a very downbeat outlook for the UK economy, with GDP expected to decline by between 1.0-1.5% in 2023.

From a currency viewpoint, the BoE's pessimistic assessment coincided with a softer tone to sterling. Looking at the FX picture over the full week, the main pairs were confined to fairly tight ranges. The euro was registering some modest gains against the dollar for much of the week. However, Friday's much stronger than expected US non-farm payrolls data for July provided a boost to the dollar heading into the weekend.

As a result, EUR/USD starts this week trading back below the \$1.02 threshold. Meantime, GBP/USD is changing hands below the \$1.21 level. Elsewhere, EUR/GBP opens up above the 84p mark.

The UK economy will remain in the spotlight this week with the release of Q2 GDP. The consensus, as well as the BoE's forecast, is for a 0.2% contraction in the quarter. If the data disappoint versus expectations, it could be unhelpful to sterling given its post-BoE reaction last week. The other main data highlights are US CPI (July), consumer sentiment (Aug) and Eurozone industrial production (Jun).

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.018	-0.52	-10.45
EUR/GBP	0.8427	-0.01	0.32
GBP/USD	1.2077	-0.52	-10.73
GBP/EUR	1.1859	0.01	-0.32
USD/JPY	135.36	1.53	17.62
EUR/JPY	137.81	0.99	5.30

* 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	2.375	2.37	2.87	3.63	3.49	3.00
EUR	0.50	-0.04	0.28	1.05	1.32	1.52
GBP	1.75	1.72	2.08	2.89	3.07	2.72

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

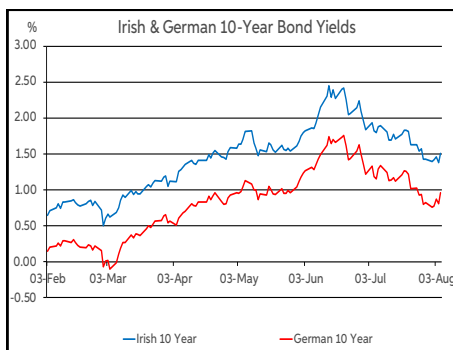
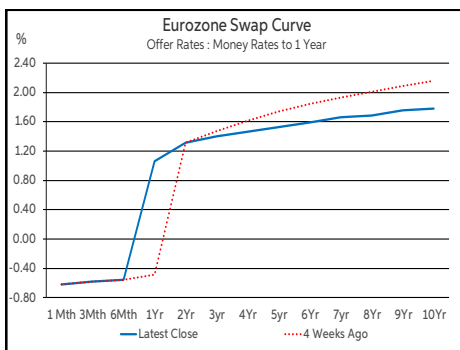
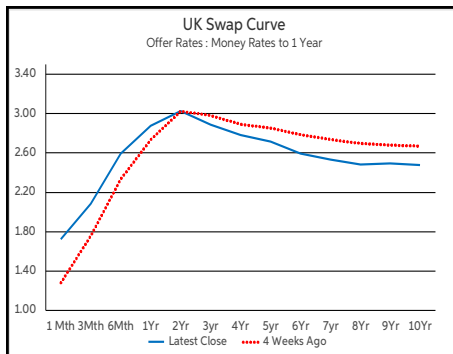
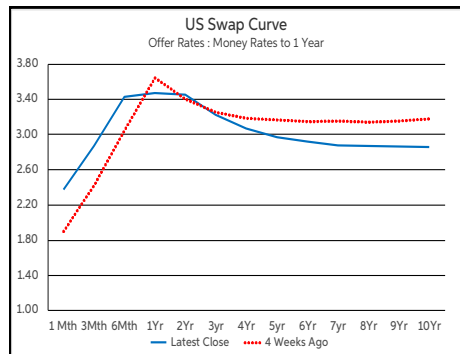
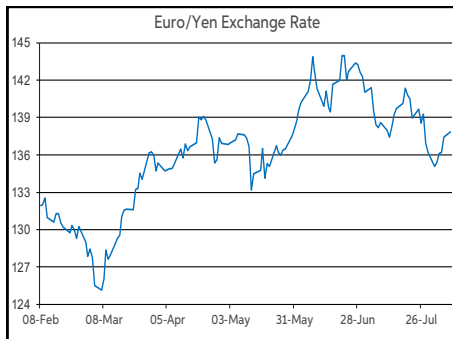
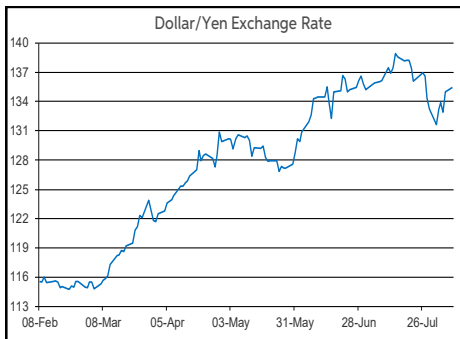
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Monday 08 August 2022
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8427	GBP/EUR	1.1859	USD/JPY	135.36
EUR/USD	1.018	GBP/USD	1.2077	USD/CAD	1.2913
EUR/JPY	137.81	GBP/CAD	1.56	USD/CHF	0.9605
EUR/SEK	10.3763	GBP/NZD	1.9355	USD/CNY	6.761
EUR/DKK	7.441	GBP/JPY	163.47	USD/BRL	5.1646
EUR/NOK	9.9607	GBP/SEK	12.3119	USD/RUB	60.6
EUR/CHF	0.978	GBP/DKK	8.8264	USD/INR	79.595
EUR/AUD	1.4675	GBP/NOK	11.8169	AUD/USD	0.6934
EUR/HKD	7.9913	GBP/CHF	1.1604	NZD/USD	0.6238
EUR/CAD	1.3149	GBP/AUD	1.7414		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.83	+13	-25	+132
Germany	0.96	+15	-39	+114
UK	2.05	+16	-18	+108
5 Year Swap %				
US	2.97	+15	-16	+163
Eurozone	1.53	+16	-20	+152
UK	2.71	+14	-13	+144
2 Year Swap %				
US	3.45	+17	+9	+251
Eurozone	1.32	+12	+2	+162
UK	3.03	+13	+1	+183
10 Year Government Bond Spreads to Benchmark bps				
Ireland	59	-1	-2	+16
Belgium	57	-2	-7	+21
France	53	-2	-0	+16
Italy	206	-7	+4	+70
Spain	108	-2	+1	+31
Portugal	101	-2	-8	+34
Greece	203	-14	-27	+54

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	94.92	+0.85	-11.31	+22.04
West Texas Oil	91.77	+0.53	-14.06	+21.82
Gold \$	1774.2	-0.95	+1.86	-2.97

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