

US CPI the key release this week

There was a rather quiet start to last week on financial markets as investors keenly awaited the US employment report for July on Friday. The report showed that the US labour market added 943k jobs in July, above the 870k consensus. The June payrolls figure was revised higher to 938k from 850k also. Meanwhile the unemployment rate dropped to 5.4% from 5.9%.

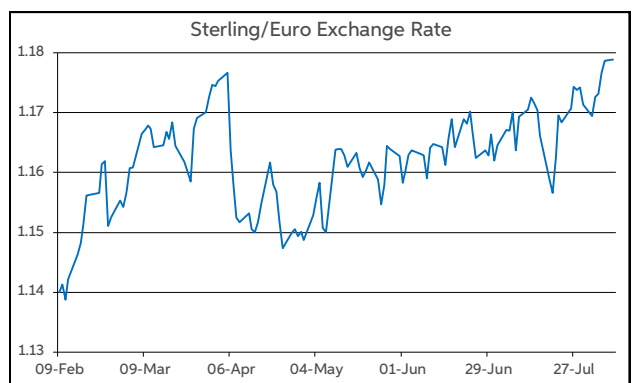
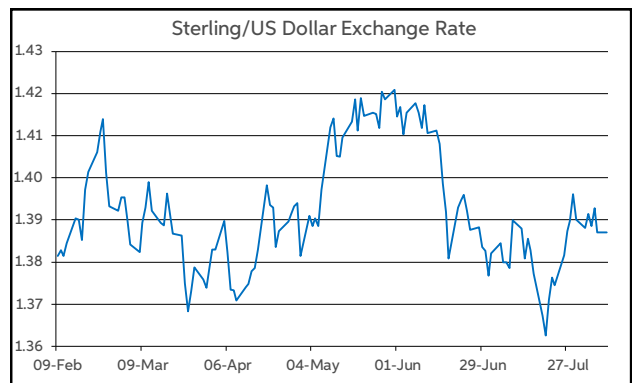
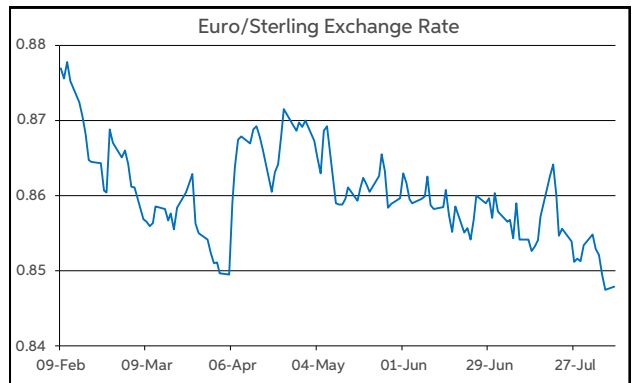
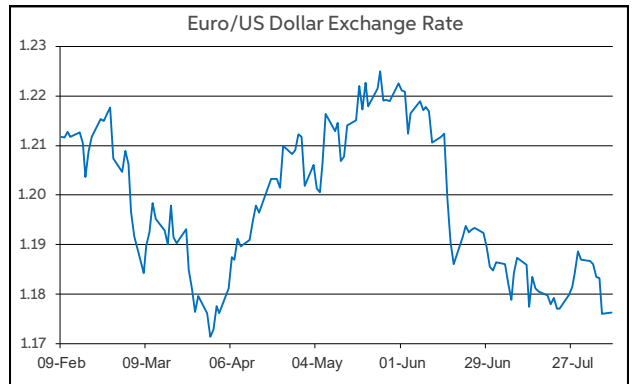
The release resulted in the dollar holding the upper hand on the exchanges, with EUR/USD falling below the \$1.18 mark. The pair rounded out the week near the midpoint of \$1.17-1.18. With conditions in the labour market now improving, the Fed will likely come under increasing pressure to tighten policy sooner.

A higher than expected increase in prices as measured by CPI in the US this week may well result in market chatter regarding Fed QE tapering intensifying further. Thus, the release on Wednesday will garner close attention, and may impact the dollar.

Elsewhere this week, the first reading of Q2 GDP in the UK is due. Output is forecast to increase by 4.8% in the quarter, having contracted by 1.6% in Q1. UK industrial production is due too, and is projected to rise by 0.3% in June. Industrial production for June will also feature in the Eurozone. However, barring any major surprises the data may not impact sterling or the single currency.

In level terms, EUR/USD starts the week near the heart of the \$1.17-1.18 range. EUR/GBP opens this morning below 85p, with sterling having been boosted last week by comments from the BoE about raising rates over the next few years. Meanwhile, GBP/USD is changing hands in the top half of \$1.38-1.39.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1757	-0.56	-3.73
EUR/GBP	0.8478	-0.19	-5.14
GBP/USD	1.3865	-0.40	1.40
GBP/EUR	1.179	0.19	5.41
USD/JPY	110.17	0.34	6.71
EUR/JPY	129.53	-0.24	2.67

* 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	0.125	0.10	0.13	0.15	0.32	0.86
EUR	0.00	-0.56	-0.54	-0.52	-0.49	-0.36
GBP	0.10	0.05	0.07	0.28	0.50	0.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

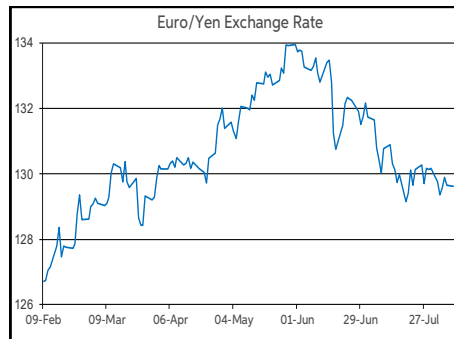
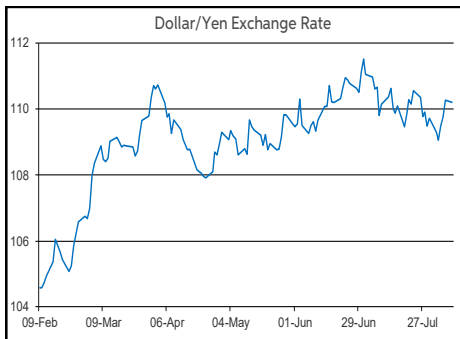
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

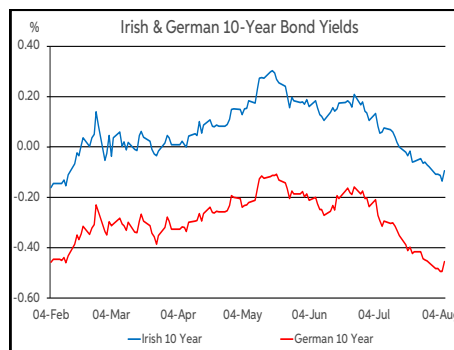
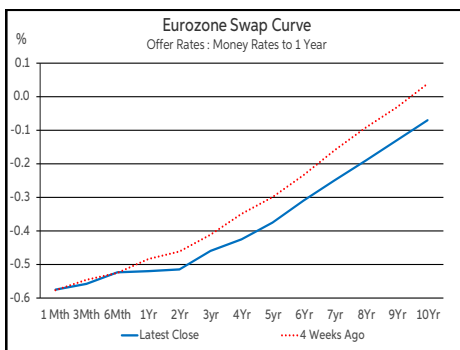
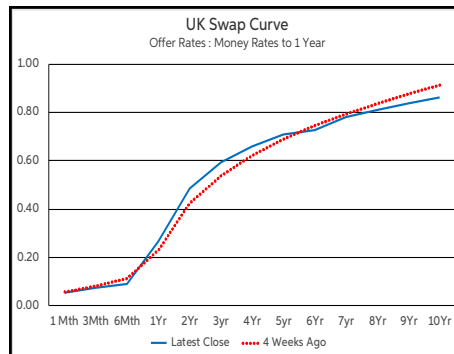
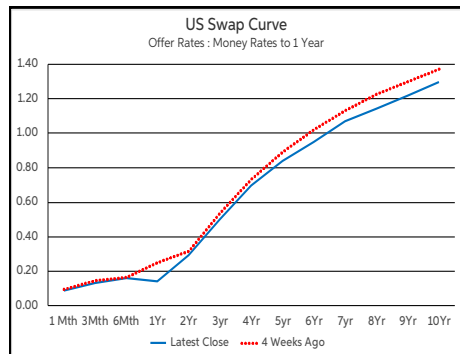
Monday 09 August 2021
07:01 am



Euro		Sterling		Dollar	
EUR/GBP	0.8478	GBP/EUR	1.1792	USD/JPY	110.16
EUR/USD	1.1757	GBP/USD	1.3865	USD/CAD	1.2561
EUR/JPY	129.53	GBP/CAD	1.7423	USD/CHF	0.9149
EUR/SEK	10.1961	GBP/NZD	1.9752	USD/CNY	6.4748
EUR/DKK	7.4365	GBP/JPY	152.74	USD/BRL	5.2301
EUR/NOK	10.4668	GBP/SEK	12.0223	USD/RUB	73.494
EUR/CHF	1.0759	GBP/DKK	8.7692	USD/INR	74.219
EUR/AUD	1.5985	GBP/NOK	12.3401	AUD/USD	0.7354
EUR/HKD	9.1483	GBP/CHF	1.2688	NZD/USD	0.7017
EUR/CAD	1.4767	GBP/AUD	1.885		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 20
10 Year Yield %				
US	1.31	+8	-6	+39
Germany	-0.46	+4	-16	+12
UK	0.61	+9	-5	+42
Ireland	-0.06	+4	-17	+24
Belgium	-0.13	+4	-15	+26
France	-0.12	+4	-17	+23
Italy	0.57	+4	-19	+5
Spain	0.25	+4	-11	+19
Portugal	0.13	+3	-21	+7
Greece	0.55	+2	-20	-8
5 Year Swap %				
US	0.84	+5	-1	+42
Eurozone	-0.38	+1	-7	+8
UK	0.71	+6	+2	+52
2 Year Swap %				
US	0.29	+2	+1	+10
Eurozone	-0.52	-2	-4	+1
UK	0.48	+3	+7	+46
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+0	-1	+12
Belgium	33	-0	+2	+14
France	34	+0	-1	+11
Italy	103	-0	-3	-7
Spain	70	-0	+5	+7
Portugal	59	-1	-4	-5
Greece	100	-2	-4	-20



Commodities				
	Close	Day	% Change	
			4 Weeks	End 20
Brent Oil	70.7	-0.83	-6.42	+36.49
West Texas Oil	68.26	-1.22	-8.45	+41.18
Gold \$	1762.7	-2.29	-2.51	-7.06

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