

## US inflation in focus today

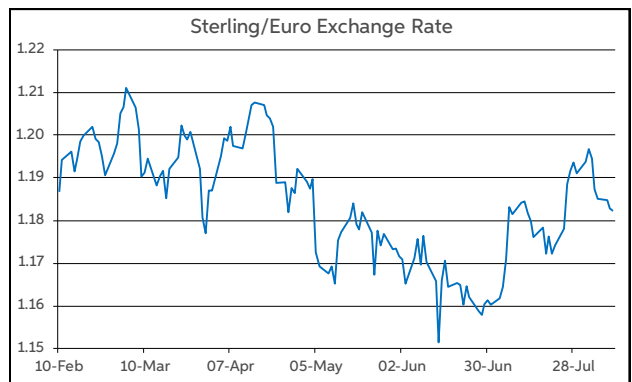
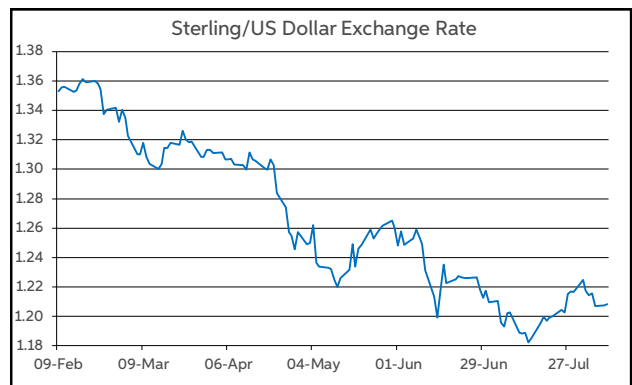
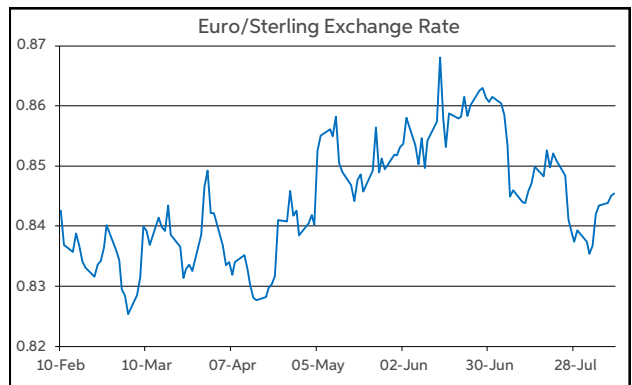
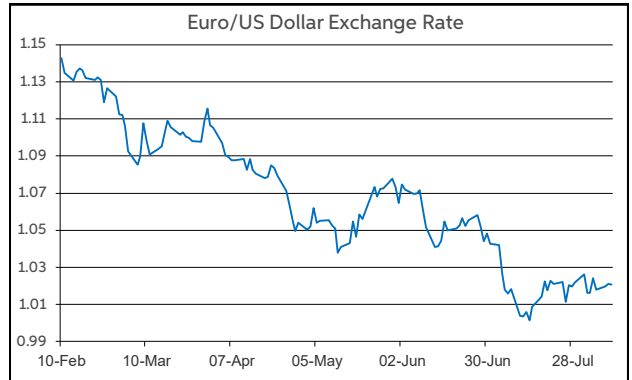
There was a cautious tone to investor sentiment yesterday. This was reflected in the main equity indices registering falls. In Europe, the Euro Stoxx 50 was down 1.1%. Meantime, on Wall Street, the S&P 500 was 0.4% lower at the closing bell last night. Bond yields move higher amid investor caution ahead of today's US inflation report. The main sovereign yields were between 2-4bps higher in terms of 10-year duration.

Data-wise, for a second consecutive day, the macro data schedule was quiet on both sides of the Atlantic. The only release of note was the NFIB measure of US small business sentiment for July. The headline index was only marginally changed. As expected, the release did not garner any market reaction.

From a currency viewpoint, the lack of any top tier macro data or central bank newsflow, meant there was little to provide any directional impact. Instead, similar to Monday, the majors remained confined to tight ranges. As a result, the main pairs open this morning showing very little movement over the past 24 hours. EUR/USD continues to operate just above the \$1.02 threshold. EUR/GBP remains in and around the midpoint of 84-85p. GBP/USD is trading below, but near to \$1.21.

Looking ahead to today, we get the important US CPI inflation data for July. This will receive plenty of attention as it could have a key bearing on whether the Fed hikes by 50bps or 75bps at its next meeting in September. Therefore, depending on how the data prints versus expectations it could be a source of volatility for the dollar. The headline rate is forecast to fall from 9.1% to 8.7%, but the core rate is expected to edge up from 5.9% to 6.1%.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0207	0.15	-10.21
EUR/GBP	0.8453	0.24	0.63
GBP/USD	1.207	-0.12	-10.78
GBP/EUR	1.1821	-0.24	-0.63
USD/JPY	135.05	0.11	17.35
EUR/JPY	137.91	0.28	5.38

\* 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	2.38	2.92	3.66	3.54	3.01
EUR	0.50	-0.03	0.30	1.11	1.37	1.57
GBP	1.75	1.72	2.10	3.03	3.07	2.72

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

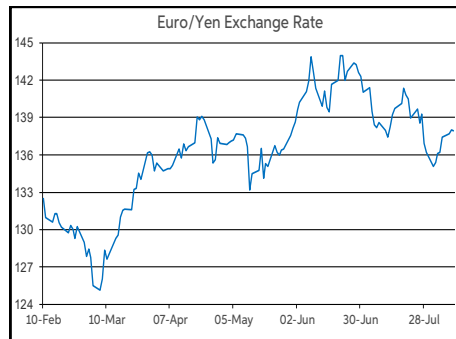
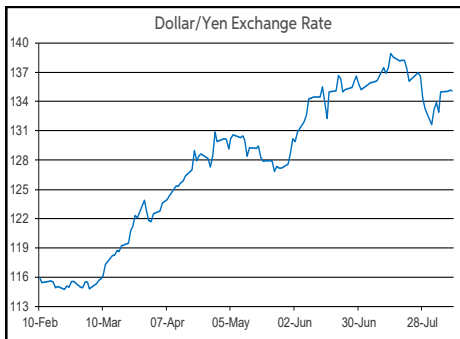
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

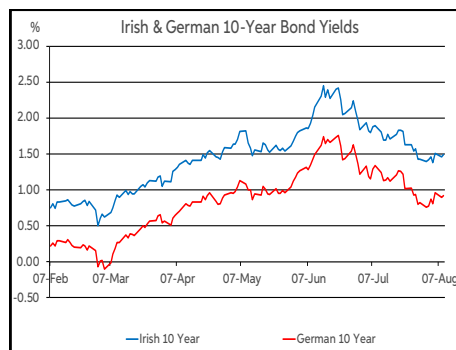
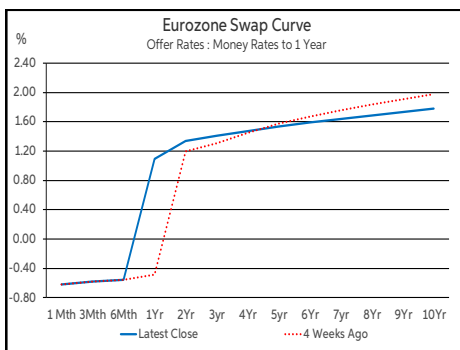
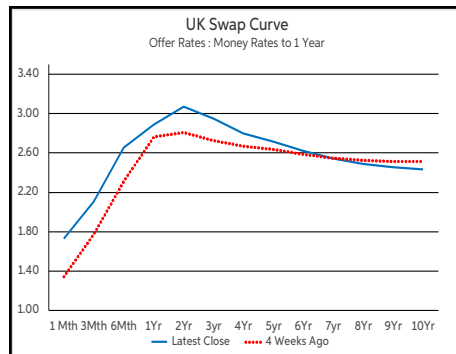
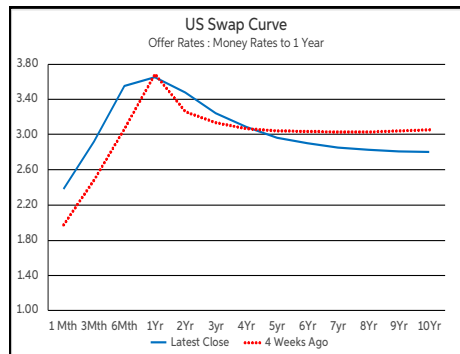
Wednesday 10 August 2022  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8453	GBP/EUR	1.1821	USD/JPY	135.05
EUR/USD	1.0207	GBP/USD	1.207	USD/CAD	1.2892
EUR/JPY	137.91	GBP/CAD	1.5564	USD/CHF	0.9533
EUR/SEK	10.3929	GBP/NZD	1.9214	USD/CNY	6.7574
EUR/DKK	7.4405	GBP/JPY	163.03	USD/BRL	5.1237
EUR/NOK	9.9316	GBP/SEK	12.2888	USD/RUB	60.25
EUR/CHF	0.9731	GBP/DKK	8.797	USD/INR	79.5
EUR/AUD	1.4682	GBP/NOK	11.7456	AUD/USD	0.6948
EUR/HKD	8.0095	GBP/CHF	1.1508	NZD/USD	0.6281
EUR/CAD	1.3161	GBP/AUD	1.7367		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	2.78	+3	-19	+127
Germany	0.92	+3	-21	+110
UK	1.97	+2	-9	+100
<b>Ireland</b>				
Ireland	1.53	+3	-19	+128
Belgium	1.51	+3	-24	+133
France	1.48	+4	-17	+128
Italy	3.06	+2	-14	+187
Spain	2.03	+3	-20	+144
Portugal	1.95	+3	-29	+147
Greece	3.22	+14	-28	+191
<b>5 Year Swap %</b>				
US	2.96	+6	-4	+163
Eurozone	1.54	+3	-3	+152
UK	2.71	+7	+8	+144
<b>2 Year Swap %</b>				
US	3.48	+5	+26	+254
Eurozone	1.34	+4	+15	+164
UK	3.07	+7	+27	+188
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	61	+1	+2	+18
Belgium	59	+1	-3	+23
France	56	+1	+4	+18
Italy	213	-1	+7	+77
Spain	111	+1	+1	+33
Portugal	103	-0	-8	+37
Greece	230	+11	-7	+80



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	96.31	-0.35	-3.20	+23.82
West Texas Oil	93.18	-0.36	-4.62	+23.70
Gold \$	1794.1	+0.31	+3.96	-1.88

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