

UK GDP rises 4.8% in Q2

Equity markets on both sides of the Atlantic continued to edge higher yesterday. The Euro Stoxx 50 gained 0.4%, while at the close on Wall Street, the S&P 500 was up 0.2%. Meanwhile, on currency markets, the main pairs remained tightly range bound, although, the dollar lost some of its recent momentum.

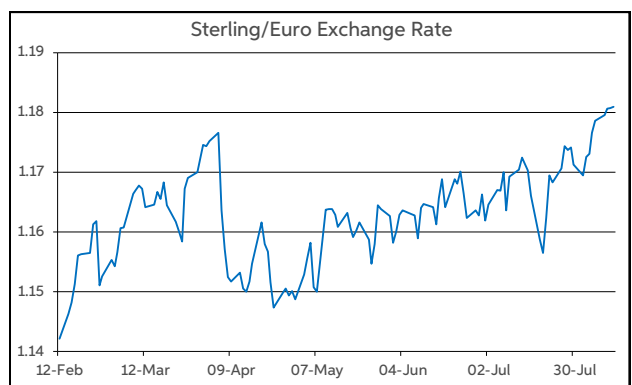
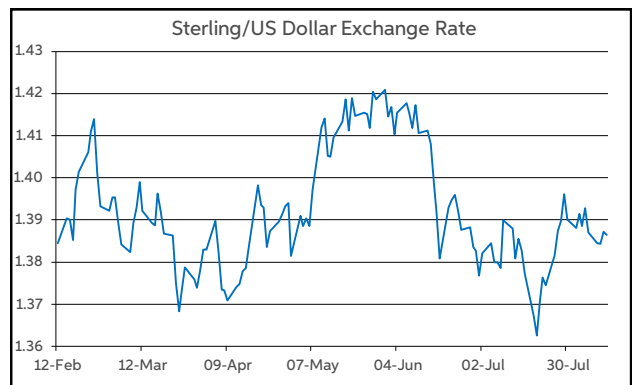
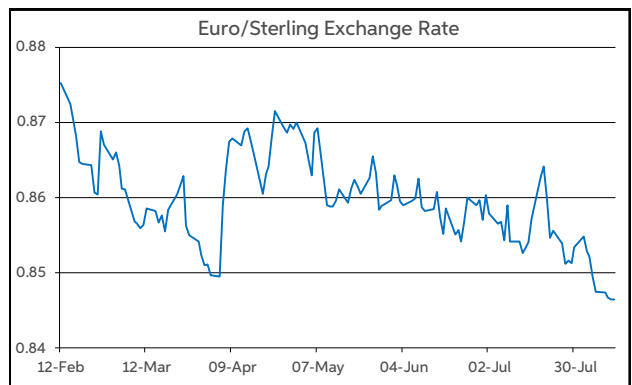
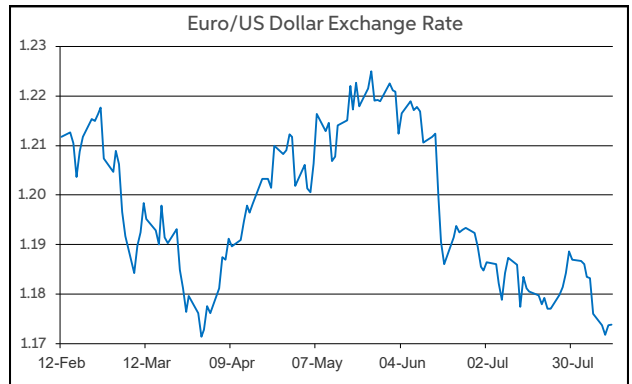
Data-wise, US CPI (July) printed broadly inline with the consensus yesterday. Headline CPI rose by 0.5% in the month, meaning the year-on-year rate was unchanged at 5.4%. The core rate increased by 0.3% in July, resulting in the year-on-year rate inching slightly lower to 4.3%. The release coincided with the dollar holding a softer tone on the exchanges.

Already this morning the first reading of UK GDP for Q2 has been released. Output rose by 1.0% (vs. +0.8% f'cast) in June, lifting the quarterly rate to 4.8% (vs. +4.8% f'cast). This leaves the economy about 4.4% below its pre-Covid peak. Industrial production though, missed the consensus, falling by 0.7% in June (vs. +0.3% f'cast). However, the lagged nature of the data means that it has not impacted sterling so far in early trading.

In level terms, EUR/USD opens this morning, once again in the bottom half of the \$1.17-1.18 range. Meanwhile, EUR/GBP continues to change hands just above the midpoint of 84-85p. Elsewhere, GBP/USD remains within the \$1.38-1.39 corridor.

Turning to the day ahead, Eurozone industrial production (June) is the only release of note. Production is projected to fall by 0.2% in the month, owing to supply shortages in the manufacturing sector. However, barring any major surprises the release is unlikely to impact the euro.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1738	0.19	-3.89
EUR/GBP	0.8465	-0.08	-5.28
GBP/USD	1.3864	0.26	1.40
GBP/EUR	1.181	0.08	5.58
USD/JPY	110.38	-0.26	6.92
EUR/JPY	129.58	-0.07	2.71

* 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	0.12	0.15	0.32	0.89
EUR	0.00	-0.56	-0.55	-0.53	-0.49	-0.37
GBP	0.10	0.05	0.07	0.28	0.50	0.70

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

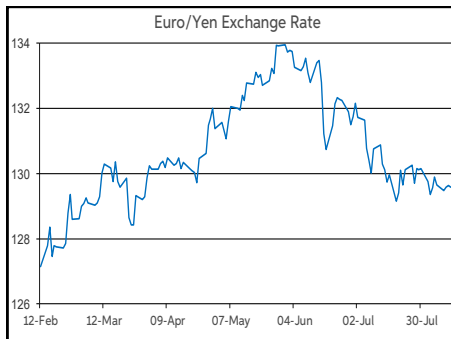
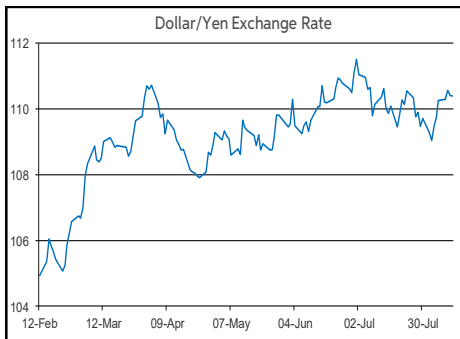
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

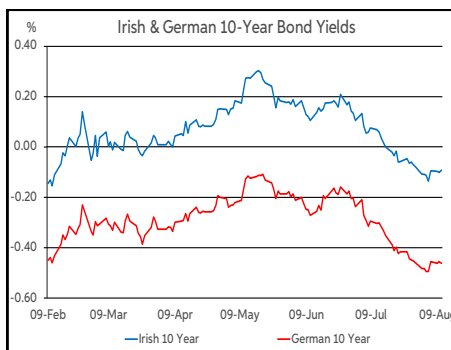
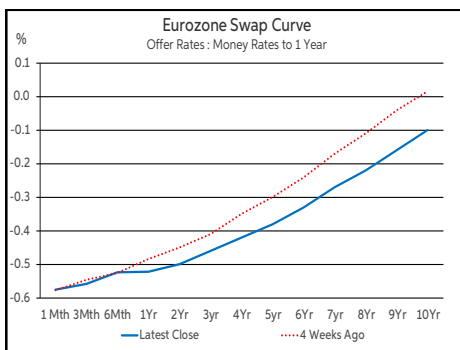
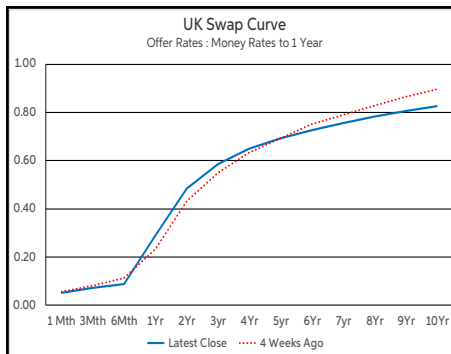
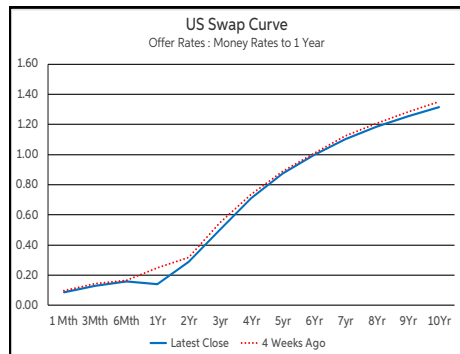
Thursday 12 August 2021
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8465	GBP/EUR	1.181	USD/JPY	110.38
EUR/USD	1.1738	GBP/USD	1.3864	USD/CAD	1.2512
EUR/JPY	129.58	GBP/CAD	1.735	USD/CHF	0.9216
EUR/SEK	10.1938	GBP/NZD	1.9719	USD/CNY	6.4771
EUR/DKK	7.4366	GBP/JPY	153.03	USD/BRL	5.2185
EUR/NOK	10.4051	GBP/SEK	12.0378	USD/RUB	73.4495
EUR/CHF	1.0818	GBP/DKK	8.7839	USD/INR	74.28
EUR/AUD	1.5944	GBP/NOK	12.2837	AUD/USD	0.7361
EUR/HKD	9.1323	GBP/CHF	1.2776	NZD/USD	0.7029
EUR/CAD	1.4685	GBP/AUD	1.8835		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.34	-2	-1	+42
Germany	-0.46	-1	-15	+12
UK	0.57	-2	-6	+38
Ireland	-0.06	+1	-13	+25
Belgium	-0.14	+0	-13	+25
France	-0.12	+1	-14	+22
Italy	0.57	+2	-15	+5
Spain	0.25	+1	-7	+19
Portugal	0.13	+1	-16	+7
Greece	0.55	+1	-15	-8
5 Year Swap %				
US	0.87	-2	+2	+45
Eurozone	-0.38	-1	-7	+8
UK	0.69	-2	+0	+50
2 Year Swap %				
US	0.29	-2	+0	+10
Eurozone	-0.50	+0	-4	+3
UK	0.48	-1	+6	+46
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	+2	+2	+13
Belgium	32	+1	+2	+13
France	34	+1	+1	+11
Italy	103	+3	+0	-7
Spain	71	+2	+8	+8
Portugal	59	+2	-1	-4
Greece	101	+2	+0	-19



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	71.44	+1.15	-4.44	+37.92
West Texas Oil	69.3	+1.42	-5.15	+43.33
Gold \$	1751.6	+1.32	-4.13	-7.64

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