

US inflation under the spotlight today

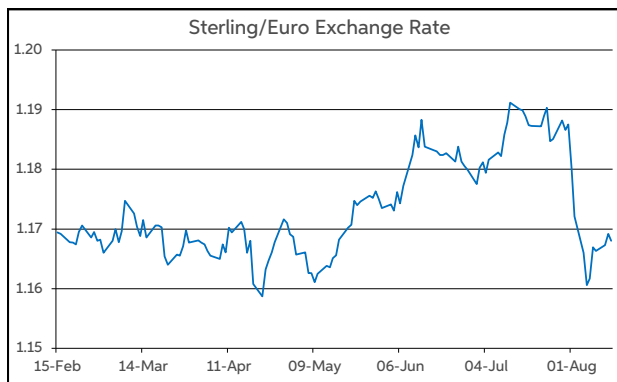
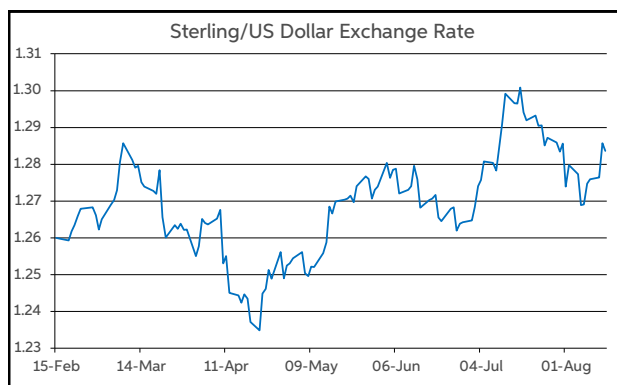
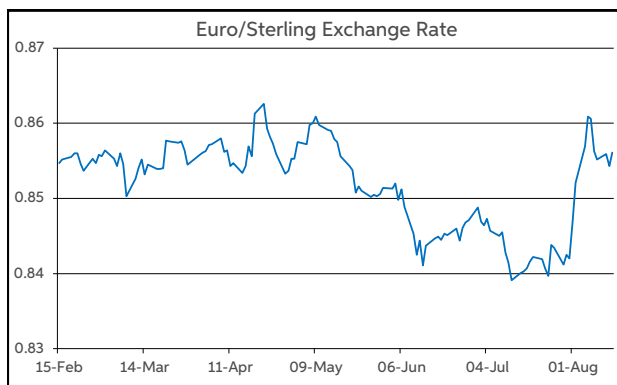
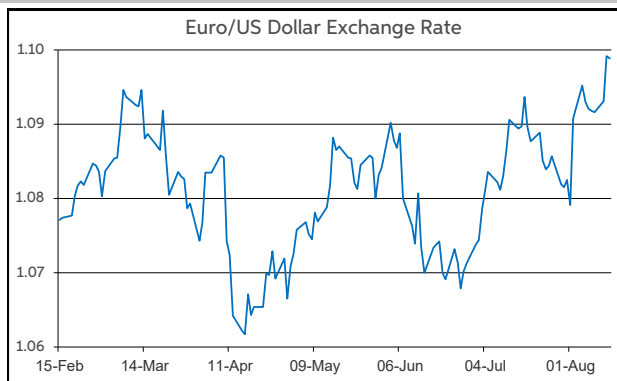
Investor sentiment rebounded yesterday after being on the defensive for much of last week. This was reflected in gains on the main equity indices on both sides of the Atlantic. In Europe, the Euro Stoxx 50 was up by 0.5%. At the closing bell on Wall Street last night, the S&P 500 was 1.7% higher on the day. On bond markets, the action yesterday was characterised by lower yields. The 10-year US Treasury yield moved below the 3.9% threshold as US producer price inflation printed lower than expected. Meanwhile, the 10-year German Bund yield fell below 2.2%.

From a currency viewpoint, the main pairs were confined to fairly narrow ranges yesterday. Sterling started the day with some upward momentum following UK labour market updates (which showed higher than expected jobs growth and a slowing in wage growth). At the same time, the dollar experienced a softer tone amid the improvement in risk appetite and lower US yields.

Overall, the dollar has given up some modest ground to some of the other majors over the past 24 hours. In level terms, EUR/USD has edged up near to the \$1.10 threshold, while GBP/USD is above the \$1.28 level. Meantime, EUR/GBP continues to trade in and around the midpoint of 85-86p.

Today's macro diary has an inflation theme to it. Already this morning, UK CPI data shows the headline rate at 2.2% in July (f'cast for 2.3%). The key focus today though will be the US July CPI inflation numbers this afternoon. The top line rate is expected to remain at 3.0%, while the core rate is forecasted at 3.2% (from 3.3%). The data pose some event risk for the dollar. If you recall, the June CPI update was softer than expected and put some downward pressure on the currency.

John Fahey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0989	0.46	-0.43
EUR/GBP	0.8561	0.01	-1.23
GBP/USD	1.2836	0.45	0.84
GBP/EUR	1.168	-0.01	1.25
USD/JPY	147.06	-0.45	4.25
EUR/JPY	161.6	0.00	3.84

* 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	5.38	4.55	4.01	3.68
EUR	4.25	3.63	3.55	3.07	2.67	2.44
GBP	5.00	4.94	4.89	4.46	4.28	3.88

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 14 August 2024
07:22 am



Euro

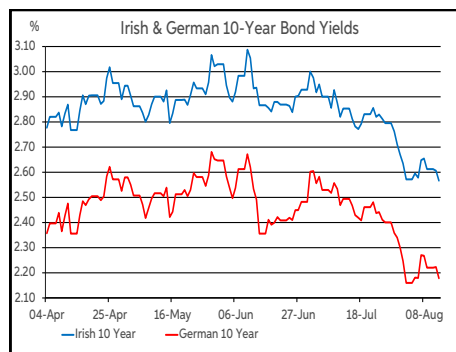
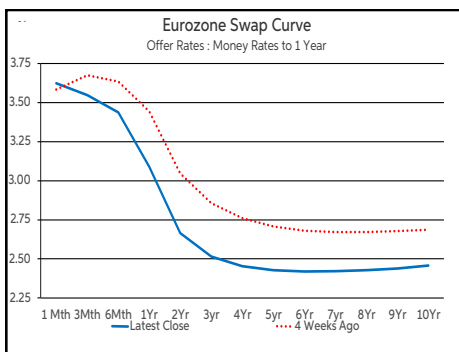
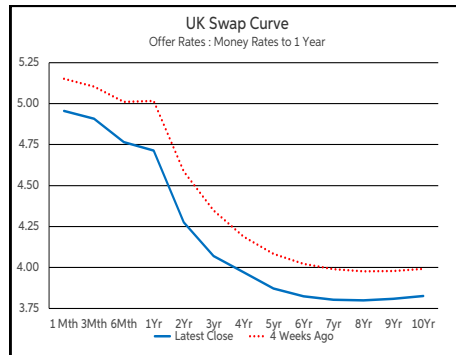
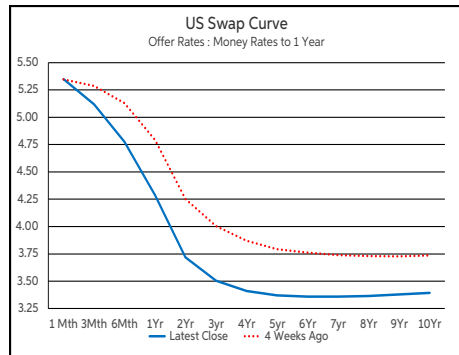
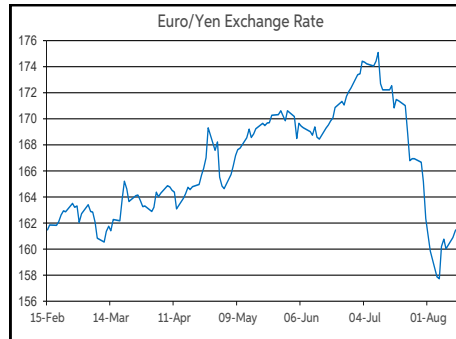
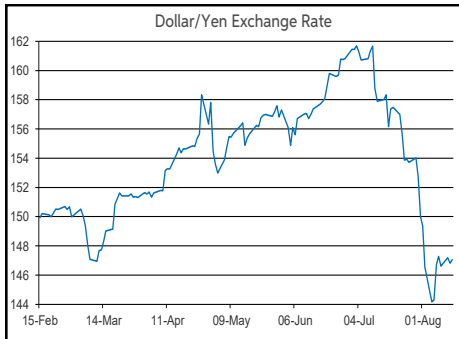
EUR/GBP	0.8561
EUR/USD	1.0989
EUR/JPY	161.6
EUR/SEK	11.5081
EUR/DKK	7.4619
EUR/NOK	11.8019
EUR/CHF	0.9505
EUR/AUD	1.6577
EUR/HKD	8.5604
EUR/CAD	1.5073

Sterling

GBP/EUR	1.168
GBP/USD	1.2836
GBP/CAD	1.7606
GBP/NZD	2.1336
GBP/JPY	188.77
GBP/SEK	13.4484
GBP/DKK	8.7161
GBP/NOK	13.784
GBP/CHF	1.1102
GBP/AUD	1.9363

Dollar

USD/JPY	147.06
USD/CAD	1.3717
USD/CHF	0.865
USD/CNY	7.149
USD/BRL	5.4568
USD/RUB	91.5
USD/INR	83.93
AUD/USD	0.6628
NZD/USD	0.6015



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.85	-5	-31	-1
Germany	2.18	-4	-25	+15
UK	3.89	-3	-16	+35
5 Year Swap %				
US	3.62	-7	-41	-17
Eurozone	2.43	-4	-28	-0
UK	3.87	-3	-21	+22
2 Year Swap %				
US	3.97	-10	-53	-37
Eurozone	2.67	-5	-38	-13
UK	4.28	-4	-31	+1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	+0	+5	+9
Belgium	60	-1	+3	-6
France	74	-0	+9	+21
Italy	139	-2	+12	-28
Spain	85	-1	+8	-12
Portugal	63	-0	+5	-13
Greece	110	-2	+12	+5

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	80.69	-1.96	-3.63	+4.74
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2465.0	-0.29	-0.14	+19.51

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