

Markets more reactive to data

Investor sentiment was holding a positive tone for much of last week. This was reflected in solid gains on equity markets. A key factor behind the improvement in risk appetite was inflation data from the US economy.

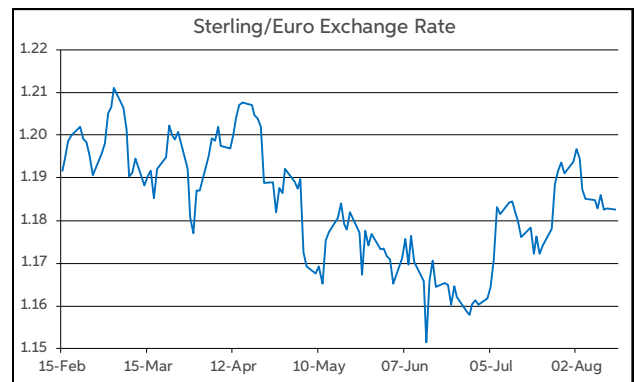
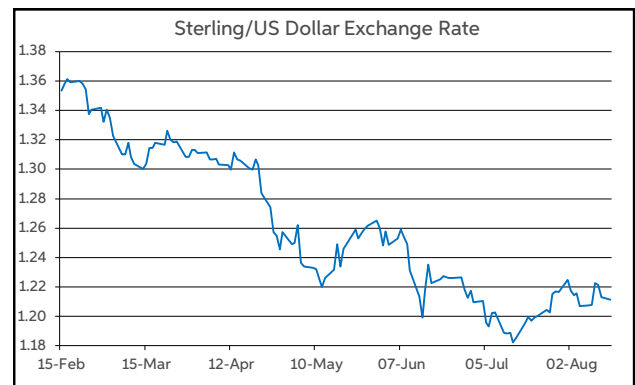
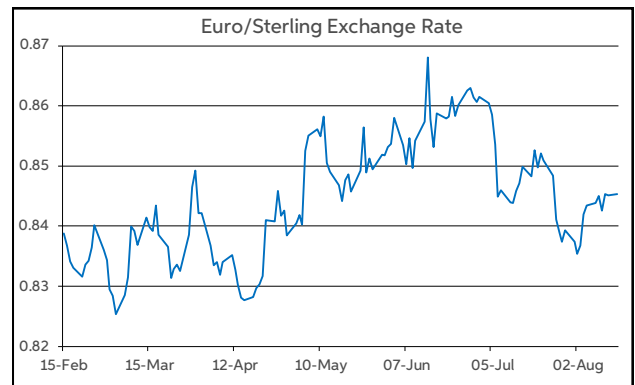
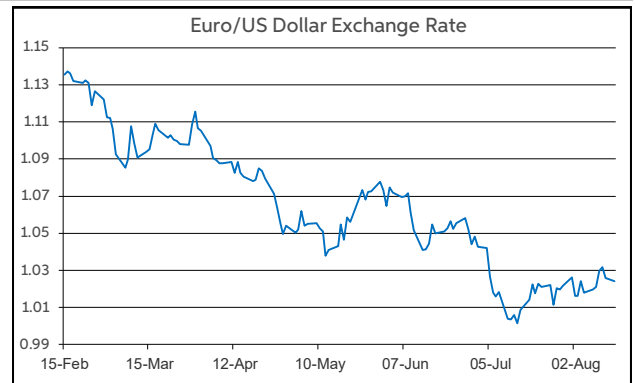
The data showed an unexpected easing in inflation in July for both the consumer and producer sides of the economy. This included the headline CPI rate falling to 8.5% down from 9.1%. Accelerating inflation from already elevated levels and the associated sharp rise in rates from the Fed has been a significant concern/headwind to market sentiment since the start of the year.

From a currency viewpoint, the data also had a dampening impact on the dollar. EUR/USD traded to a high of \$1.0368 in the immediate aftermath of the CPI data. However, there were a number of Fed officials speaking following the CPI release, espousing a hawkish tone and cautioning against reading too much into one month's data. Thus, markets still continue to expect US rates to rise to above 3.5%.

This helped to mitigate the downward pressure on the dollar. As a result, EUR/USD moved back down below \$1.03 and starts this week below this level, in the lower half of \$1.02-1.03. Elsewhere, EUR/GBP was confined to a tight range in and around the midpoint of 84-85p and the pair opens this morning at this mark.

Looking ahead to this week, there is a busy UK data diary, which includes a raft of labour market metrics, retail sales and CPI inflation. In the US, retail sales are the main highlight of note. The Eurozone schedule features the second reading of both Q2 GDP and July HICP.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0243	-0.71	-9.90
EUR/GBP	0.8453	-0.12	0.63
GBP/USD	1.2115	-0.59	-10.45
GBP/EUR	1.1826	0.12	-0.63
USD/JPY	133.23	-0.01	15.77
EUR/JPY	136.48	-0.72	4.29

* 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	2.39	2.92	3.65	3.55	3.01
EUR	0.50	-0.04	0.33	1.13	1.41	1.60
GBP	1.75	1.72	2.15	3.07	3.19	2.82

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

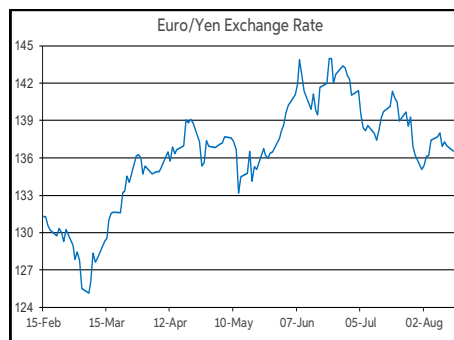
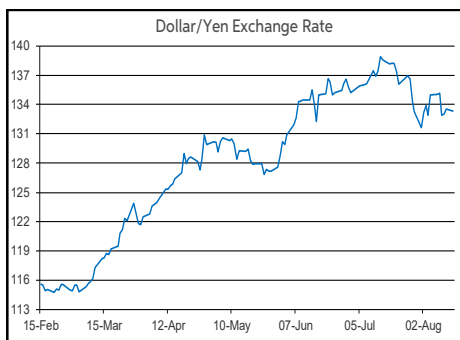
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

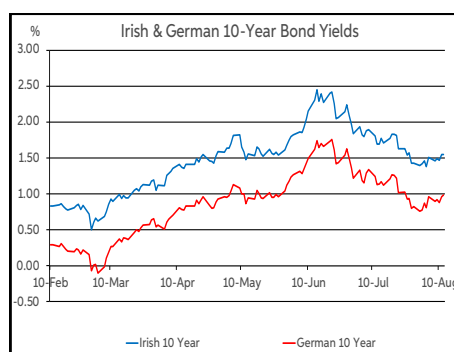
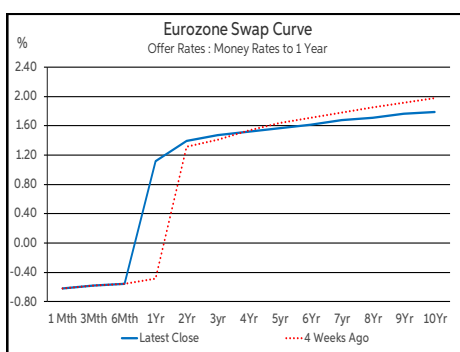
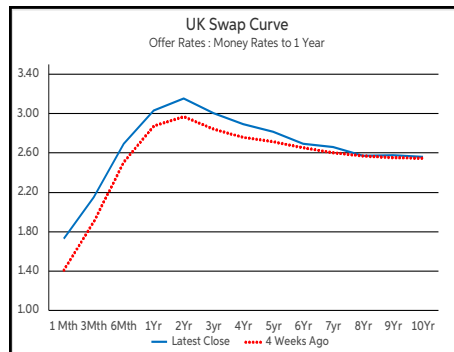
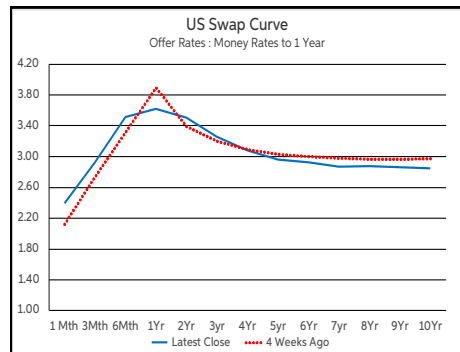
Monday 15 August 2022
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8453	GBP/EUR	1.1826	USD/JPY	133.23
EUR/USD	1.0243	GBP/USD	1.2115	USD/CAD	1.2798
EUR/JPY	136.48	GBP/CAD	1.5504	USD/CHF	0.9423
EUR/SEK	10.4771	GBP/NZD	1.8881	USD/CNY	6.7607
EUR/DKK	7.4382	GBP/JPY	161.41	USD/BRL	5.0713
EUR/NOK	9.838	GBP/SEK	12.394	USD/RUB	60.7
EUR/CHF	0.965	GBP/DKK	8.7946	USD/INR	79.606
EUR/AUD	1.4454	GBP/NOK	11.6331		
EUR/HKD	8.026	GBP/CHF	1.1416	AUD/USD	0.7086
EUR/CAD	1.311	GBP/AUD	1.7093	NZD/USD	0.6415



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.84	-5	-9	+133
Germany	0.99	+2	-14	+117
UK	2.12	+6	+3	+114
Ireland	1.60	+1	-15	+135
Belgium	1.58	+1	-19	+140
France	1.55	+2	-11	+135
Italy	3.07	+4	-30	+188
Spain	2.11	+3	-18	+151
Portugal	2.01	+4	-29	+152
Greece	3.23	+6	-29	+192
5 Year Swap %				
US	2.96	-4	-3	+163
Eurozone	1.56	+1	-7	+155
UK	2.82	+6	+10	+154
2 Year Swap %				
US	3.50	+2	+15	+256
Eurozone	1.40	+4	+9	+170
UK	3.15	+7	+19	+196
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	-1	-1	+18
Belgium	59	-1	-5	+23
France	56	-1	+3	+19
Italy	208	+2	-16	+71
Spain	112	+1	-5	+34
Portugal	102	+2	-16	+35
Greece	224	+4	-15	+75



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	98.15	-1.46	-2.98	+26.19
West Texas Oil	94.86	-2.23	-4.75	+25.93
Gold \$	1801.8	+0.69	+5.56	-1.46

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