

Disappointing macro newsflow

There was a generally cautious tone to market sentiment for much of yesterday. Some weaker than expected overnight Chinese macro data contributed to the muted mood as the European trading session got underway yesterday morning. The downside data prints included retail sales and industrial production updates for July. This saw the Bank of China respond with a surprise rate cut (albeit just 10bps).

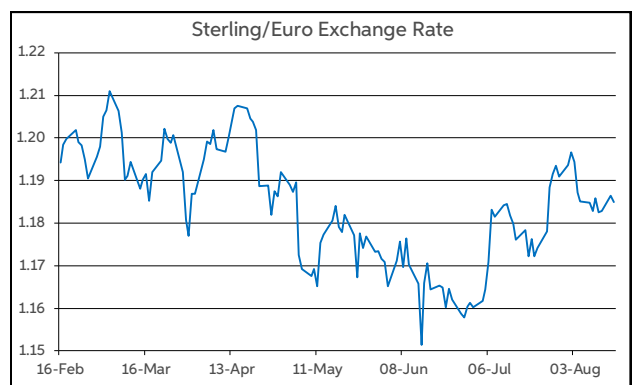
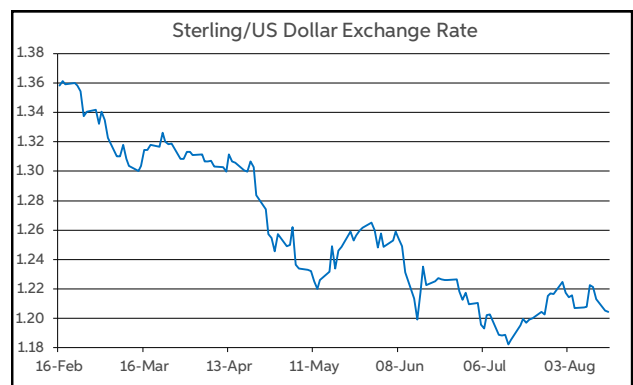
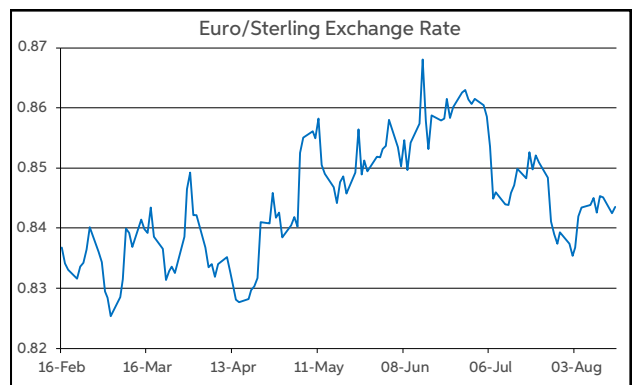
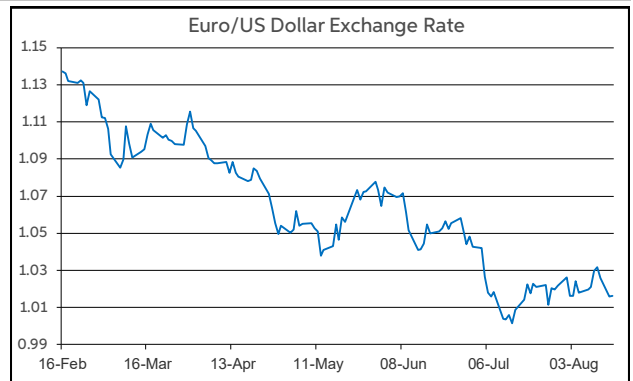
There was also some disappointing macro news from the US economy, although it was not in the form of any top tier data. Both the regional Empire manufacturing and homebuilder sentiment surveys for August missed to the downside of expectations.

From a currency viewpoint, the dollar was holding a firmer tone against the backdrop of sub-par macro newsflow. This means the dollar has recovered the ground it lost in the aftermath of last week's US CPI data.

In level terms, the firmer dollar tone is reflected in EUR/USD slipping back below the \$1.02 threshold. Meanwhile, the GBP/USD pair has fallen back below the \$1.21 handle. Elsewhere, the action in EUR/GBP has been less eventful over the past 24 hours. The pair opens this morning just below the midpoint of 84-85p.

Already today we have got a raft of labour market updates from the UK economy. The unemployment rate was, as expected, unchanged at 3.8% in the three months to June. Meantime, underlying average weekly earnings came in ahead of consensus forecasts, rising by 4.7% y/y (f'cast for 4.5%). The other main data highlights over the remainder of today are the German ZEW (Aug) as well US housing starts and industrial production (both July).

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.016	-0.88	-10.63
EUR/GBP	0.8434	-0.28	0.40
GBP/USD	1.2044	-0.59	-10.98
GBP/EUR	1.1852	0.28	-0.40
USD/JPY	133.41	0.16	15.93
EUR/JPY	135.57	-0.70	3.59

* 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	2.94	3.61	3.50	2.94
EUR	0.50	-0.04	0.33	1.08	1.35	1.53
GBP	1.75	1.72	2.17	3.11	3.16	2.76

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

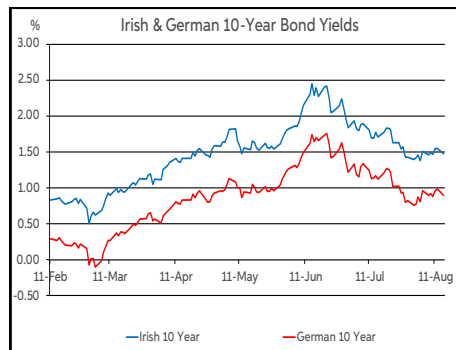
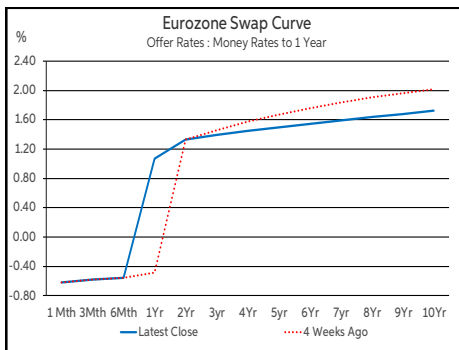
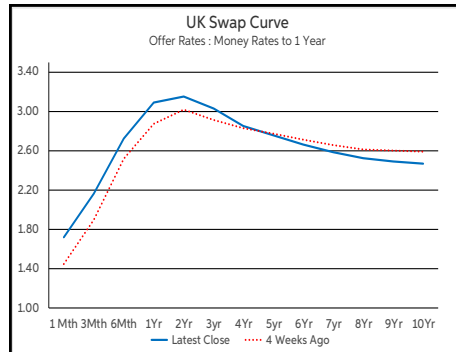
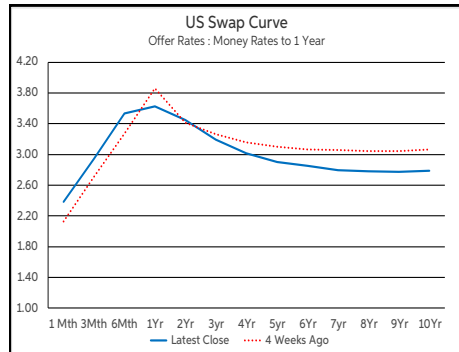
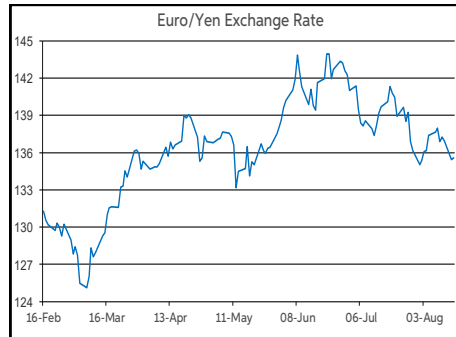
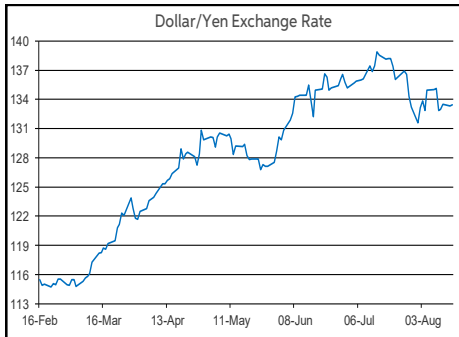
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Tuesday 16 August 2022
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8434	GBP/EUR	1.1852	USD/JPY	133.41
EUR/USD	1.016	GBP/USD	1.2044	USD/CAD	1.2898
EUR/JPY	135.57	GBP/CAD	1.5536	USD/CHF	0.9464
EUR/SEK	10.5219	GBP/NZD	1.8946	USD/CNY	6.789
EUR/DKK	7.4363	GBP/JPY	160.68	USD/BRL	5.0967
EUR/NOK	9.864	GBP/SEK	12.471	USD/RUB	61.35
EUR/CHF	0.9617	GBP/DKK	8.8138	USD/INR	79.337
EUR/AUD	1.4462	GBP/NOK	11.6944		
EUR/HKD	7.9676	GBP/CHF	1.14	AUD/USD	0.7024
EUR/CAD	1.3106	GBP/AUD	1.7142	NZD/USD	0.6356



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.79	-5	-20	+128
Germany	0.90	-9	-31	+108
UK	2.02	-9	-14	+105
5 Year Swap %				
US	2.90	-7	-16	+157
Eurozone	1.50	-8	-17	+149
UK	2.76	-6	-1	+148
2 Year Swap %				
US	3.45	-6	+8	+251
Eurozone	1.33	-7	+0	+163
UK	3.15	-1	+14	+196
10 Year Government Bond Spreads to Benchmark bps				
Ireland	61	+1	+2	+19
Belgium	59	-0	-4	+23
France	56	+1	-4	+19
Italy	216	+13	+1	+80
Spain	120	+12	-4	+43
Portugal	102	-0	-15	+35
Greece	233	+15	+7	+84

Commodities				
	Close	% Change		
		Day	4 Weeks	End 21
Brent Oil	95.1	-3.11	-10.51	+22.27
West Texas Oil	92.24	-2.76	-11.72	+22.45
Gold \$	1778.9	-1.27	+4.09	-2.71

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