

EUR/USD back below \$1.10

There was a positive tone to sentiment yesterday, following some better than anticipated US data. The S&P 500 gained 1.6%, while the Euro Stoxx 50 rose by 1.7%. At the same time, US market rate expectations hardened. Amid the firming in US market rate expectations, Treasury yields rose by 5-12bps, led higher by the front end of the curve. The rise in US yields pushed Eurozone and UK yields higher also.

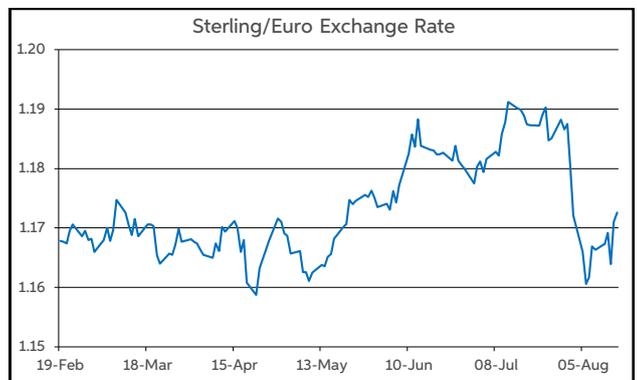
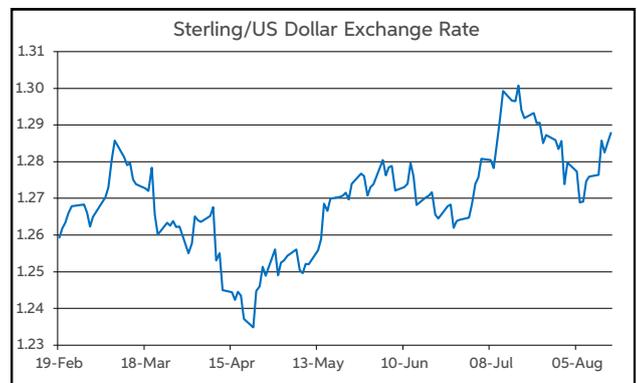
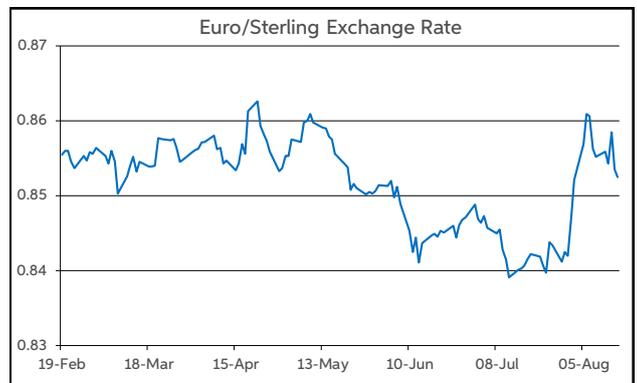
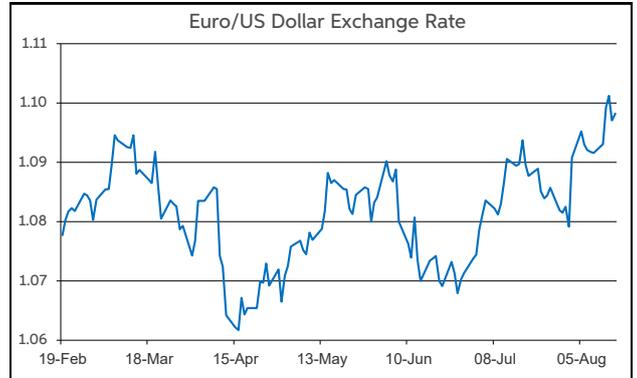
US retail sales jumped by 1% in July (vs. +0.3% f'cast). Similarly, the control group measure rose by 0.3% in the month (vs. +0.1% f'cast). Meanwhile, the latest weekly initial jobless claims fell to 227k (vs. +235k f'cast). However, US industrial production fell by 0.6% in July (vs. -0.3% f'cast). Overall though, the data appear to have eased some concerns that the US may be heading for a recession.

Following the release of the US data, markets pared expectations of a 50bps rate cut from the Fed in September. Current pricing is now leaning more towards a 25bps cut, and a total of 90bps of easing by year end (compared to 100bps previously).

On the currency front, the yen was on the defensive as rate expectations hardened elsewhere. Meantime, the euro handed back some of its gains from earlier in the week. Sterling registered some gains also. This sees EUR/USD open back below \$1.10. GBP/USD is operating in the top half of \$1.28-1.29. EUR/GBP is changing hands back in the lower half of 85-86p. USD/JPY is up at ¥149.

Already today, UK retail sales have printed in-line with the consensus, rising by 0.5% in July. The data have not impacted sterling in early trading. Later on, the main release will be the preliminary August reading of US consumer sentiment.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2023 |
| EUR/USD | 1.0982 | -0.26 | -0.49 |
| EUR/GBP | 0.8525 | -0.57 | -1.65 |
| GBP/USD | 1.2875 | 0.27 | 1.15 |
| GBP/EUR | 1.1723 | 0.57 | 1.68 |
| USD/JPY | 148.98 | 1.16 | 5.61 |
| EUR/JPY | 163.62 | 0.91 | 5.13 |

* 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 | 5.36 | 4.65 | 4.16 | 3.78 |
| EUR | 4.25 | 3.61 | 3.54 | 3.13 | 2.76 | 2.51 |
| GBP | 5.00 | 4.94 | 4.90 | 4.50 | 4.33 | 3.92 |

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 |
|---------|----------------------------|------------|------------|------------------|---------------------------|-----------------|-----------------------------------|

Opening Levels

Friday 16 August 2024
07:49 am



Euro

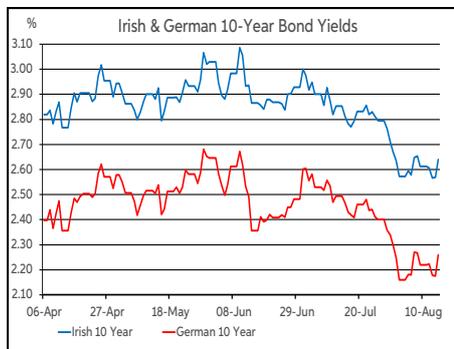
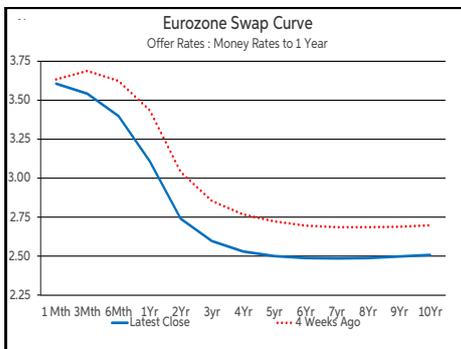
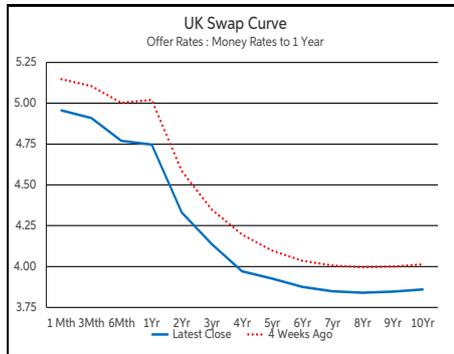
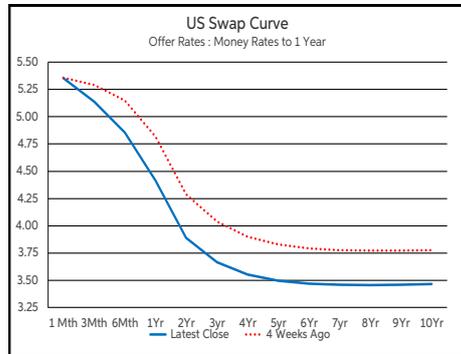
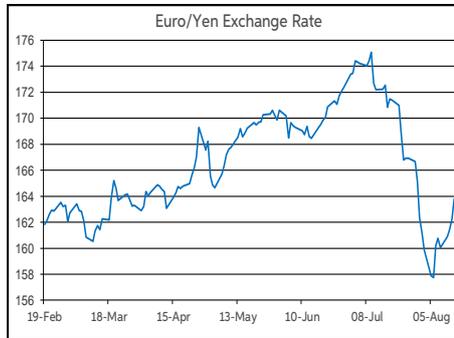
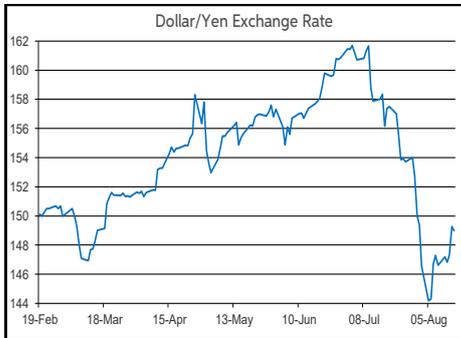
| | |
|---------|---------|
| EUR/GBP | 0.8525 |
| EUR/USD | 1.0982 |
| EUR/JPY | 163.62 |
| EUR/SEK | 11.5471 |
| EUR/DKK | 7.4613 |
| EUR/NOK | 11.7768 |
| EUR/CHF | 0.9564 |
| EUR/AUD | 1.6546 |
| EUR/HKD | 8.5581 |
| EUR/CAD | 1.5067 |

Sterling

| | |
|---------|---------|
| GBP/EUR | 1.1723 |
| GBP/USD | 1.2875 |
| GBP/CAD | 1.7668 |
| GBP/NZD | 2.1403 |
| GBP/JPY | 191.81 |
| GBP/SEK | 13.5429 |
| GBP/DKK | 8.7471 |
| GBP/NOK | 13.8097 |
| GBP/CHF | 1.1215 |
| GBP/AUD | 1.9406 |

Dollar

| | |
|---------|---------|
| USD/JPY | 148.98 |
| USD/CAD | 1.372 |
| USD/CHF | 0.871 |
| USD/CNY | 7.1737 |
| USD/BRL | 5.4858 |
| USD/RUB | 88.9 |
| USD/INR | 83.9525 |
| AUD/USD | 0.6634 |
| NZD/USD | 0.6016 |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 23 |
| 10 Year Yield % | | | | |
| US | 3.93 | +10 | -26 | +7 |
| Germany | 2.26 | +9 | -15 | +23 |
| UK | 3.92 | +9 | -14 | +39 |
| 5 Year Swap % | | | | |
| Ireland | 2.68 | +7 | -14 | +31 |
| Belgium | 2.86 | +7 | -12 | +17 |
| France | 2.98 | +6 | -9 | +42 |
| Italy | 3.64 | +7 | -8 | -6 |
| Spain | 3.09 | +7 | -11 | +10 |
| Portugal | 2.89 | +8 | -12 | +10 |
| Greece | 3.32 | +4 | -7 | +25 |
| 2 Year Swap % | | | | |
| US | 3.75 | +10 | -34 | -5 |
| Eurozone | 2.50 | +8 | -21 | +7 |
| UK | 3.93 | +9 | -17 | +27 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 42 | -1 | +1 | +8 |
| Belgium | 59 | -1 | +3 | -7 |
| France | 72 | -2 | +6 | +19 |
| Italy | 138 | -1 | +7 | -29 |
| Spain | 83 | -1 | +4 | -13 |
| Portugal | 62 | -1 | +2 | -14 |
| Greece | 106 | -4 | +8 | +1 |

| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 23 |
| Brent Oil | 81.04 | +1.60 | -4.78 | +5.19 |
| West Texas Oil | 71.65 | -0.17 | -1.90 | -1.27 |
| Gold \$ | 2456.1 | +0.35 | +0.46 | +19.08 |

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