

Mixed US data with housing on a weakening trend

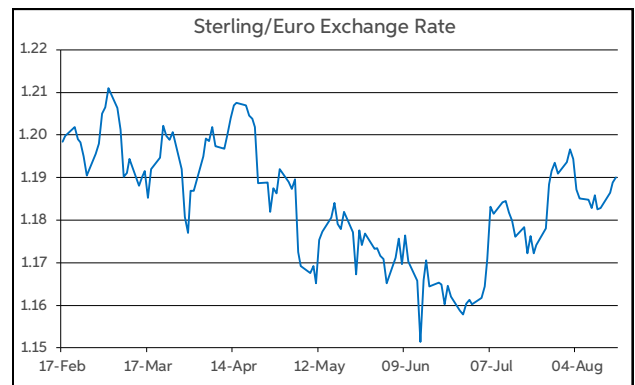
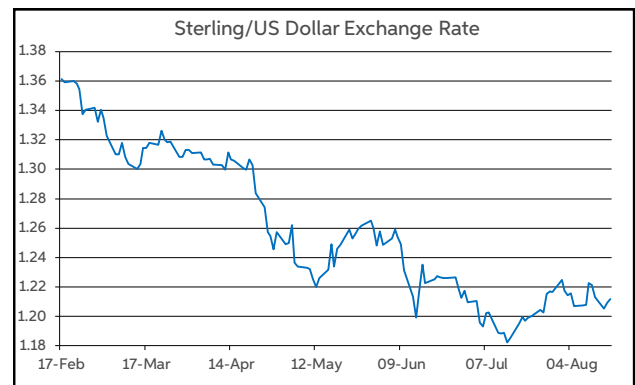
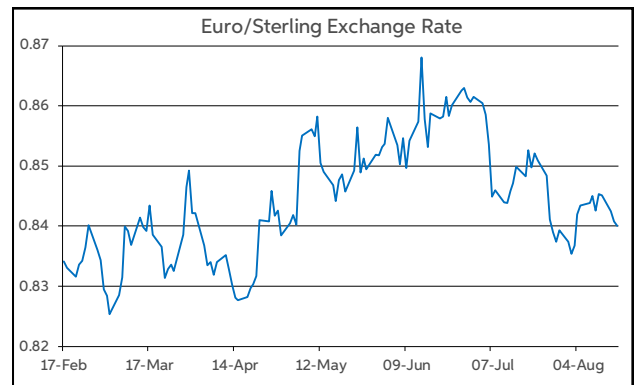
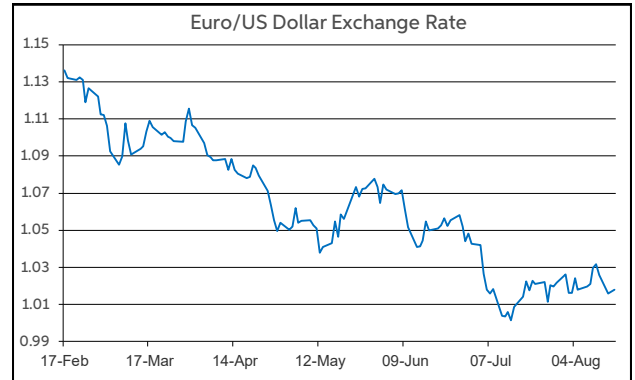
There was a subdued mood to market sentiment throughout yesterday. At the close last night on Wall Street, the S&P 500 was slightly up (+0.2%) on the day. Meanwhile, yields were generally higher on bond markets, with the 10-year US Treasury yield back above 2.8%. Data-wise, after the flurry of early morning UK labour market updates, attention turned in the afternoon to the US diary.

The results were mixed. Housing starts fell by more than expected, declining by 9.6% m/m in July. The data provides further evidence of a notable slowdown developing in the US housing market as demand falls amid significant rate hikes. There was, though, some positive US macro news. Industrial production and manufacturing printed ahead of forecasts with monthly growth of 0.6% and 0.7%, respectively. The key driver of growth was a near 7% jump in auto production. When this is excluded the increase in manufacturing was a more modest 0.3%.

From a currency viewpoint, the US macro updates had no noticeable impact on the dollar. Indeed, most of the FX majors have been confined to fairly narrow trading ranges. Of the limited action to register, sterling is holding a somewhat firmer tone over the past 24 hour. This is reflected in EUR/GBP edging back down to 84p and GBP/USD regaining the \$1.21 mark. Meanwhile, EUR/USD continues to trade below the \$1.02 level.

There is a busy macro agenda today. Already this morning UK CPI numbers for July have been released. Headline inflation rose by more than expected, to 10.1% (f'cast 9.8%). Later today, we get the two key US releases of the week. Firstly, retail sales figures for July are due. Meanwhile, this evening (after European close) the market will be digesting the July Fed meeting minutes.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0179	0.21	-10.46
EUR/GBP	0.8401	-0.31	0.01
GBP/USD	1.2117	0.55	-10.44
GBP/EUR	1.1899	0.31	-0.01
USD/JPY	134.34	0.67	16.74
EUR/JPY	136.76	0.88	4.50

* 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	2.96	3.65	3.56	3.01
EUR	0.50	-0.02	0.34	1.10	1.40	1.56
GBP	1.75	1.74	2.18	3.16	3.27	2.88

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

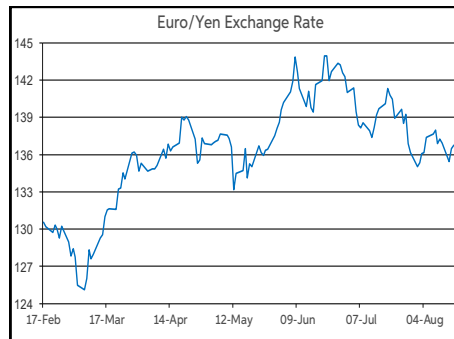
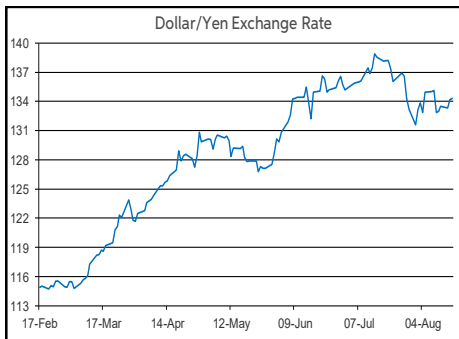
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

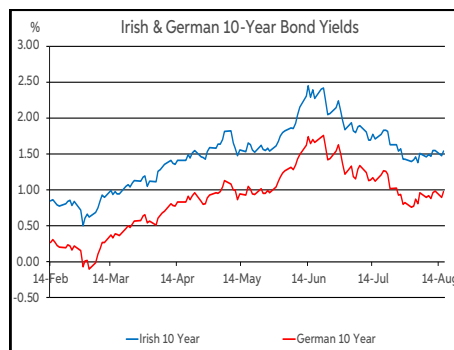
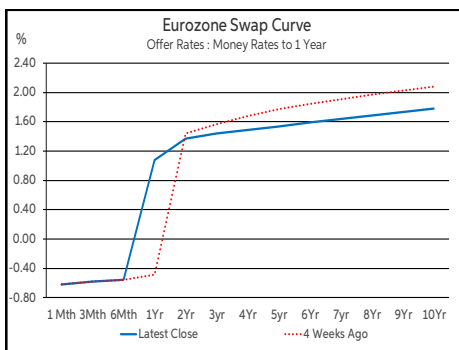
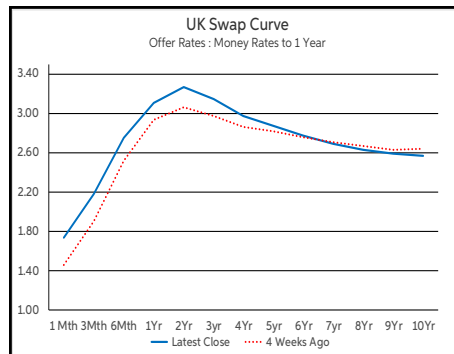
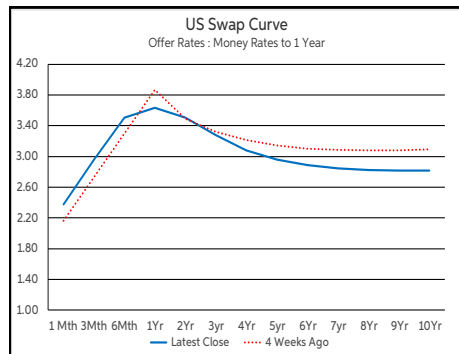
Wednesday 17 August 2022
07:09 am



Euro		Sterling		Dollar	
EUR/GBP	0.8401	GBP/EUR	1.1899	USD/JPY	134.34
EUR/USD	1.0179	GBP/USD	1.2117	USD/CAD	1.2833
EUR/JPY	136.76	GBP/CAD	1.5552	USD/CHF	0.9496
EUR/SEK	10.5052	GBP/NZD	1.9076	USD/CNY	6.7709
EUR/DKK	7.438	GBP/JPY	162.78	USD/BRL	5.145
EUR/NOK	9.8239	GBP/SEK	12.503	USD/RUB	60.9
EUR/CHF	0.9668	GBP/DKK	8.8532	USD/INR	79.335
EUR/AUD	1.4514	GBP/NOK	11.6933		
EUR/HKD	7.9795	GBP/CHF	1.151	AUD/USD	0.7012
EUR/CAD	1.3066	GBP/AUD	1.7275	NZD/USD	0.6351



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	2.81	+1	-22	+130
Germany	0.98	+8	-30	+116
UK	2.13	+10	-5	+115
5 Year Swap %				
US	2.96	+6	-15	+162
Eurozone	1.54	+4	-22	+153
UK	2.88	+12	+6	+160
2 Year Swap %				
US	3.51	+6	+6	+256
Eurozone	1.37	+4	-7	+167
UK	3.27	+12	+21	+208
10 Year Government Bond Spreads to Benchmark bps				
Ireland	60	-1	+2	+18
Belgium	61	+2	-0	+25
France	56	-0	-1	+19
Italy	216	+8	-1	+79
Spain	112	+1	-9	+35
Portugal	102	+1	-10	+36
Greece	235	+9	+17	+86



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	92.34	-2.90	-13.98	+18.72
West Texas Oil	89.23	-3.26	-15.92	+18.45
Gold \$	1775.5	-0.19	+3.77	-2.89

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