

## Some gains for the dollar

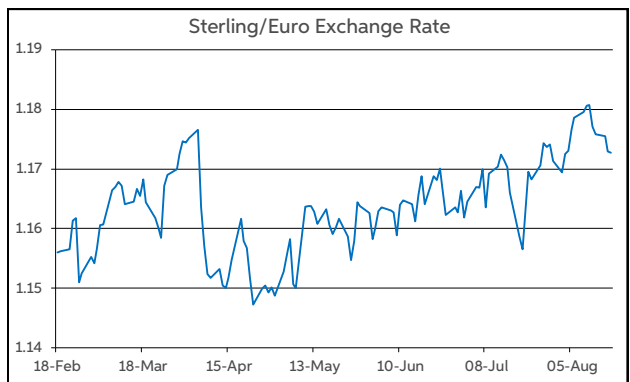
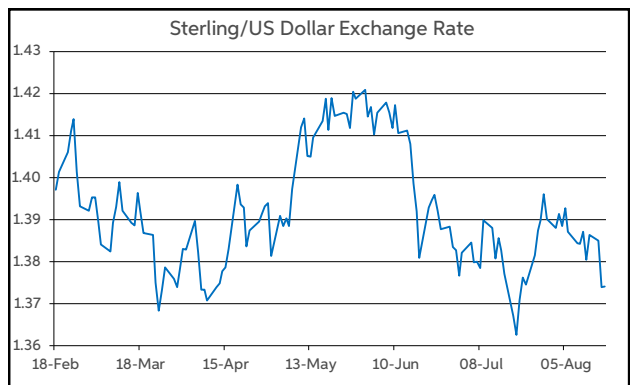
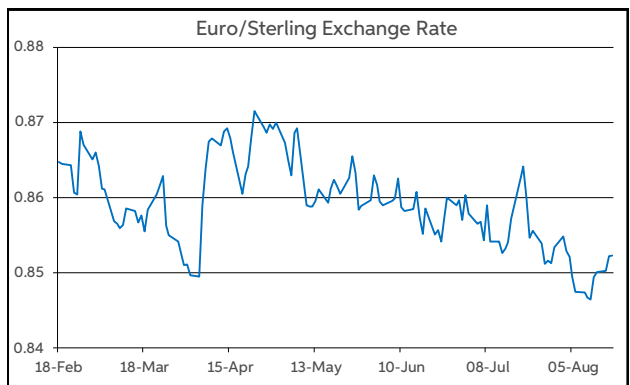
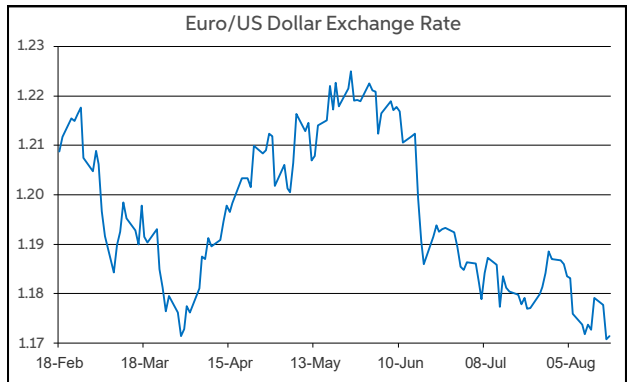
Data-wise, yesterday's schedule was mostly dominated by US macro releases. Retail sales for July missed to the downside of expectations, falling by 1.1% (f'cast for -0.3%). Underlying core sales were also weaker than envisaged. Some weakness in spending is not overly surprising as it follows a strong, fiscal stimulus boosted (and releasing of pent up demand), upturn in expenditure in Q2.

Meanwhile, headline industrial production for July surprised to the upside of forecasts, registering a 0.9% m/m growth rate (vs. f'cast +0.5%). Manufacturing rose by 1.4%, although a key driver of this was a circa 11% surge in vehicle production. Elsewhere, Homebuilder sentiment for August disappointed, with the index unexpectedly falling back to 75 (from 80).

On the currency front, amid some risk aversion (S&P 500 fell by 0.7%) the dollar managed to hold a firmer tone yesterday. This was evident in the currency eking out modest gains against the euro and sterling. The firmer tone to the dollar is reflected in EUR/USD opening this morning back down near to the \$1.17 threshold and GBP/USD back below the \$1.38 level, changing hands in the lower half of the \$1.37-1.38 band. Meantime, EUR/GBP has spent the past 24 hours in a tight range, just above the 85p mark.

Already this morning UK CPI data for July has come in softer than expected, at 2.0% y/y (f'cast for 2.3%). However, the focus for markets today is on the release (after European close) of the Fed meeting minutes for July. They will be closely assessed for clues as to when the Fed may start QE tapering. As a result, the minutes entail some potential event risk for the dollar.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1715	-0.45	-4.08
EUR/GBP	0.8525	0.13	-4.61
GBP/USD	1.3741	-0.56	0.50
GBP/EUR	1.1728	-0.13	4.83
USD/JPY	109.6	0.24	6.16
EUR/JPY	128.41	-0.19	1.78

\* 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	0.125	0.09	0.13	0.14	0.33	0.87
EUR	0.00	-0.56	-0.55	-0.54	-0.48	-0.36
GBP	0.10	0.05	0.07	0.29	0.50	0.70

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

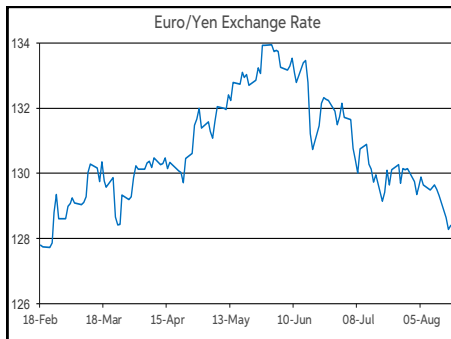
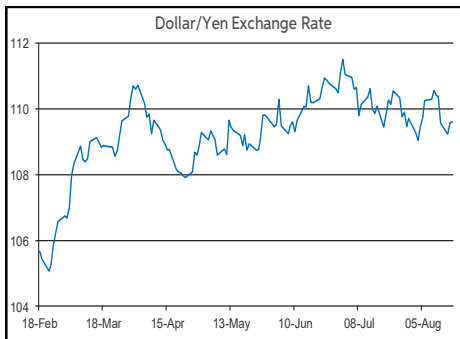
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

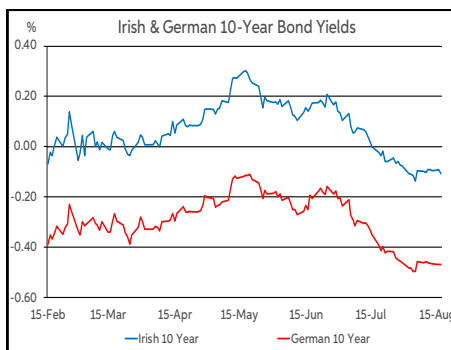
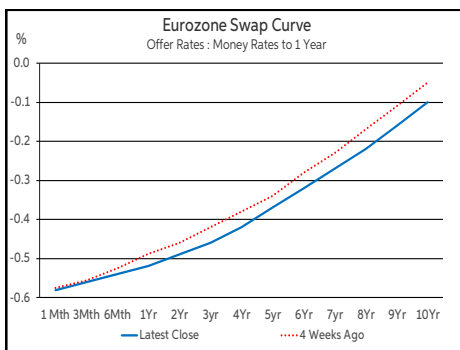
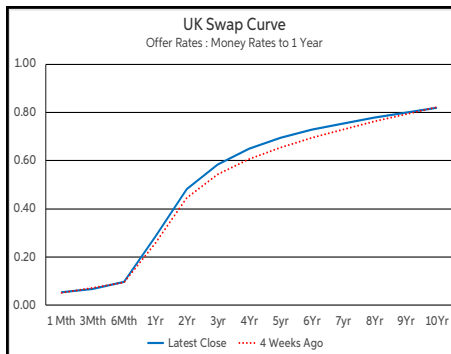
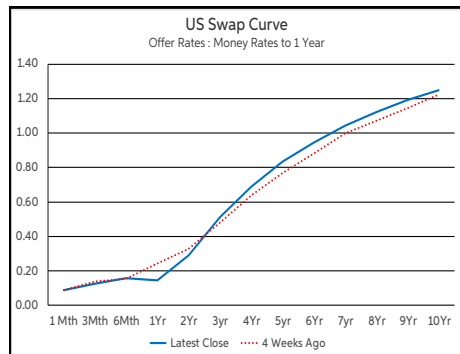
Wednesday 18 August 2021  
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8525	GBP/EUR	1.1728	USD/JPY	109.6
EUR/USD	1.1715	GBP/USD	1.3741	USD/CAD	1.2608
EUR/JPY	128.41	GBP/CAD	1.7326	USD/CHF	0.914
EUR/SEK	10.2444	GBP/NZD	1.9836	USD/CNY	6.4821
EUR/DKK	7.4363	GBP/JPY	150.6	USD/BRL	5.2948
EUR/NOK	10.43	GBP/SEK	12.0117	USD/RUB	73.4012
EUR/CHF	1.0709	GBP/DKK	8.7223	USD/INR	74.294
EUR/AUD	1.6133	GBP/NOK	12.2305	AUD/USD	0.7262
EUR/HKD	9.1252	GBP/CHF	1.2561	NZD/USD	0.6927
EUR/CAD	1.4771	GBP/AUD	1.8922		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.27	-0	+4	+35
Germany	-0.47	-0	-6	+11
UK	0.56	-1	-0	+37
Ireland	-0.07	-2	-7	+23
Belgium	-0.13	-0	-5	+25
France	-0.12	+0	-7	+22
Italy	0.58	+1	-11	+6
Spain	0.24	+0	-10	+18
Portugal	0.13	+1	-11	+7
Greece	0.55	-1	-12	-8
<b>5 Year Swap %</b>				
US	0.83	+1	+10	+41
Eurozone	-0.37	+0	-2	+9
UK	0.70	-0	+5	+51
<b>2 Year Swap %</b>				
US	0.29	+2	+0	+10
Eurozone	-0.49	+1	-2	+4
UK	0.48	-0	+5	+46
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	40	-1	-1	+12
Belgium	33	+0	+1	+14
France	35	+0	-1	+11
Italy	105	+1	-5	-5
Spain	70	+1	-4	+7
Portugal	60	+1	-6	-4
Greece	102	-1	-7	-19



Commodities				
	Close	Day	% Change	
			4 Weeks	End 20
Brent Oil	69.03	-0.69	-0.46	+33.26
West Texas Oil	66.5	-1.39	-1.22	+37.54
Gold \$	1786.0	-0.07	-1.33	-5.83

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