

Powell speech and US inflation in focus today

Equity markets moved higher on both sides of the Atlantic for the second consecutive session yesterday. The Euro Stoxx 50 rose by 0.2%, while the S&P 500 gained 1.4%. On bond markets, benchmark sovereign yields moved lower. UK Gilts remained very volatile, declining by 4-14bps. Currency-wise, the majors continued to be confined to tight ranges. Of the scant moves to register, the dollar was holding a slightly firmer tone.

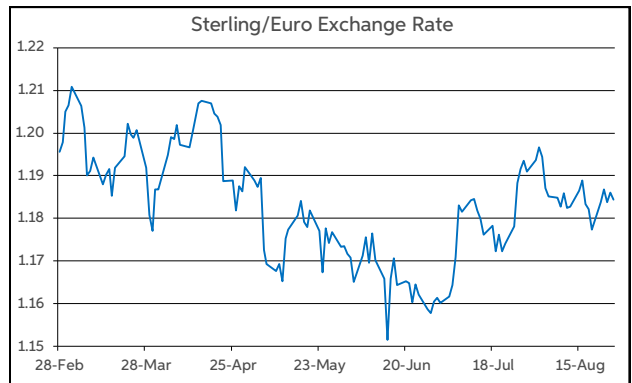
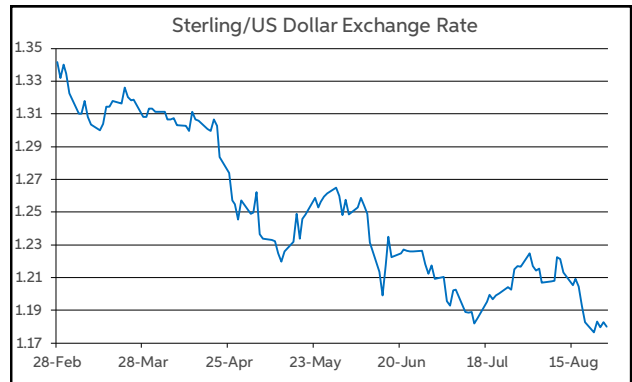
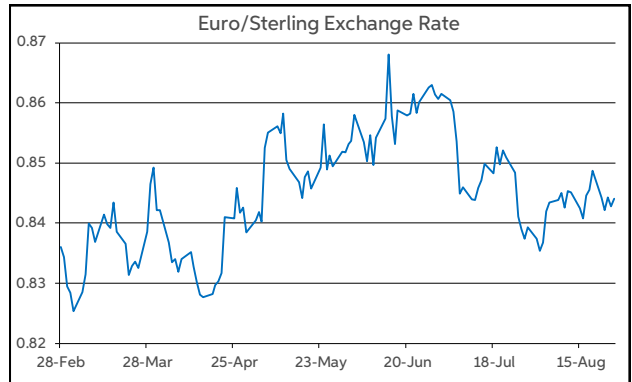
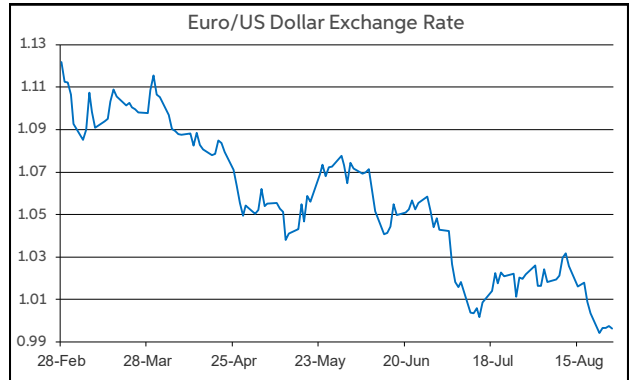
A light data schedule likely contributed to the limited action on forex markets. The main releases of note were both slightly better than anticipated. The German Ifo edged down to 88.5 (vs. 86.8 f'cast), while US GDP was revised higher to -0.6% in annualised terms in Q2, from its first estimate of -0.9%.

Meanwhile, in terms of monetary policy, the latest ECB meeting minutes provided little new information regarding the future path of interest rates. In the US, the Jackson Hole Economic Symposium got underway. Speaking on the sidelines of the gathering, FOMC official George struck a hawkish tone yesterday.

In level terms, EUR/USD starts today back below parity, trading near to the midpoint of the \$0.99-1.00 band. EUR/GBP continues to operate in the 84-85p trading range. Meanwhile, GBP/USD is changing hands back at the \$1.18 handle.

Today, a speech from Fed Chair Powell at Jackson Hole will garner very close attention. Markets will be looking for some form of guidance regarding the magnitude of the rate hike expected in September. Before that, the main data highlight, core-PCE inflation for July is projected to edge lower to 4.7% from 4.8%. Both the speech and data pose some event risk for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9962	-0.35	-12.37
EUR/GBP	0.8439	-0.11	0.46
GBP/USD	1.1801	-0.28	-12.77
GBP/EUR	1.1841	0.11	-0.46
USD/JPY	136.93	0.20	18.99
EUR/JPY	136.44	-0.15	4.26

* 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	2.45	3.01	3.78	3.72	3.26
EUR	0.50	0.08	0.49	1.46	1.84	2.00
GBP	1.75	1.92	2.40	3.75	3.98	3.54

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

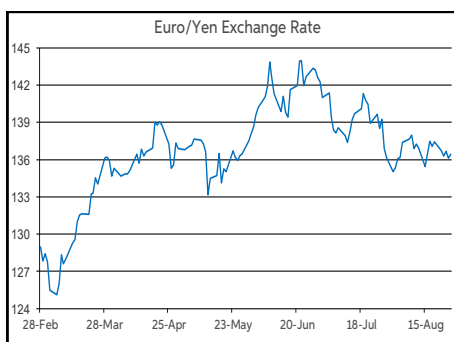
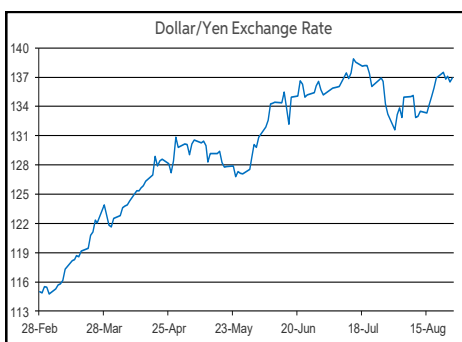
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

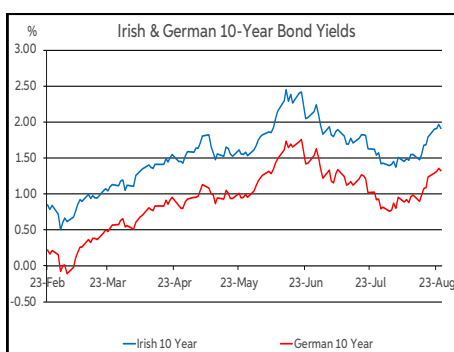
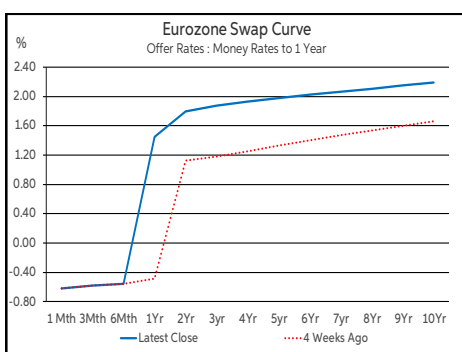
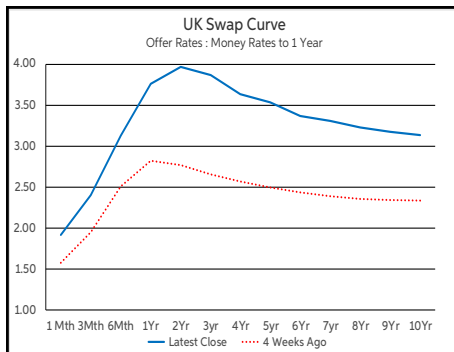
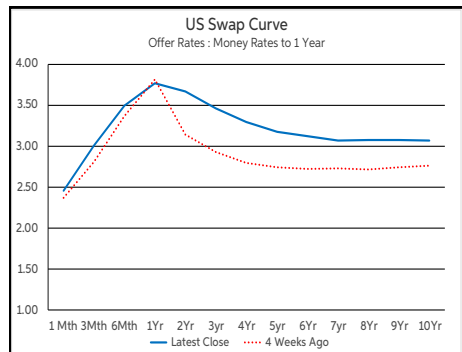
Friday 26 August 2022
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.8439	GBP/EUR	1.1841	USD/JPY	136.93
EUR/USD	0.9962	GBP/USD	1.1801	USD/CAD	1.2946
EUR/JPY	136.44	GBP/CAD	1.5283	USD/CHF	0.9639
EUR/SEK	10.562	GBP/NZD	1.9032	USD/CNY	6.8612
EUR/DKK	7.4368	GBP/JPY	161.59	USD/BRL	5.1095
EUR/NOK	9.6443	GBP/SEK	12.5114	USD/RUB	60.05
EUR/CHF	0.9603	GBP/DKK	8.8084	USD/INR	79.891
EUR/AUD	1.4317	GBP/NOK	11.4198	AUD/USD	0.6958
EUR/HKD	7.8163	GBP/CHF	1.1374	NZD/USD	0.62
EUR/CAD	1.29	GBP/AUD	1.696		



Debt Markets				
	Close	Day	4 Weeks	End 21
10 Year Yield %				
US	3.03	-8	+36	+152
Germany	1.33	-3	+53	+151
UK	2.62	-8	+74	+165
5 Year Swap %				
US	3.17	-6	+47	+184
Eurozone	1.98	-7	+66	+197
UK	3.53	-5	+105	+226
2 Year Swap %				
US	3.67	+0	+57	+273
Eurozone	1.80	-6	+69	+210
UK	3.97	-8	+121	+278
10 Year Government Bond Spreads to Benchmark bps				
Ireland	63	-0	-6	+21
Belgium	62	-2	+1	+27
France	61	-2	+3	+23
Italy	222	-9	-22	+86
Spain	117	-4	-0	+39
Portugal	108	-1	-2	+42
Greece	257	-6	+43	+108



Commodities				
	Close	Day	4 Weeks	End 21
Brent Oil	99.34	-1.86	-7.28	+27.72
West Texas Oil	93.33	-2.29	-5.83	+23.89
Gold \$	1758.4	+0.43	+0.17	-3.83

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