

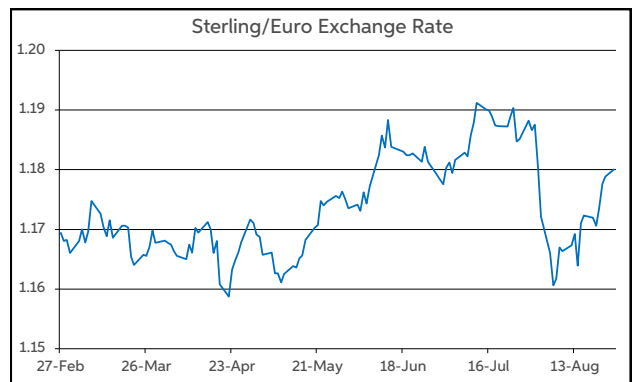
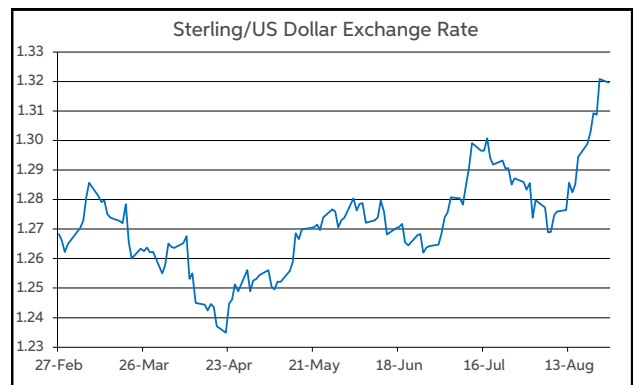
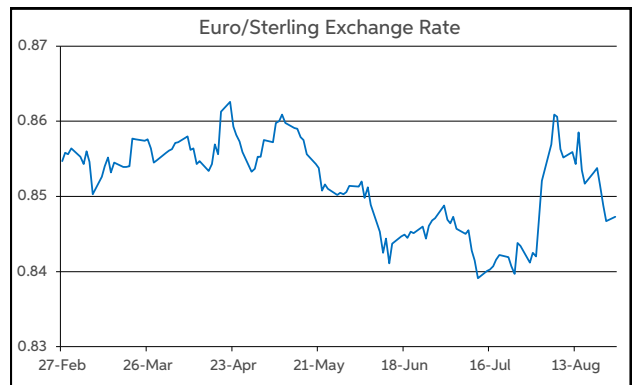
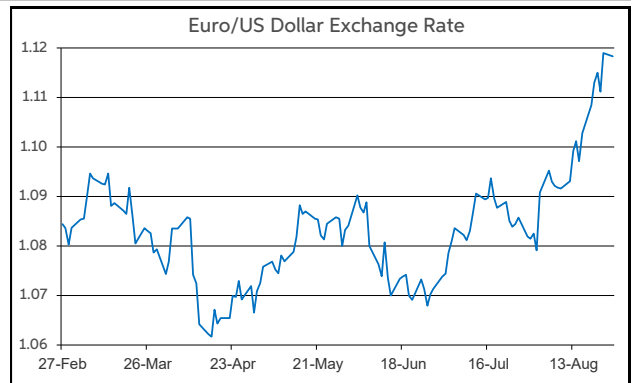
## August blues for the dollar

There were some significant moves on currency markets last week. The dollar, which had come into week on the back foot amid softer inflation data and a firming in risk appetite, continued its weakening trend. This was against the backdrop of the market contemplating the potential for a number of rate cuts from the Fed before year end. The latest Fed meeting minutes had a strong dovish tone and suggested that a rate cut was on the cards in September. This prospect was reinforced by Fed Chair Powell's "time has come" comments at the Jackson Hole Economic Symposium on Friday.

At the same time, sterling had some upward momentum last week. While the BoE has already cut rates, it has been non-committal on the timing/extent of future rates cuts. Indeed, the market is anticipating that the BoE will not cut to the same extent as the Fed between now and year end (50bps vs. 100bps). The further softening in the dollar over recent days is reflected in both EUR/USD and GBP/USD posting fresh year-to-date highs, at \$1.12 and \$1.323, respectively. Meanwhile, the firmer sterling is evident in EUR/GBP moving back below the 85p threshold.

Monetary policy and market interest rate expectations will remain a key driver of currency markets over the coming months. Central banks will be paying close attention to incoming data, especially in relation to inflation and the labour market to determine their interest rate decisions. In this context, this week's macro diary contains two important releases, which pose some potential event risk for their respective currencies. In the Eurozone, we get the first reading of HICP inflation for August. Meantime, in the US, Core-PCE (Fed's preferred inflation gauge) for July is due. From a sterling perspective, the macro diary is quiet. Markets will also be paying attention to developments in the Middle East.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1183	0.50	1.33
EUR/GBP	0.8473	-0.15	-2.25
GBP/USD	1.3198	0.68	3.68
GBP/EUR	1.1801	0.15	2.30
USD/JPY	143.87	-1.30	1.99
EUR/JPY	160.9	-0.81	3.39

\* 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	5.39	5.34	4.48	3.95	3.61
EUR	4.25	3.60	3.53	3.03	2.67	2.43
GBP	5.00	4.93	4.87	4.45	4.33	3.96

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

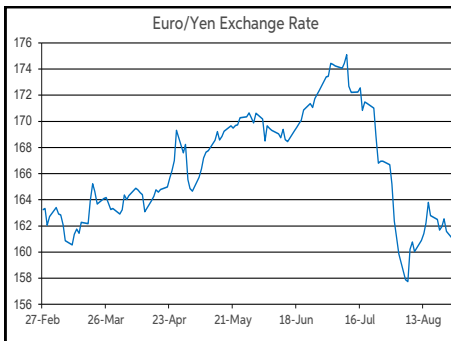
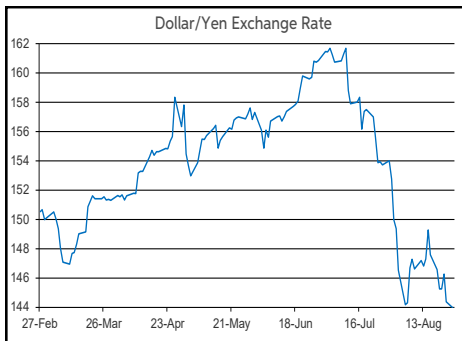
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

# Opening Levels

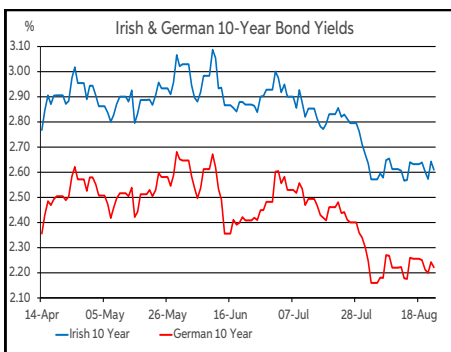
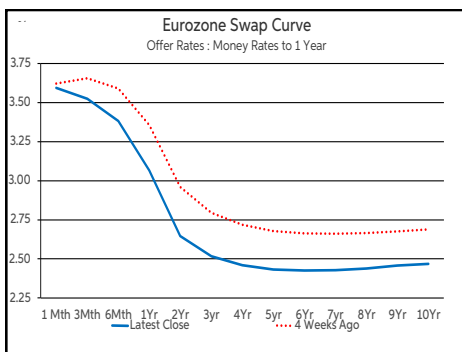
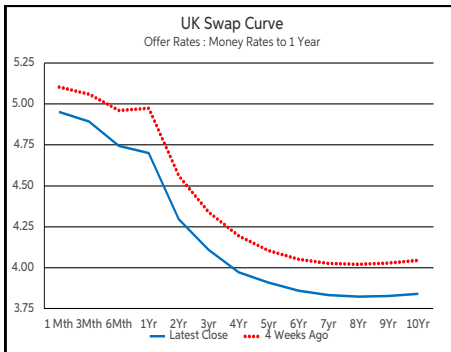
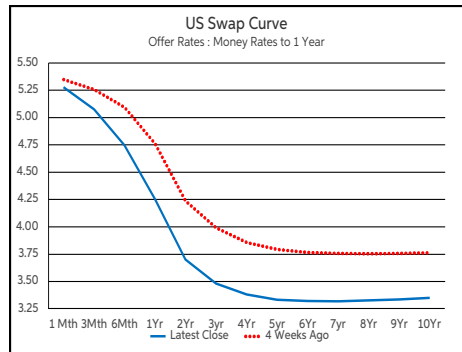
Monday 26 August 2024  
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.8473	GBP/EUR	1.1801	USD/JPY	143.87
EUR/USD	1.1183	GBP/USD	1.3198	USD/CAD	1.3508
EUR/JPY	160.9	GBP/CAD	1.7827	USD/CHF	0.8471
EUR/SEK	11.402	GBP/NZD	2.1244	USD/CNY	7.1208
EUR/DKK	7.461	GBP/JPY	189.88	USD/BRL	5.4857
EUR/NOK	11.7082	GBP/SEK	13.4512	USD/RUB	91.7
EUR/CHF	0.9474	GBP/DKK	8.8024	USD/INR	83.845
EUR/AUD	1.6501	GBP/NOK	13.818	AUD/USD	0.6774
EUR/HKD	8.7178	GBP/CHF	1.118	NZD/USD	0.6212
EUR/CAD	1.5106	GBP/AUD	1.9477		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	3.81	-6	-39	-5
Germany	2.23	-2	-18	+20
UK	3.91	-5	-19	+38
<b>5 Year Swap %</b>				
US	3.60	-7	-43	-19
Eurozone	2.43	-4	-24	+0
UK	3.91	-7	-19	+26
<b>2 Year Swap %</b>				
US	3.95	-8	-51	-38
Eurozone	2.65	-6	-30	-15
UK	4.29	-6	-26	+3
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	41	+0	-2	+7
Belgium	58	-0	-1	-8
France	71	+0	-0	+18
Italy	134	-3	-2	-33
Spain	80	-1	-3	-17
Portugal	58	-2	-7	-18
Greece	108	+4	+2	+3



Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	79.02	+2.33	-2.60	+2.57
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2512.1	+1.16	+5.30	+21.79

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.