

Markets eye Powell speech today

There was a cautious tone across financial markets yesterday. On equity markets, the Euro Stoxx 50 lost 0.3%, while at the close on Wall Street the S&P 500 was down 0.6%. Meantime, benchmark sovereign bond yields finished the day broadly unchanged.

Currency-wise, sterling was holding a slightly softer tone on the exchanges, without any obvious catalyst for the move. Meanwhile, on the data front, the schedule on both sides of the Atlantic was generally uneventful.

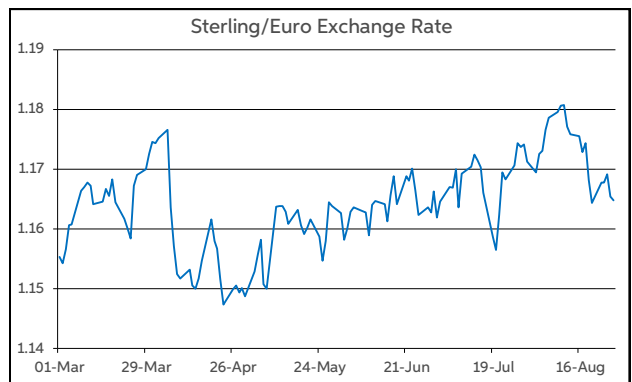
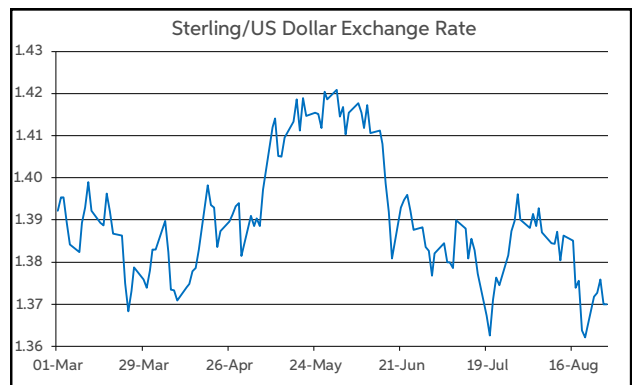
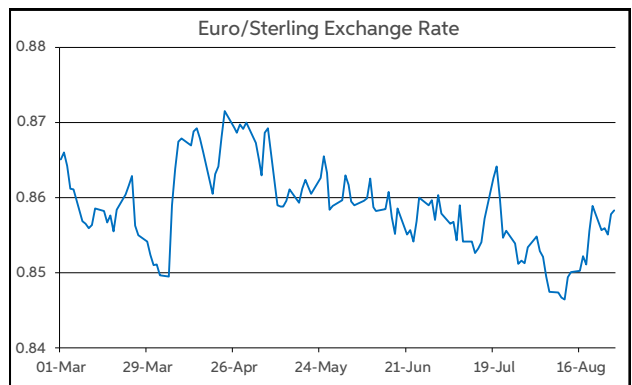
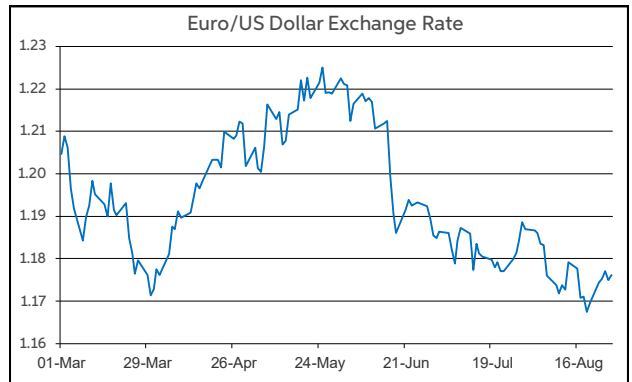
Turning to monetary policy, the latest ECB meeting minutes were released yesterday. The minutes reinforced the view that the ECB is unlikely to alter the overall stance of policy in the near-term.

In the US though, Fed officials continued to make some hawkish comments, particularly regarding the path of QE tapering. Governor's Bullard and Kaplan both stated their preference for the Fed to start tapering asset purchases sooner rather than later.

In level terms, the softer tone to sterling is reflected by EUR/GBP opening this morning in the top half of 85-86p. Cable (GBP/USD) is operating back down at the \$1.37 handle. Meanwhile, EUR/USD is changing hands just above the midpoint of the \$1.17-1.18 range.

Ahead today, all eyes will be on Fed Chair Powell's speech at the Jackson Hole Symposium. Markets will be paying close attention to his remarks for any hints regarding the start of QE tapering. Before hand, the July US personal spending and core-PCE inflation figures are due. Both the data and Powell's speech possess potential event risk for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.176	-0.03	-3.71
EUR/GBP	0.8582	0.36	-3.97
GBP/USD	1.3701	-0.39	0.20
GBP/EUR	1.1646	-0.36	4.14
USD/JPY	109.99	0.01	6.54
EUR/JPY	129.36	-0.01	2.54

* 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	0.12	0.15	0.34	0.94
EUR	0.00	-0.56	-0.55	-0.52	-0.48	-0.34
GBP	0.10	0.05	0.07	0.29	0.50	0.72

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

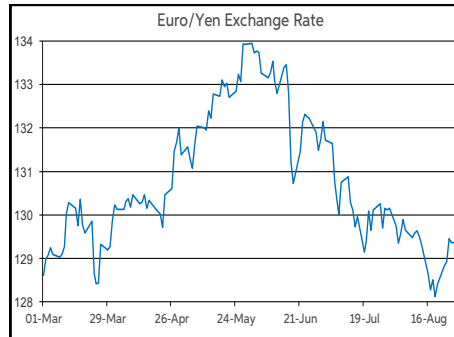
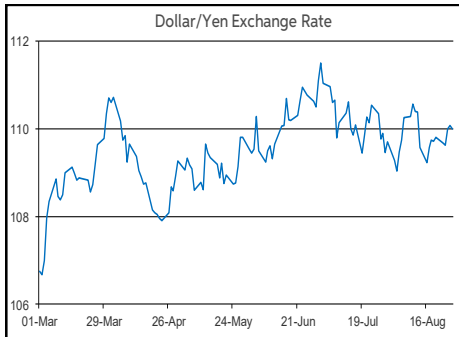
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

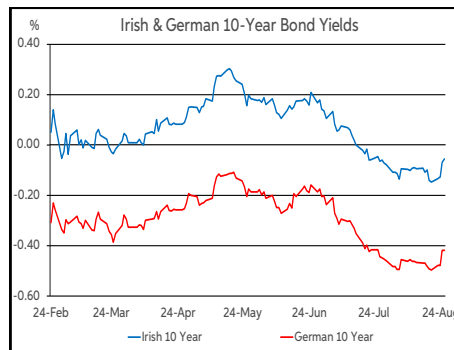
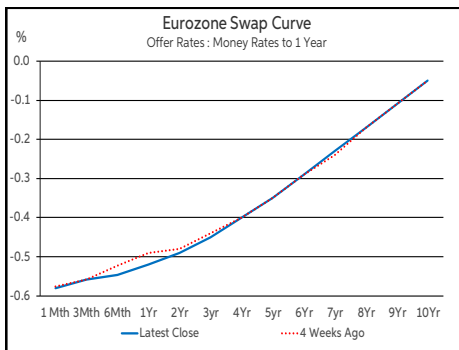
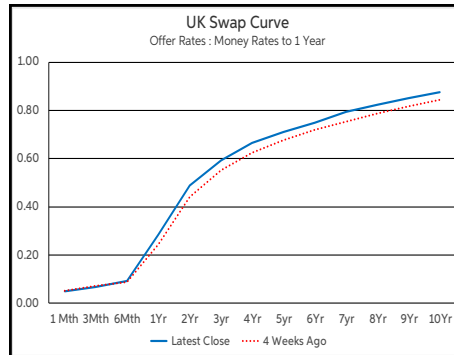
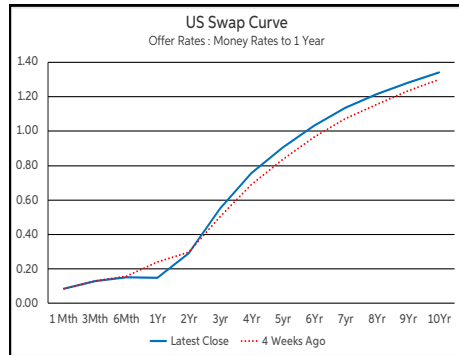
Friday 27 August 2021
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8582	GBP/EUR	1.1646	USD/JPY	109.99
EUR/USD	1.176	GBP/USD	1.3701	USD/CAD	1.2671
EUR/JPY	129.36	GBP/CAD	1.736	USD/CHF	0.9165
EUR/SEK	10.2272	GBP/NZD	1.9716	USD/CNY	6.4852
EUR/DKK	7.4365	GBP/JPY	150.69	USD/BRL	5.2522
EUR/NOK	10.3814	GBP/SEK	11.9075	USD/RUB	74.0563
EUR/CHF	1.0781	GBP/DKK	8.6614	USD/INR	74.1425
EUR/AUD	1.6222	GBP/NOK	12.0883	AUD/USD	0.7247
EUR/HKD	9.1587	GBP/CHF	1.2556	NZD/USD	0.6947
EUR/CAD	1.4903	GBP/AUD	1.8898		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.35	+1	+9	+44
Germany	-0.42	+0	+3	+16
UK	0.60	+1	+3	+41
5 Year Swap %				
US	0.91	+2	+11	+48
Eurozone	-0.35	-0	+1	+11
UK	0.71	+1	+4	+52
2 Year Swap %				
US	0.29	-1	+2	+10
Eurozone	-0.49	-0	-0	+4
UK	0.49	+1	+6	+46
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+1	+1	+15
Belgium	34	+1	+1	+15
France	36	+1	+1	+13
Italy	109	+0	+1	-1
Spain	74	+1	+2	+11
Portugal	62	+0	-2	-2
Greece	111	+9	+6	-9



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	71.07	-1.63	-6.55	+37.20
West Texas Oil	67.42	-1.63	-8.42	+39.44
Gold \$	1792.2	+0.08	-1.96	-5.50

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