

Sterling retains the upper hand

The action across most of the main asset markets remained relatively muted yesterday. Investor sentiment had a generally subdued tone. The Euro Stoxx 50 was flat on the day. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 was just 0.2% higher on the day.

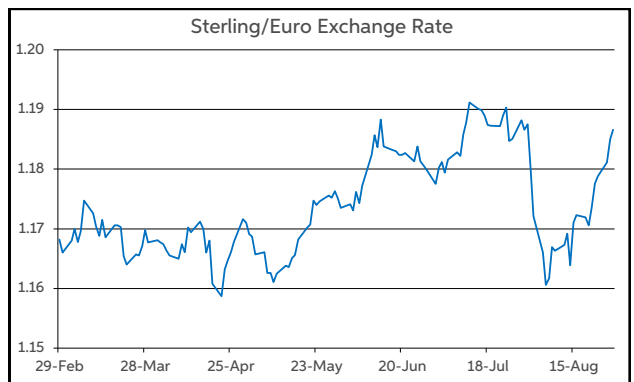
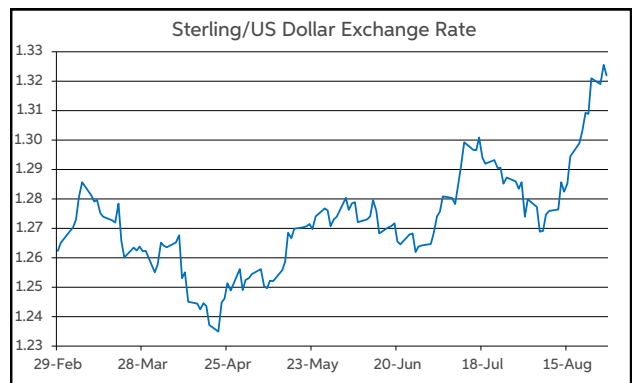
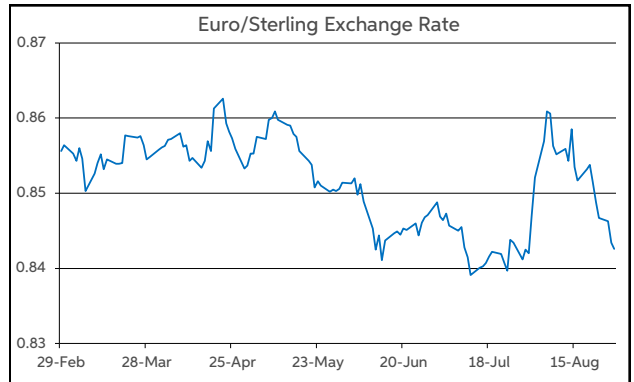
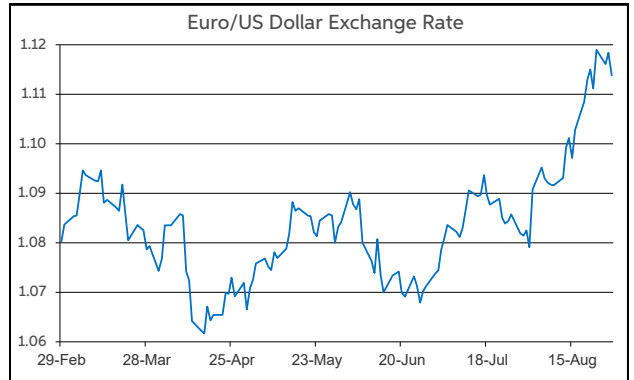
One reason for the subdued tone was the lack of top tier data from the macro calendar. The main data highlight was the Conference Board measure of US consumer confidence for August. The survey surprised to the upside, rising to 103.3 from 101.9 versus a forecast for 100.7. However, the improvement in US consumer sentiment may not be sustained amid signs of a softening in the labour market.

Currency-wise, the moves amongst most of the majors were relatively limited. However, within this, sterling continued its recent upward momentum. It has been underpinned in recent weeks by on-going consensus beating UK macro data and favourable interest rate dynamics relative to the US and Eurozone (i.e. less rate cuts expected from the BoE versus the Fed and ECB this year).

In level terms, GBP/USD registered another fresh year-to-date high at \$1.3266. The pair opens this morning at \$1.322. The firmer sterling tone and a slightly softer euro has seen EUR/GBP move down into the lower half of the 84-85p band. Elsewhere, EUR/USD has edged back below the midpoint of \$1.11-1.12.

Looking ahead to today, the macro agenda is sparse. The main release of note is Eurozone money supply/loans data for July. The US diary is very quiet. As a result, today's macro diary will not be a source of direction for currency markets.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1138	-0.27	0.92
EUR/GBP	0.8426	-0.46	-2.79
GBP/USD	1.3219	0.20	3.85
GBP/EUR	1.1866	0.46	2.87
USD/JPY	144.55	-0.06	2.47
EUR/JPY	161.02	-0.32	3.46

* 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	5.37	5.32	4.48	4.00	3.64
EUR	4.25	3.58	3.52	3.05	2.69	2.48
GBP	5.00	4.93	4.87	4.47	4.33	3.98

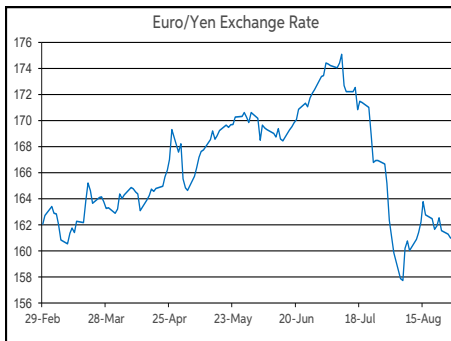
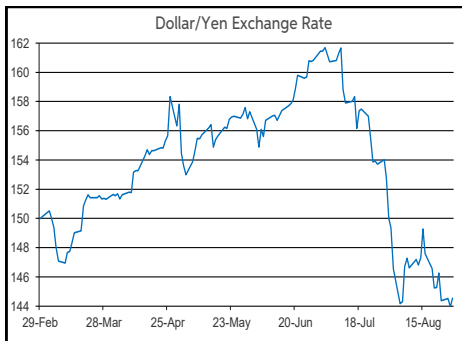
All rates quoted are indicative market rates

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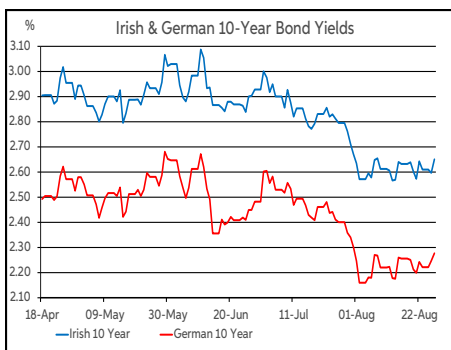
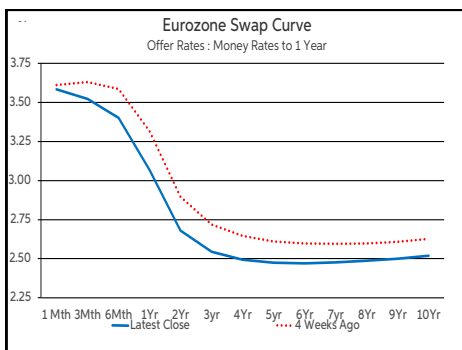
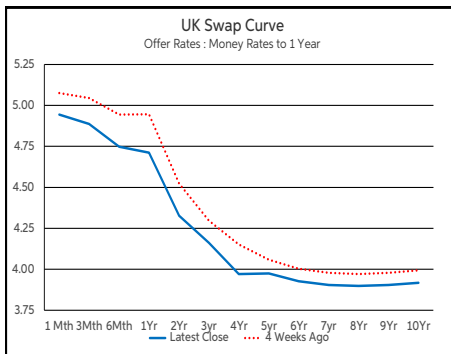
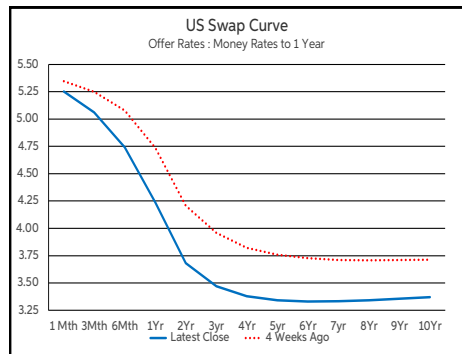
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Euro		Sterling		Dollar	
EUR/GBP	0.8426	GBP/EUR	1.1866	USD/JPY	144.55
EUR/USD	1.1138	GBP/USD	1.3219	USD/CAD	1.3468
EUR/JPY	161.02	GBP/CAD	1.7802	USD/CHF	0.8443
EUR/SEK	11.3513	GBP/NZD	2.1225	USD/CNY	7.134
EUR/DKK	7.459	GBP/JPY	191.08	USD/BRL	5.5091
EUR/NOK	11.7034	GBP/SEK	13.4658	USD/RUB	91.4
EUR/CHF	0.9406	GBP/DKK	8.8515	USD/INR	83.955
EUR/AUD	1.6419	GBP/NOK	13.8863	AUD/USD	0.6783
EUR/HKD	8.6876	GBP/CHF	1.1162	NZD/USD	0.6227
EUR/CAD	1.5002	GBP/AUD	1.9483		



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	3.83	+2	-31	-3
Germany	2.28	+3	-6	+25
UK	4.00	+9	-5	+46
5 Year Swap %				
US	3.60	-2	-39	-20
Eurozone	2.47	+1	-13	+5
UK	3.97	+7	-8	+32
2 Year Swap %				
US	3.94	-2	-52	-40
Eurozone	2.68	-0	-21	-11
UK	4.33	+3	-19	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-0	+1	+7
Belgium	60	+2	+0	-6
France	73	+2	+2	+20
Italy	139	+4	+2	-29
Spain	82	+2	-0	-14
Portugal	60	+1	-4	-16
Greece	108	+5	+4	+3



Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	79.55	-2.31	+1.17	+3.26
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2524.6	+0.31	+4.82	+22.40

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