

Pause in the dollar rally

Equity markets moved lower on both sides of the Atlantic once again yesterday. The Euro Stoxx 50 shed 0.9%, while on Wall Street, the S&P 500 finished down 0.7%. On bond markets, Euro-area benchmark yields rose 6-13bps, as futures markets contemplated the prospects of a 75bps rate hike from the ECB next week. However, in a speech yesterday, ECB Chief Economist Lane espoused the need for the ECB to hike at a “steady” space, indicating that another 50bps rate hike may be on the cards.

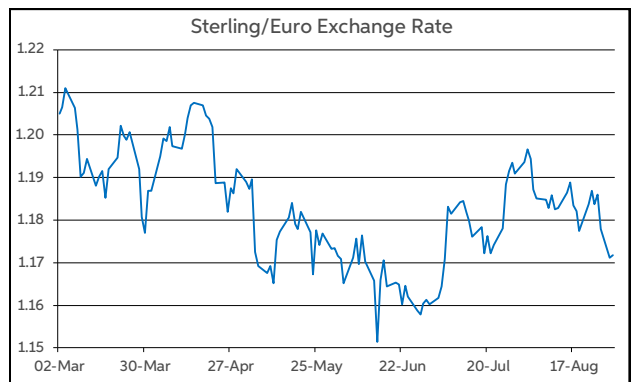
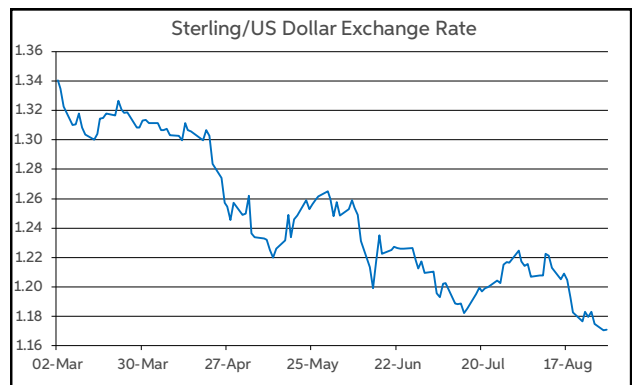
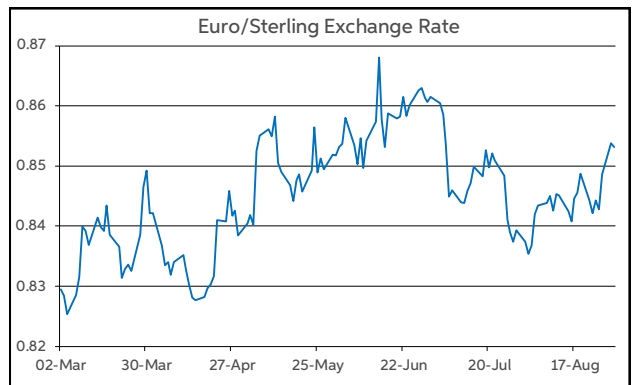
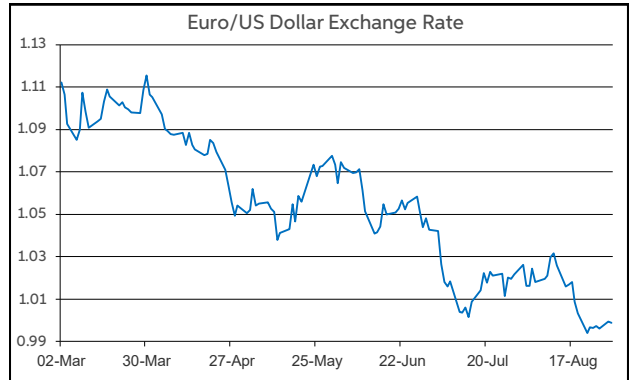
Currency-wise, the dollar found itself on the front foot in early trading yesterday. This saw GBP/USD fall to a fresh YTD low of \$1.165. However, the dollar rally paused for air during the European session. Overall, the greenback lost 0.5-0.7% versus the euro and sterling yesterday.

From a euro viewpoint, the further hardening of Eurozone rate expectations contributed to a firmer tone to the currency. Some positive newsflow in relation to European gas supplies was also helpful. This included, reports suggesting that the EU is set to meet its gas storage goal two months ahead of target. Reports also suggest that the EU is preparing to intervene to cap gas prices.

In level terms, the firmer tone to the euro sees EUR/USD open this morning just below parity. EUR/GBP is operating in the lower half of the 85-86p range. Meanwhile, GBP/USD is changing hands back up above the \$1.17 mark.

Turning to the day ahead, the main release of note will be the EC sentiment indices for August. Meanwhile in the US, consumer confidence (August) and speeches from a number of key Fed officials will feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	0.9989	0.75	-12.13
EUR/GBP	0.853	0.26	1.55
GBP/USD	1.1709	0.47	-13.45
GBP/EUR	1.172	-0.26	-1.52
USD/JPY	138.61	-0.18	20.45
EUR/JPY	138.47	0.57	5.81

* 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	2.52	3.07	3.83	3.78	3.34
EUR	0.50	0.09	0.54	1.74	2.11	2.25
GBP	1.75	1.92	2.42	3.81	4.07	3.56

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

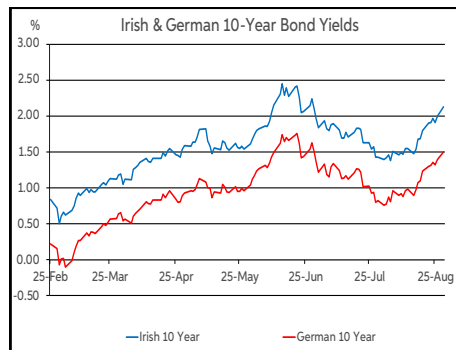
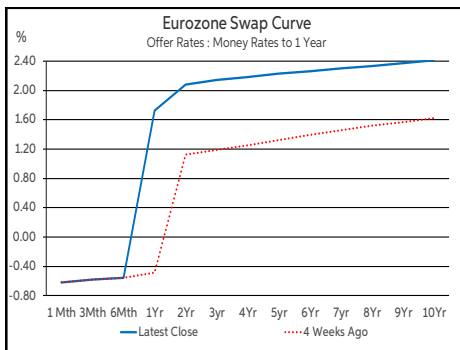
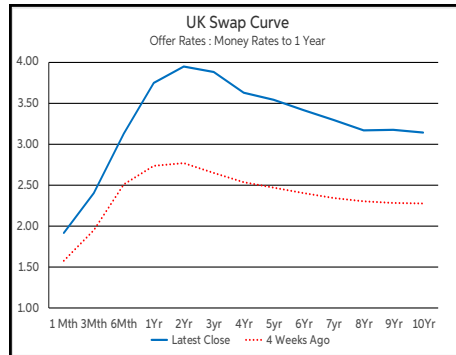
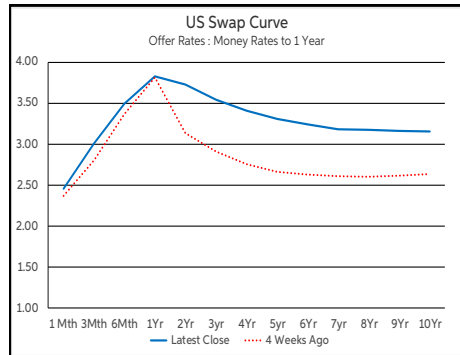
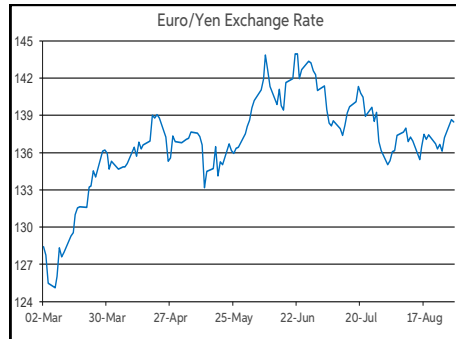
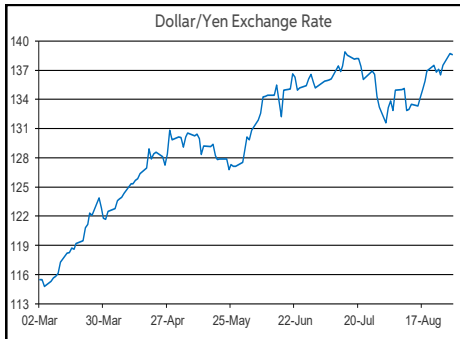
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Opening Levels

Tuesday 30 August 2022
07:46 am



Euro		Sterling		Dollar	
EUR/GBP	0.853	GBP/EUR	1.172	USD/JPY	138.61
EUR/USD	0.9989	GBP/USD	1.1709	USD/CAD	1.301
EUR/JPY	138.47	GBP/CAD	1.5232	USD/CHF	0.9676
EUR/SEK	10.6654	GBP/NZD	1.9056	USD/CNY	6.914
EUR/DKK	7.4374	GBP/JPY	162.3	USD/BRL	5.0283
EUR/NOK	9.7505	GBP/SEK	12.5047	USD/RUB	60.25
EUR/CHF	0.9665	GBP/DKK	8.7153	USD/INR	79.725
EUR/AUD	1.4488	GBP/NOK	11.4276	AUD/USD	0.6894
EUR/HKD	7.8398	GBP/CHF	1.1331	NZD/USD	0.6141
EUR/CAD	1.2998	GBP/AUD	1.6979		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
10 Year Yield %				
US	3.11	+8	+53	+160
Germany	1.51	+11	+74	+168
UK	2.60	-1	+79	+163
5 Year Swap %				
US	2.17	+12	+74	+192
Belgium	2.16	+13	+79	+198
France	2.13	+12	+78	+194
Italy	3.80	+11	+81	+262
Spain	2.70	+11	+84	+211
Portugal	2.61	+11	+82	+212
Greece	4.03	+6	+112	+272
2 Year Swap %				
US	3.31	+5	+69	+197
Eurozone	2.23	+9	+91	+222
UK	3.54	+0	+107	+227
10 Year Government Bond Spreads to Benchmark bps				
Ireland	66	+2	-0	+24
Belgium	66	+2	+4	+30
France	63	+1	+4	+25
Italy	230	+0	+7	+93
Spain	120	-0	+10	+42
Portugal	110	+0	+8	+44
Greece	253	-5	+37	+104

Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	105.09	+4.06	+5.06	+35.11
West Texas Oil	97.4	+4.03	+0.84	+29.30
Gold \$	1737.8	+0.06	-1.91	-4.95

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