

## Eurozone HICP inflation data due today

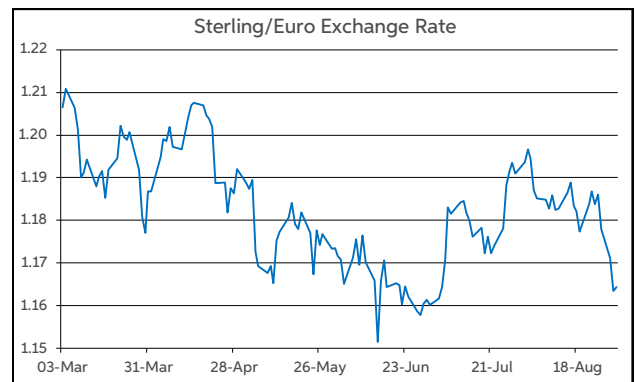
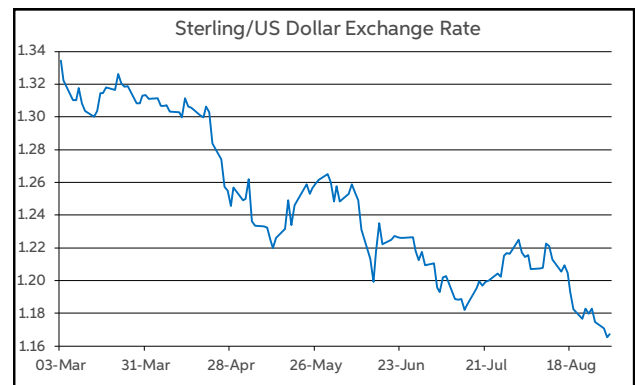
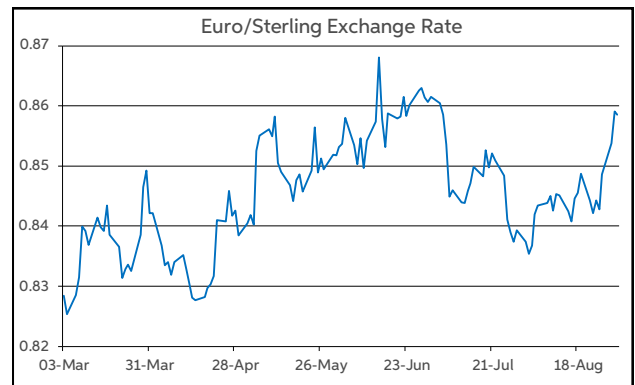
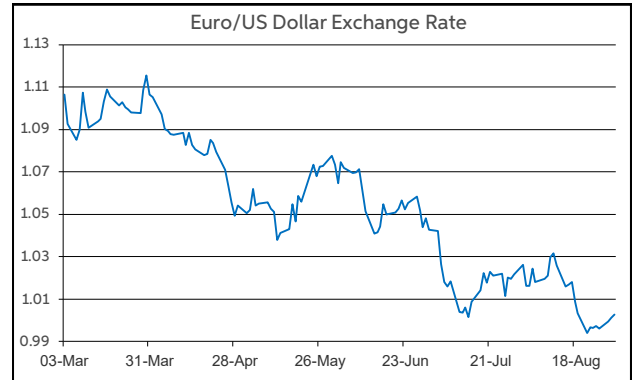
Risk appetite remained muted yesterday as concerns regarding inflation, slowing growth and tighter monetary policy, continued to weigh on investor sentiment. The Euro Stoxx 50 fell by 0.2%, while the S&P 500 shed 1.1%. On bond markets, UK Gilt yields rose by 2-10bps along the curve. US and Eurozone yields were little changed. Elsewhere, oil declined by circa 5%, moving back below \$100 per barrel.

On the currency front, sterling was holding a slightly softer tone, while the euro was somewhat on the front foot. Overall, EUR/USD operated in a fairly tight range throughout the European session, between \$0.998-1.005. Initially, some hawkish rhetoric from the ECB's Knot provided some support for the euro. However, an above consensus US consumer confidence print (103.2 vs. 97.7 f'cast) helped the dollar regain some momentum in the afternoon. Meanwhile, overnight, sterling edged off its lows.

As trading gets underway this morning, EUR/USD is changing hands up above parity. Meantime, the softer tone to sterling is evidenced by EUR/GBP opening up in the top half of the 85-86p range. Elsewhere, GBP/USD is operating back down in the \$1.16-1.17 corridor.

Today, the main release of note will be the flash reading of HICP inflation in the Eurozone for August. Yesterday, the German reading printed in-line with the consensus, rising to 8.8% from 8.5%. A more modest increase in the EU wide measure is expected, with the headline rate edging higher to 9% from 8.9%. The ex-food & energy rate is projected to be unchanged at 5.1%. The data will likely play a key role in determining whether the ECB opts for a 50 or 75bps increase at its policy meeting next week.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2021
EUR/USD	1.0023	0.25	-11.83
EUR/GBP	0.8583	0.49	2.18
GBP/USD	1.1675	-0.26	-13.70
GBP/EUR	1.1644	-0.49	-2.13
USD/JPY	138.45	-0.01	20.31
EUR/JPY	138.81	0.25	6.07

\* 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	3.86	3.81	3.34
EUR	0.50	0.12	0.58	1.79	2.14	2.25
GBP	1.75	1.92	2.42	3.82	4.09	3.61

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

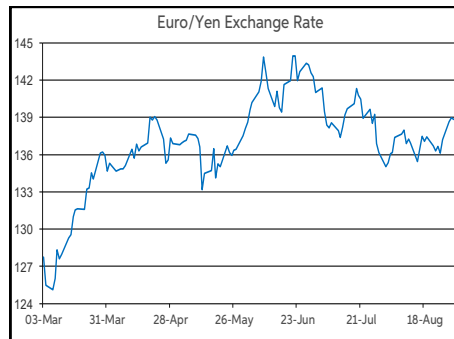
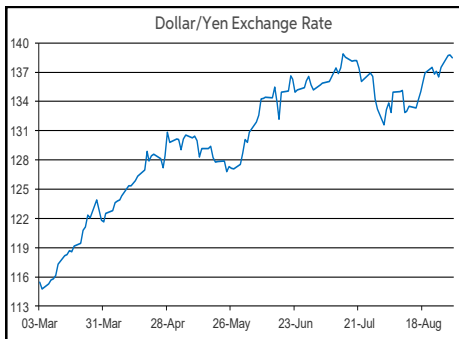
FX Spot	Karl Cooke Shane Gargan Ian Burke	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

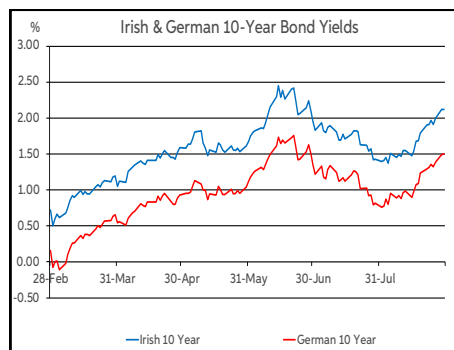
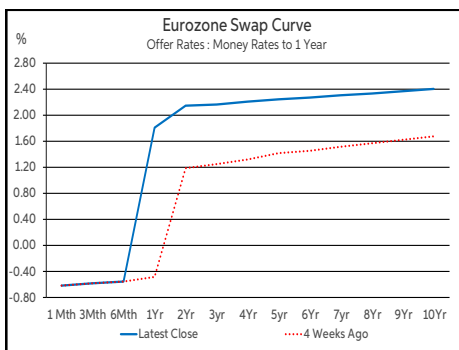
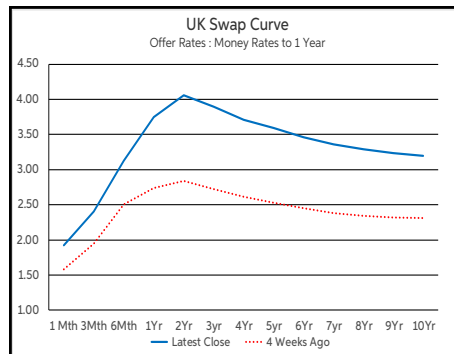
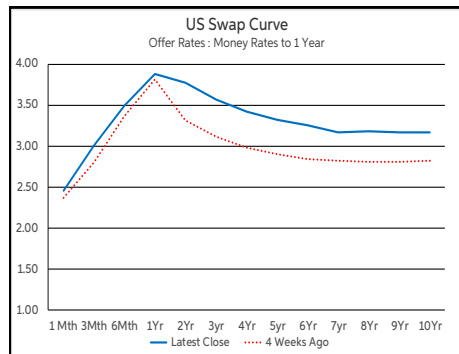
Wednesday 31 August 2022  
07:31 am



Euro		Sterling		Dollar	
EUR/GBP	0.8583	GBP/EUR	1.1644	USD/JPY	138.45
EUR/USD	1.0023	GBP/USD	1.1675	USD/CAD	1.3075
EUR/JPY	138.81	GBP/CAD	1.5267	USD/CHF	0.9731
EUR/SEK	10.6877	GBP/NZD	1.899	USD/CNY	6.8959
EUR/DKK	7.4369	GBP/JPY	161.64	USD/BRL	5.123
EUR/NOK	9.824	GBP/SEK	12.451	USD/RUB	60.1
EUR/CHF	0.9756	GBP/DKK	8.6602	USD/INR	79.498
EUR/AUD	1.4537	GBP/NOK	11.4375		
EUR/HKD	7.8651	GBP/CHF	1.136	AUD/USD	0.6892
EUR/CAD	1.3107	GBP/AUD	1.6935	NZD/USD	0.6146



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 21
<b>10 Year Yield %</b>				
US	3.11	-0	+36	+160
Germany	1.51	+1	+73	+169
UK	2.71	+10	+84	+173
<b>5 Year Swap %</b>				
US	3.32	+3	+46	+199
Eurozone	2.25	+2	+83	+223
UK	3.59	+5	+107	+232
<b>2 Year Swap %</b>				
US	3.77	+4	+50	+283
Eurozone	2.15	+7	+97	+245
UK	4.06	+11	+123	+287
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	66	-1	-0	+23
Belgium	64	-2	+0	+28
France	61	-1	+2	+24
Italy	230	+1	+5	+94
Spain	119	-1	+3	+41
Portugal	111	+0	+2	+44
Greece	250	-3	+33	+101



Commodities				
	% Change			
	Close	Day	4 Weeks	End 21
Brent Oil	99.31	-5.50	-1.22	+27.68
West Texas Oil	92.08	-5.46	-5.21	+22.24
Gold \$	1723.5	-0.82	-2.06	-5.73

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