

Slightly softer dollar, modestly firmer sterling

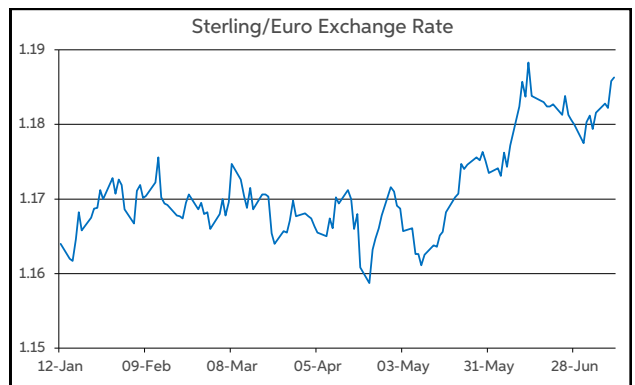
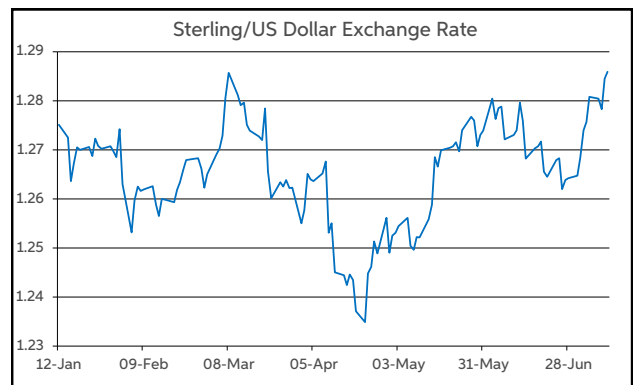
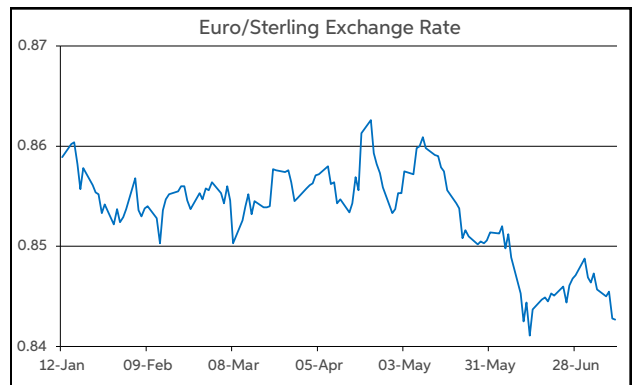
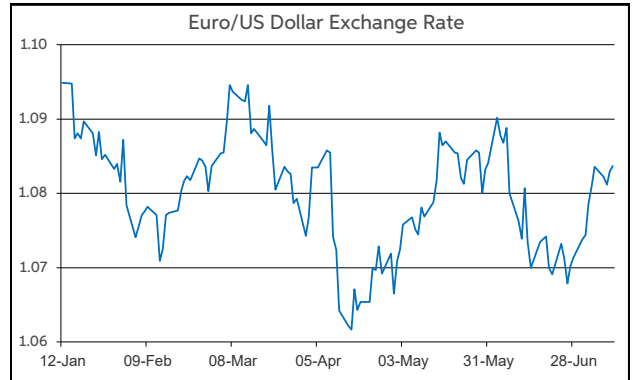
There was an uneventful macro calendar on both sides of the Atlantic yesterday. Data-wise, the only release of any note was Italian industrial production for May, which surprised to the upside of expectations posting a 0.5% m/m increase (vs. f'cast for +0.1%). Not surprisingly, the data had no impact on the euro. Meanwhile, as expected, Fed Chair Powell's second day of Congressional testimony broke no new ground in terms of insight into the Fed's timeline for rate cuts. The testimony was a non-event for the dollar.

Of the limited FX action to register over the past 24 hours, sterling is marginally firmer, while the dollar has retained its softer tone. Sterling was supported in part yesterday by comments from BoE's Pill, noting that there is still work to be done to lower inflation. EUR/GBP has edged below the midpoint of 84-85p, while GBP/USD regained the \$1.28 level. Meanwhile, EUR/USD has moved slightly higher within the lower half of \$1.08-1.09.

After a sparse few days on the data front, today sees some top tier releases. Already this morning UK GDP data for May has been released. The data suggest that economic growth picked up midway through Q2 after stalling at the start of the quarter. GDP rose by a better than expected 0.4% m/m in May (f'cast for +0.2%).

Meanwhile, later today we get some very important US data, with the publication of CPI inflation figures for June. This is a key release in the context of the Fed being in 'data dependent' mode in determining when it is comfortable to cut rates. Markets are anticipating that the Fed may lower rates in September. Therefore, the data pose some headline risk for the dollar. Consensus forecasts are for headline CPI inflation to ease to 3.1% (from 3.3%), while the core rate is expected to be unchanged at 3.4%.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0837	0.18	-1.80
EUR/GBP	0.8427	-0.33	-2.78
GBP/USD	1.2859	0.52	1.02
GBP/EUR	1.1861	0.33	2.86
USD/JPY	161.7	0.16	14.63
EUR/JPY	175.27	0.36	12.62

* 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	5.44	5.57	5.21	4.73	4.26
EUR	4.25	3.62	3.71	3.53	3.20	2.87
GBP	5.25	5.15	5.09	4.82	4.68	4.18

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
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Euro

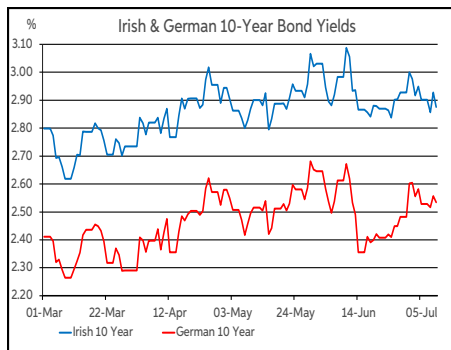
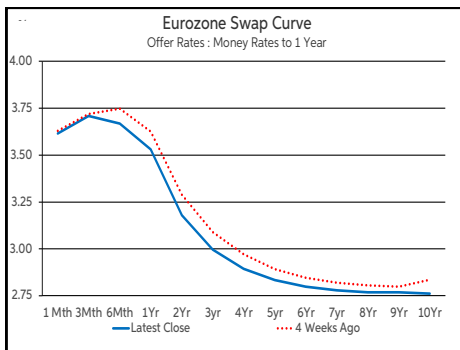
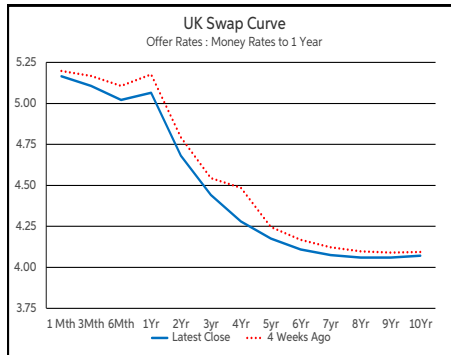
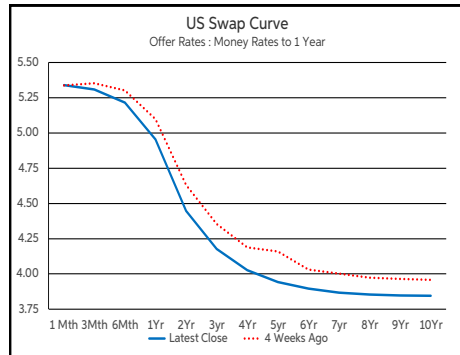
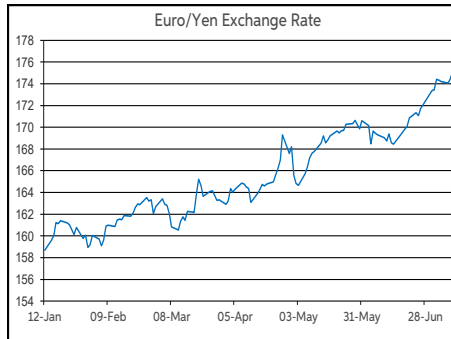
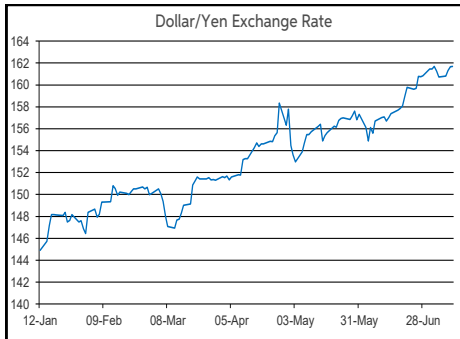
EUR/GBP	0.8427
EUR/USD	1.0837
EUR/JPY	175.27
EUR/SEK	11.426
EUR/DKK	7.4597
EUR/NOK	11.5945
EUR/CHF	0.9746
EUR/AUD	1.603
EUR/HKD	8.464
EUR/CAD	1.4761

Sterling

GBP/EUR	1.1861
GBP/USD	1.2859
GBP/CAD	1.7516
GBP/NZD	2.1101
GBP/JPY	207.93
GBP/SEK	13.558
GBP/DKK	8.8498
GBP/NOK	13.758
GBP/CHF	1.1566
GBP/AUD	1.902

Dollar

USD/JPY	161.7
USD/CAD	1.362
USD/CHF	0.8993
USD/CNY	7.2709
USD/BRL	5.4156
USD/RUB	87.5
USD/INR	83.529
AUD/USD	0.6759
NZD/USD	0.6092



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.28	-2	-1	+42
Germany	2.54	-2	+0	+51
UK	4.13	-3	+0	+59
5 Year Swap %				
Ireland	2.91	-5	-6	+55
Belgium	3.11	-6	+311	+42
France	3.19	-7	+3	+63
Italy	3.86	-9	-6	+16
Spain	3.31	-6	-6	+32
Portugal	3.12	-7	-6	+34
Greece	3.55	-5	-8	+48
2 Year Swap %				
US	4.22	-1	-11	+43
Eurozone	2.83	-3	-5	+41
UK	4.17	-2	-7	+52
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-3	-6	+4
Belgium	57	-4	+310	-9
France	65	-4	+2	+12
Italy	133	-7	-6	-34
Spain	77	-4	-6	-19
Portugal	59	-5	-6	-17
Greece	102	-3	-8	-3

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	85.08	+0.50	+3.00	+10.44
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2371.1	+0.32	+2.09	+14.96

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