

Yen continues to strengthen

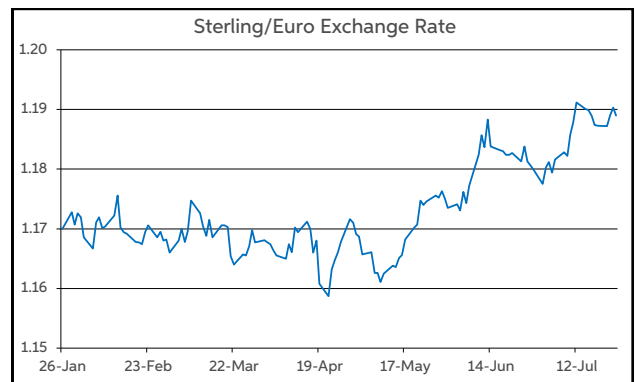
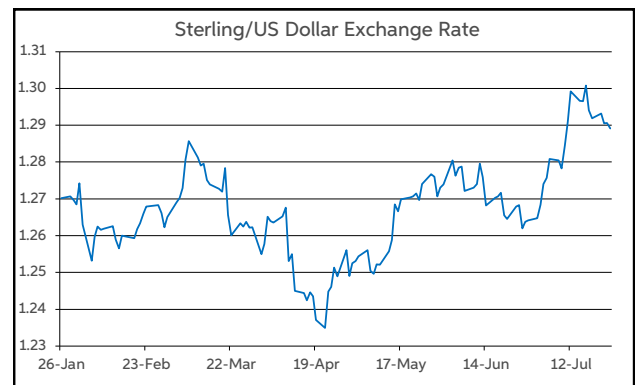
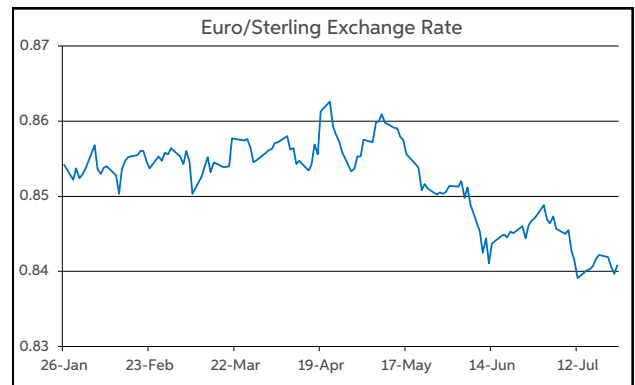
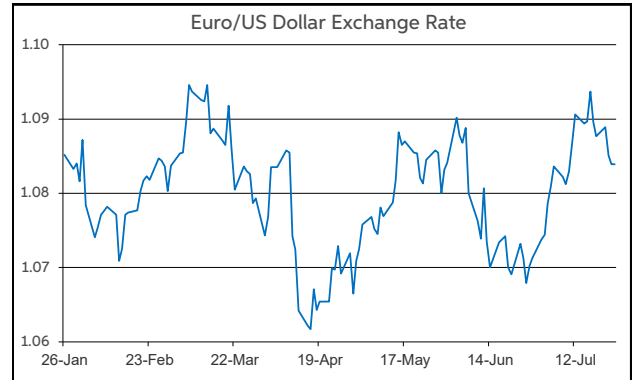
Data-wise, the focus yesterday was on the flash PMIs for July for an early read on how economies are performing at the start of Q3. The Eurozone PMIs missed to the downside of expectations. The composite PMI reading of 50.1 (from 50.9) indicates a very meagre pace of expansion. Growth was driven by services, although this sector lost some momentum, while manufacturing fell further into contractionary territory. The PMIs though have tended to overstate weakness in the EZ economy over recent quarters.

The UK PMIs continued the economy's recent trend of data surprising to the upside. The composite rose to 52.7 in July. The data suggest the UK economy has some upward momentum early in Q3. In the US, the composite PMI, at 55, was also better than the consensus, with a strong performance from 'services' compensating for some unexpected weakness in manufacturing.

The batch of survey data though had no noticeable currency impact. Most of the majors have been confined to narrow ranges. The one exception again has been the yen, which has continued to strengthen in the lead up to next week's BoJ meeting. USD/JPY has moved below ¥153. Meanwhile, EUR/USD remains near the midpoint of \$1.08-1.09, GBP/USD is persisting just under the \$1.29 threshold. EUR/GBP continues to trade in and around the 84p.

In overnight news the People's Bank of China unexpectedly cut rates. This follows on from yesterday's rate cut from the Bank of Canada, which was in line with expectations. Today's macro spotlight is very much on the US with some key releases due. This includes core-PCE for Q2 (Fed's preferred inflation gauge) as well as the first reading of Q2 GDP. The data pose some event risk for the dollar.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0839	-0.07	-1.79
EUR/GBP	0.8408	-0.08	-3.00
GBP/USD	1.2891	0.04	1.27
GBP/EUR	1.1889	0.08	3.09
USD/JPY	152.78	-1.18	8.31
EUR/JPY	165.64	-1.23	6.43

* 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	5.46	5.54	5.02	4.51	4.11
EUR	4.25	3.62	3.69	3.39	2.99	2.72
GBP	5.25	5.11	5.07	4.77	4.61	4.17

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

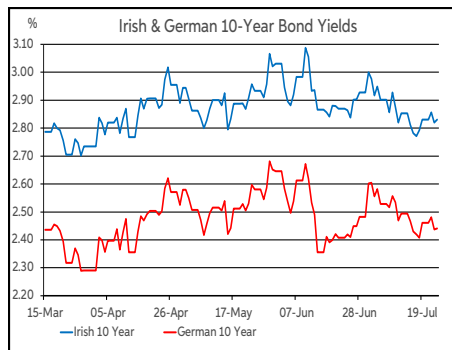
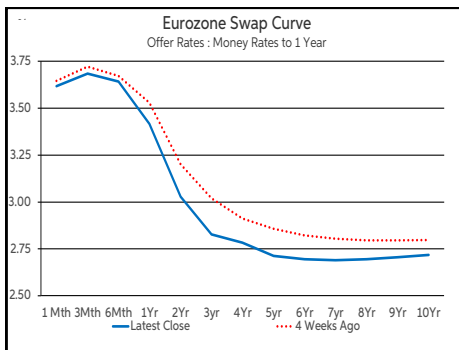
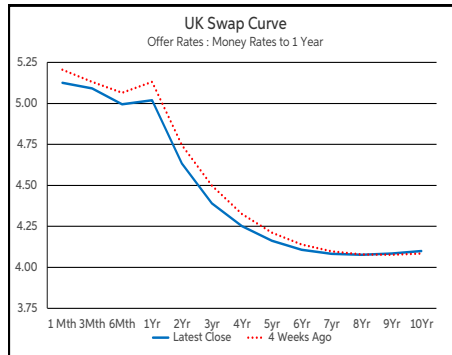
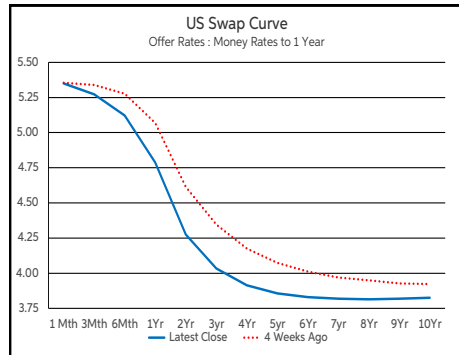
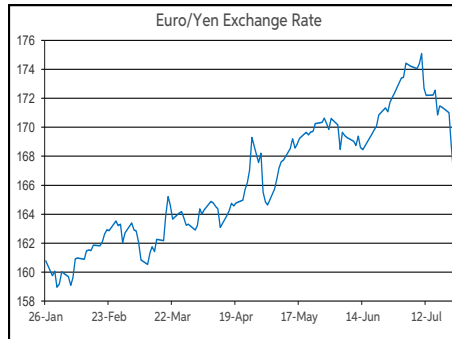
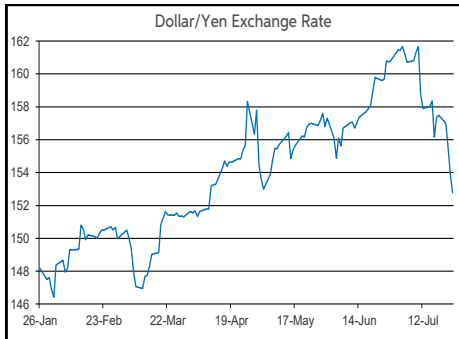
EUR/GBP	0.8408
EUR/USD	1.0839
EUR/JPY	165.64
EUR/SEK	11.6957
EUR/DKK	7.4617
EUR/NOK	11.9654
EUR/CHF	0.957
EUR/AUD	1.6555
EUR/HKD	8.4607
EUR/CAD	1.4979

Sterling

GBP/EUR	1.1889
GBP/USD	1.2891
GBP/CAD	1.7814
GBP/NZD	2.1783
GBP/JPY	196.95
GBP/SEK	13.9066
GBP/DKK	8.8729
GBP/NOK	14.231
GBP/CHF	1.1383
GBP/AUD	1.9688

Dollar

USD/JPY	152.78
USD/CAD	1.3818
USD/CHF	0.8828
USD/CNY	7.2463
USD/BRL	5.6546
USD/RUB	86.2
USD/INR	83.706
AUD/USD	0.6547
NZD/USD	0.5916



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.29	+5	-3	+43
Germany	2.44	+0	-1	+41
UK	4.16	+3	+2	+62
5 Year Swap %				
US	4.13	+1	-19	+34
Eurozone	2.71	-1	-14	+28
UK	4.16	+1	-4	+51
2 Year Swap %				
US	4.52	-4	-35	+19
Eurozone	3.03	-2	-17	+24
UK	4.61	-2	-13	+34
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+0	-7	+7
Belgium	57	+0	-9	-10
France	71	+2	-3	+18
Italy	136	+4	-19	-32
Spain	82	+2	-11	-14
Portugal	65	+2	-9	-11
Greece	104	+3	-19	-1

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	81.71	+0.86	-4.15	+6.06
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2397.6	-0.48	+4.34	+16.24

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