

Fed in the market spotlight today

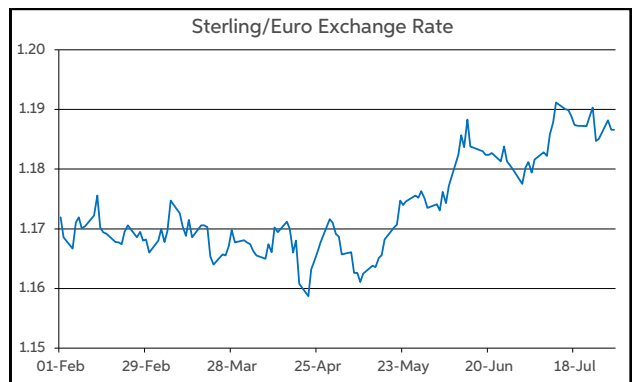
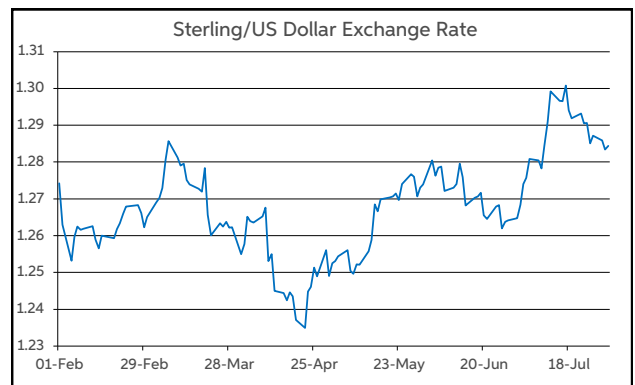
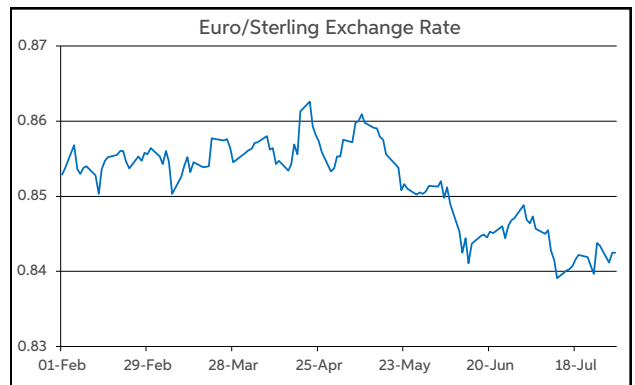
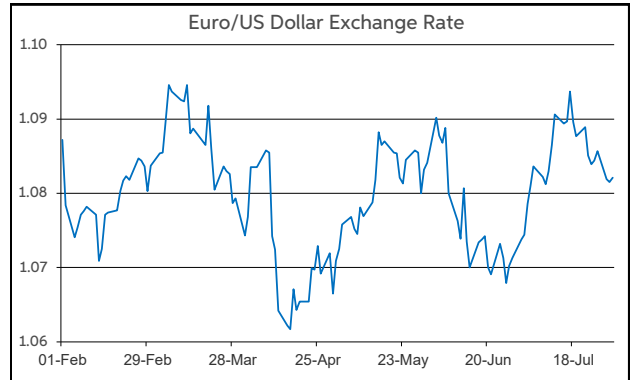
Yesterday's data calendar was centred on the Eurozone. The Eurozone Q2 GDP number printed at +0.3% q/q, matching its pace of growth in Q1, and coming in slightly ahead of consensus (+0.2%). Growth was driven by France at +0.3% q/q (f'cast for 0.2%) and Spain at +0.8% q/q (f'cast for 0.5%). Meantime, the German economy contracted by 0.1% q/q (f'cast +0.1%), while Italy expanded by 0.2% (in line with expectations). Overall though, the GDP data had no material impact on the euro.

Overnight, markets have been digesting the outcome of the BoJ meeting. As expected, the central bank hiked rates by 15bp to 0.25%. It also announced that it is halving its monthly rate of bond purchases. The yen has gained some ground over the past 24 hours, with USD/JPY falling below ¥153. Elsewhere on the currency front, the other main pairs start this morning very similar to yesterday's opening levels. EUR/USD remains in the lower half of \$1.08-1.09 and EUR/GBP continues under the midpoint of 84-85p.

Ahead today, the main data is the flash reading of Eurozone HICP inflation for July. However, the market's focus today is on the US Fed meeting (concludes after European close). The strong consensus view is for no change to rates this month. The market though is fully pricing in a 25bps rate cut in September.

Therefore, investors will be scrutinising the meeting statement and Chair Powell's press conference for clear guidance that the Fed will cut in September. However, the Fed may refrain from being too direct as it could wait until the Jackson Hole Economic Symposium at the end of August to give guidance on its intentions for its September 17th/18th meeting. Therefore, today's Fed meeting is a potential source of volatility for the dollar.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0821	-0.03	-1.95
EUR/GBP	0.8425	0.08	-2.80
GBP/USD	1.2844	-0.10	0.90
GBP/EUR	1.1867	-0.08	2.88
USD/JPY	152.77	-1.08	8.30
EUR/JPY	165.34	-1.09	6.24

* 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	5.51	4.99	4.48	4.04
EUR	4.25	3.60	3.64	3.27	2.89	2.61
GBP	5.25	5.06	5.03	4.71	4.52	4.06

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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Opening Levels

Wednesday 31 July 2024
07:16 am



Euro

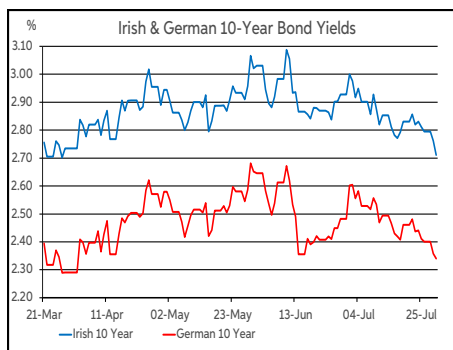
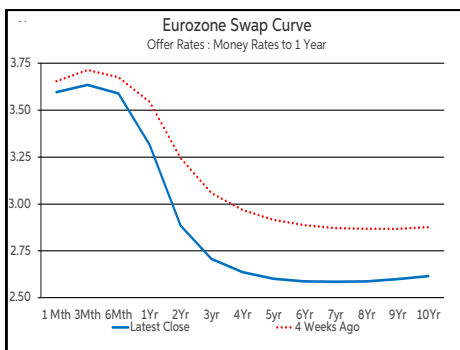
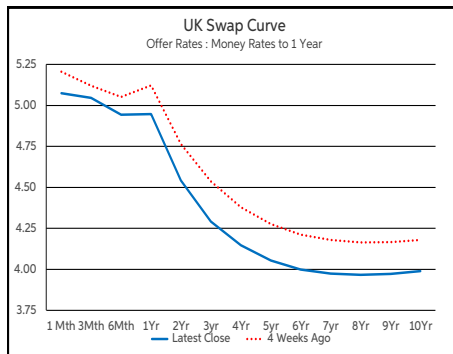
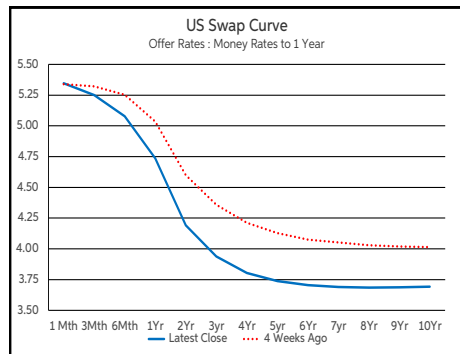
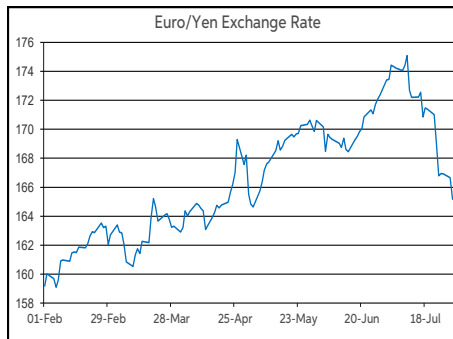
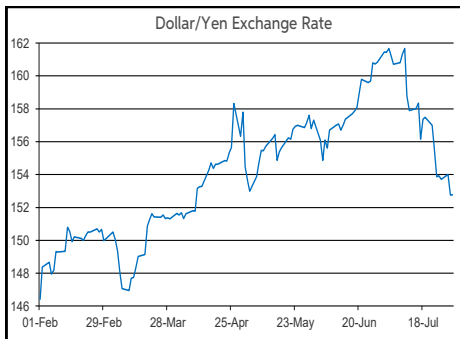
EUR/GBP	0.8425
EUR/USD	1.0821
EUR/JPY	165.34
EUR/SEK	11.6387
EUR/DKK	7.4622
EUR/NOK	11.8173
EUR/CHF	0.9546
EUR/AUD	1.666
EUR/HKD	8.4553
EUR/CAD	1.4976

Sterling

GBP/EUR	1.1867
GBP/USD	1.2844
GBP/CAD	1.7771
GBP/NZD	2.172
GBP/JPY	196.22
GBP/SEK	13.8074
GBP/DKK	8.8546
GBP/NOK	14.0197
GBP/CHF	1.1326
GBP/AUD	1.977

Dollar

USD/JPY	152.77
USD/CAD	1.3837
USD/CHF	0.8818
USD/CNY	7.2332
USD/BRL	5.6122
USD/RUB	86.2
USD/INR	83.735
AUD/USD	0.6496
NZD/USD	0.5913



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.14	-4	-30	+28
Germany	2.34	-2	-27	+31
UK	4.05	-1	-20	+51
Ireland	2.74	-5	-26	+38
Belgium	2.94	-1	-26	+25
France	3.06	-1	-26	+50
Italy	3.70	-1	-36	+0
Spain	3.17	-2	-29	+18
Portugal	2.98	-3	-30	+19
Greece	3.38	-1	-34	+30
5 Year Swap %				
US	4.00	-4	-38	+20
Eurozone	2.60	-3	-31	+17
UK	4.05	-2	-22	+40
2 Year Swap %				
US	4.44	-6	-42	+11
Eurozone	2.89	-4	-36	+9
UK	4.52	-3	-24	+25
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-3	+1	+6
Belgium	60	+0	+1	-6
France	72	+1	+0	+19
Italy	136	+1	-10	-31
Spain	83	-0	-2	-14
Portugal	64	-1	-3	-12
Greece	104	+0	-7	-1

Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.63	-1.44	-8.82	+2.06
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2408.4	+1.04	+3.40	+16.77

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