

Inflation in focus this week

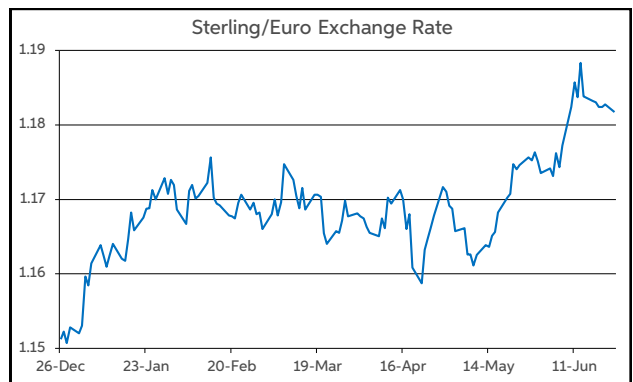
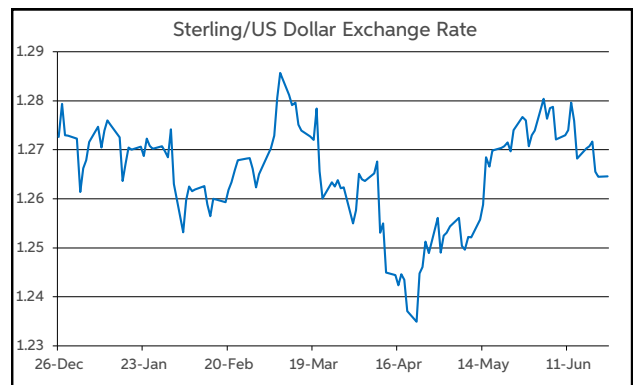
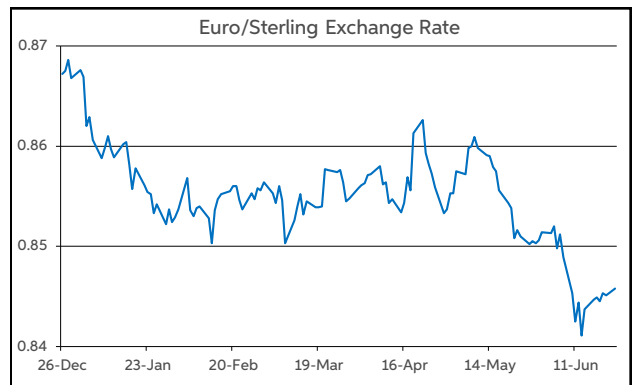
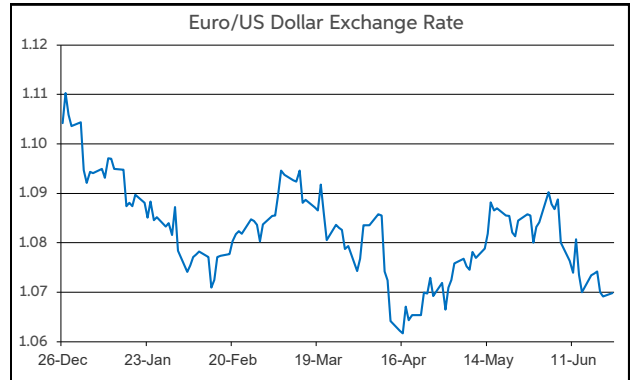
Last week saw an improvement in European investor sentiment. This followed a distinctly negative tone the previous week amid increased political uncertainty. The firming in risk appetite was reflected in the Euro Stoxx 50 gaining 1.4% on the week (fell over 4% the previous week). There was also a modest narrowing in the spread between French and German 10-year bond yields, although it still remains around 25bps wider (at near to 75bps) than it was before the snap announcement of French parliamentary elections.

In terms of the macro calendar, the main event of note, the BoE meeting for June saw the central bank keep the Bank rate unchanged at 5.25%, as expected. However, the meeting minutes suggested that more MPC members may soon join their two colleagues in voting for a rate cut. Data-wise, the flash June PMIs from the Eurozone and UK were softer than expected, while the US PMIs surprised to the upside.

From a currency viewpoint, despite the relatively busy macro schedule, the main pairs were confined to generally narrow ranges throughout last week. EUR/USD was unable to sustain a move above \$1.07 and ended the week back below this threshold. Meanwhile, EUR/GBP was operating within a tight corridor in and around the midpoint of 84-85p. Elsewhere, GBP/USD mostly traded within a \$1.263-1.273 range.

This week, in the context of central bank's data dependent mode, there are some useful inflation updates over the coming days. In the Eurozone, we get flash CPI inflation figures for June from France, Italy and Spain. Meanwhile, in the US, the Fed's preferred inflation gauge—core PCE for May is due. The first round of the French elections (June 30th) will also loom on the horizon.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0698	-0.18	-3.06
EUR/GBP	0.8458	-0.06	-2.42
GBP/USD	1.2646	-0.11	-0.65
GBP/EUR	1.1816	0.06	2.48
USD/JPY	159.71	0.52	13.22
EUR/JPY	170.89	0.35	9.81

* 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	5.38	5.46	5.61	5.31	4.85	4.30
EUR	4.25	3.60	3.69	3.52	3.19	2.81
GBP	5.25	5.19	5.14	4.86	4.72	4.16

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

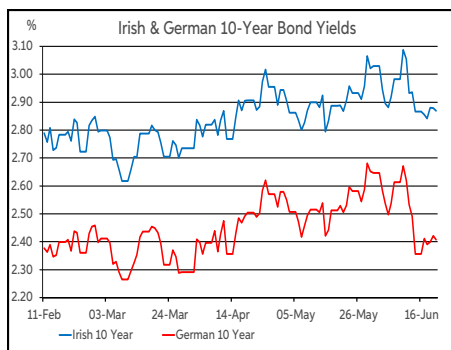
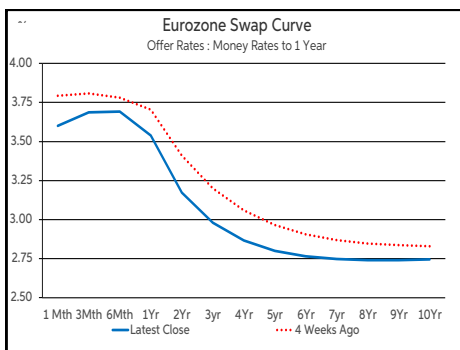
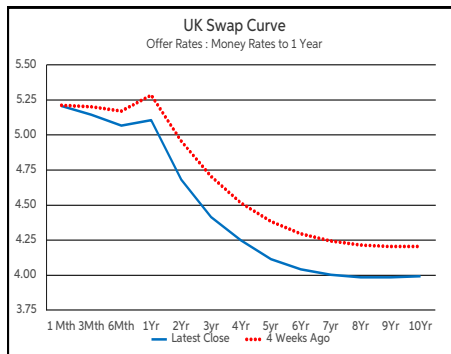
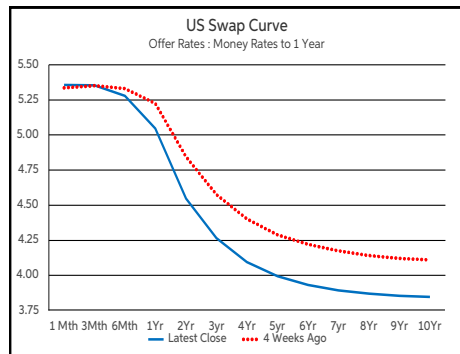
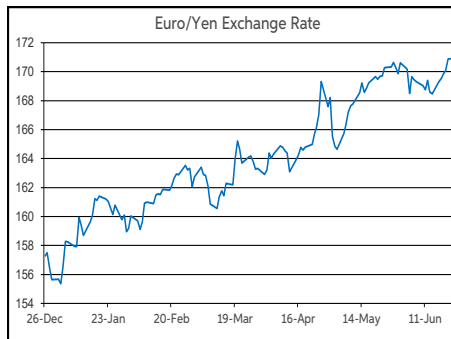
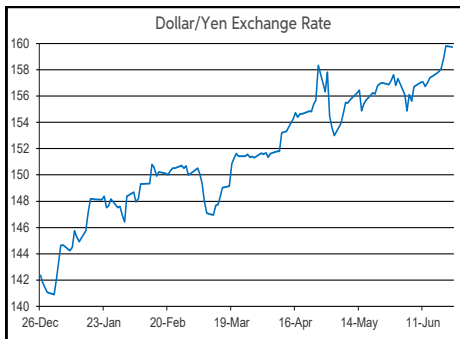
EUR/GBP	0.8458
EUR/USD	1.0698
EUR/JPY	170.89
EUR/SEK	11.2401
EUR/DKK	7.4593
EUR/NOK	11.3062
EUR/CHF	0.9556
EUR/AUD	1.6111
EUR/HKD	8.3525
EUR/CAD	1.4646

Sterling

GBP/EUR	1.1816
GBP/USD	1.2646
GBP/CAD	1.7312
GBP/NZD	2.0682
GBP/JPY	201.97
GBP/SEK	13.2853
GBP/DKK	8.8152
GBP/NOK	13.3671
GBP/CHF	1.1295
GBP/AUD	1.9043

Dollar

USD/JPY	159.71
USD/CAD	1.3688
USD/CHF	0.8931
USD/CNY	7.2616
USD/BRL	5.4291
USD/RUB	87.1
USD/INR	83.51
AUD/USD	0.6639
NZD/USD	0.6112



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.26	+0	-22	+40
Germany	2.41	-1	-17	+38
UK	4.08	+2	-18	+54
5 Year Swap %				
US	4.26	-1	-27	+47
Eurozone	2.80	-3	-16	+37
UK	4.11	+0	-27	+46
2 Year Swap %				
US	4.82	-1	-27	+48
Eurozone	3.17	-2	-23	+38
UK	4.68	+1	-27	+42
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+1	+10	+16
Belgium	68	+1	+15	+2
France	76	+2	+26	+23
Italy	154	+1	+22	-14
Spain	93	+1	+16	-4
Portugal	74	+1	+10	-2
Greece	122	-2	+19	+18

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	85.24	-0.55	+3.80	+10.64
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2320.3	-1.66	-0.58	+12.50

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