

## Inflation data in focus today

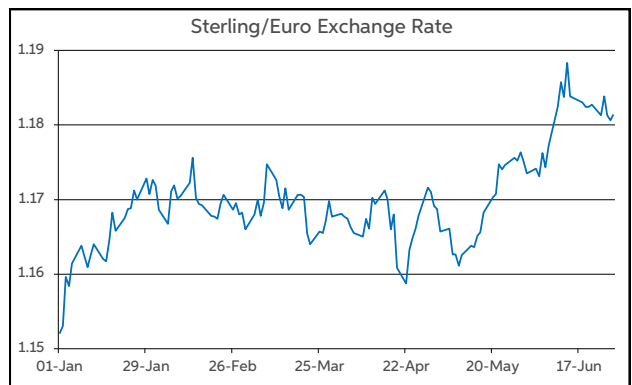
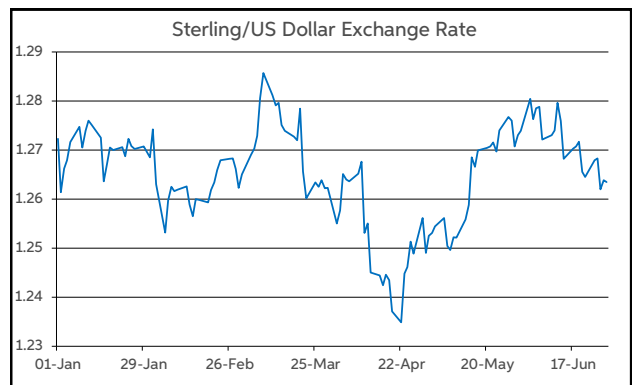
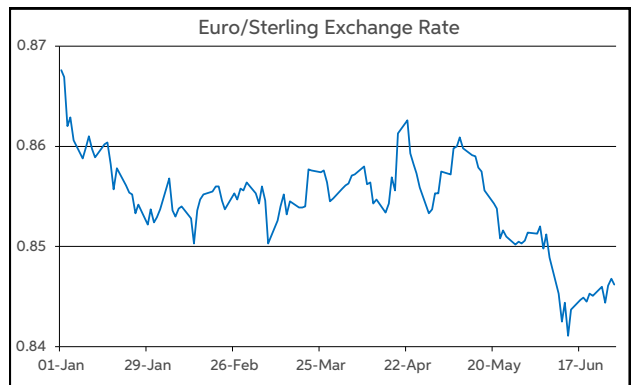
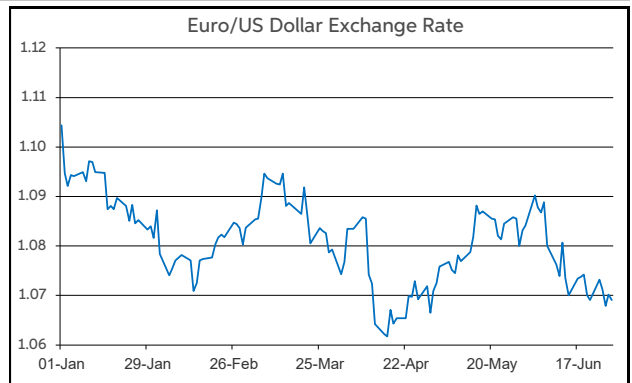
There was a subdued tone to investor sentiment yesterday. This was evident in the main equity indices being in sideways mode for much of their respective trading sessions. At the closing bell on Wall Street last night, the S&P 500 index was flat on the day. On bond markets, in the lead up to the French parliamentary election on Sunday, there was a noticeable widening in the 10-year French/German yield spread. It moved out to 82bps.

Data-wise, there was a busy flow of releases yesterday. The Eurozone EC sentiment indices for June painted a similar picture to last week's PMIs, indicating some softening in activity at the end of Q2. Across the Atlantic, while headline US Durable Goods orders printed ahead of expectations, the underlying details were less encouraging from a business investment perspective. The data though did not appear to have much currency market impact.

Overall, from a currency viewpoint, yen weakness remained the dominant theme. USD/JPY rose to a new 38-year high at ¥161.27. This will increase speculation that Japanese authorities will be forced to intervene again to support the currency. Elsewhere, the other FX majors operated within narrow ranges. EUR/USD was straddling the \$1.07 level, while EUR/GBP continued to trade near the midpoint of 84-85p. GBP/USD remained in the lower half of \$1.26-1.27.

There is an inflation theme to today's macro diary. In the Eurozone, we get flash HICP inflation readings for June from France, Italy and Spain. Meanwhile, in the US, we get the Fed's preferred inflation gauge- core PCE for May. With central banks very much in data dependent mode and a particular focus on inflation metrics, today's releases do pose some event risk for their respective currencies.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0691	-0.01	-3.13
EUR/GBP	0.8462	0.01	-2.38
GBP/USD	1.2635	-0.01	-0.74
GBP/EUR	1.1814	-0.01	2.43
USD/JPY	160.94	0.39	14.09
EUR/JPY	172.09	0.37	10.58

\* v Previous Day's European Open  
See Next Page for More Rates

	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.46	5.59	5.31	4.87	4.34
EUR	4.25	3.65	3.72	3.52	3.22	2.87
GBP	5.25	5.19	5.11	4.89	4.75	4.22

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

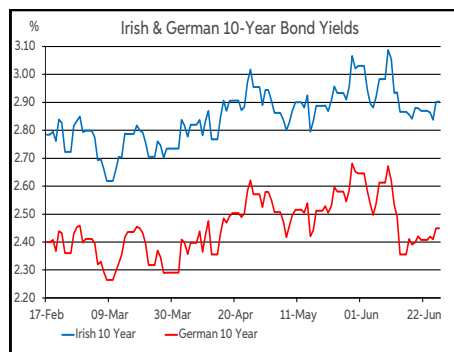
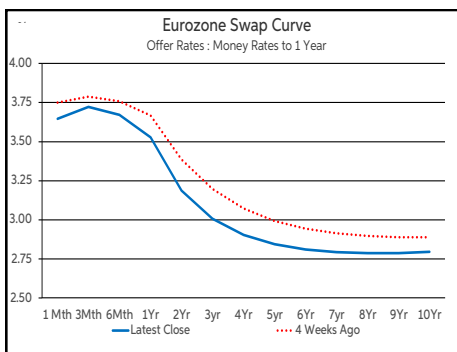
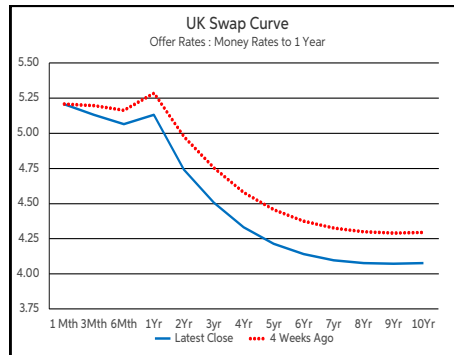
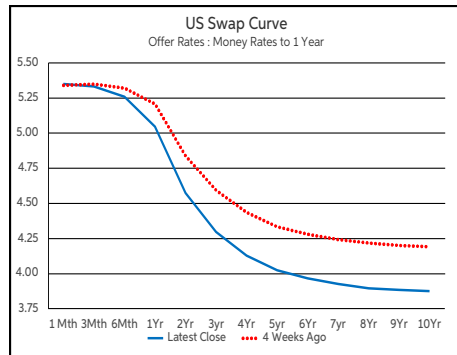
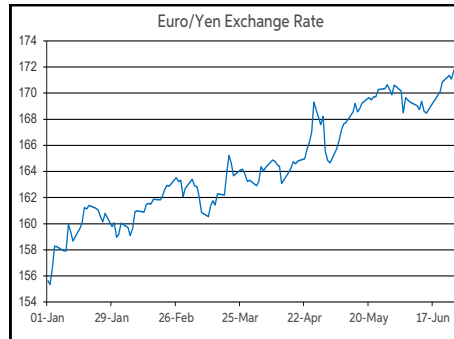
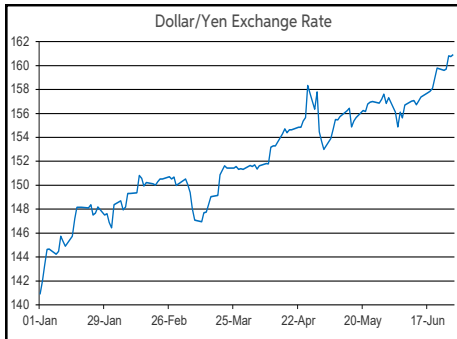
EUR/GBP	0.8462
EUR/USD	1.0691
EUR/JPY	172.09
EUR/SEK	11.3746
EUR/DKK	7.4585
EUR/NOK	11.4065
EUR/CHF	0.9613
EUR/AUD	1.6132
EUR/HKD	8.3476
EUR/CAD	1.4673

## Sterling

GBP/EUR	1.1814
GBP/USD	1.2635
GBP/CAD	1.7337
GBP/NZD	2.0834
GBP/JPY	203.35
GBP/SEK	13.4391
GBP/DKK	8.811
GBP/NOK	13.4848
GBP/CHF	1.1358
GBP/AUD	1.9061

## Dollar

USD/JPY	160.94
USD/CAD	1.3721
USD/CHF	0.899
USD/CNY	7.2678
USD/BRL	5.5009
USD/RUB	85.2
USD/INR	83.453
AUD/USD	0.6626
NZD/USD	0.6063



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.29	-3	-27	+43
Germany	2.45	+0	-20	+43
UK	4.14	-0	-21	+60
<b>5 Year Swap %</b>				
US	4.28	-4	-29	+49
Eurozone	2.84	-0	-14	+42
UK	4.21	+1	-24	+56
<b>2 Year Swap %</b>				
US	4.81	-6	-28	+48
Eurozone	3.19	-1	-19	+39
UK	4.75	+4	+475	+48
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	48	+1	+10	+15
Belgium	68	+3	+13	+2
France	82	+8	+32	+29
Italy	158	+3	+27	-9
Spain	95	+2	+22	-1
Portugal	78	+4	+18	+2
Greece	-245	-365	+20	-350

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	86.39	+1.34	+5.53	+12.14
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2327.4	+1.29	-0.66	+12.84

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