

Inflation data in the spotlight

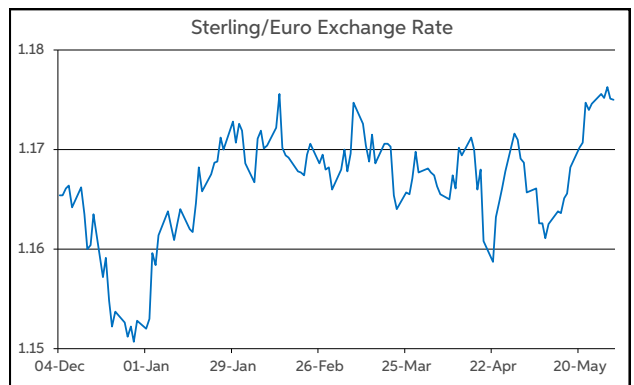
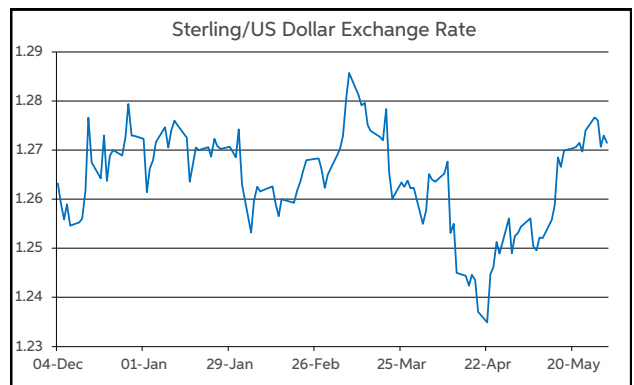
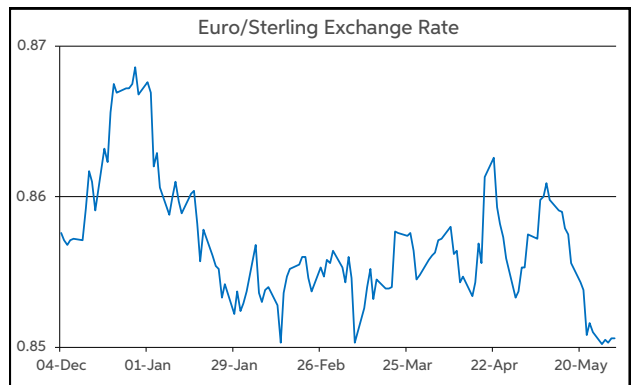
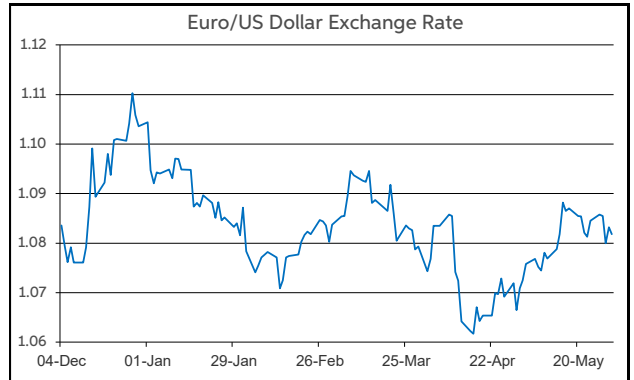
Investor sentiment was holding a mixed tone yesterday, amid some contrasting economic data on both sides of the Atlantic. On equity markets, the Euro Stoxx 50 rose by 0.4%, while the S&P 500 declined by 0.6%. In terms of fixed income, US Treasury, German Bund and UK Gilt yields moved circa 1-7bps lower.

In the Eurozone, the EC sentiment indicators improved, albeit the industrial sector index printed a touch below the consensus. Elsewhere, the Eurozone unemployment rate fell to 6.4% in April, from 6.5%. In the US, GDP was revised lower to +1.3% annualised in Q1 (from +1.6%). Similarly, core-PCE inflation was revised down to +3.6% annualised in Q1 (from +3.7%). Meantime, the latest weekly initial jobless claims figure inched higher to 219k, from 216k. Overall the data suggest the Eurozone economy is gathering some positive momentum, while economic conditions in the US are softening.

Against this backdrop, the dollar was under some downward pressure yesterday. However overnight, the greenback recouped most of its losses. As trading gets underway this morning, EUR/USD is operating in the lower half of the \$1.08-1.09 trading band. Meanwhile, GBP/USD is changing hands in the bottom half of the \$1.27-1.28 corridor. EUR/GBP remains just above the 85p handle.

Today, inflation data in the Eurozone and US will be in focus. In the Eurozone, the flash reading of HICP inflation is projected to rise to 2.5% in May, from 2.4%. However, core inflation is forecast to be unchanged. Likewise, US core-PCE inflation is expected to remain at 2.8% in April. Elsewhere in the US, personal income and consumption data for April will also feature. Aside from the releases, month-end flows may impact on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0818	0.22	-1.98
EUR/GBP	0.8506	0.05	-1.87
GBP/USD	1.2712	0.15	-0.13
GBP/EUR	1.175	-0.05	1.90
USD/JPY	156.92	-0.17	11.24
EUR/JPY	169.76	0.05	9.08

* 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	5.44	5.61	5.47	5.13	4.62
EUR	4.50	3.77	3.79	3.65	3.39	3.00
GBP	5.25	5.19	5.18	5.05	4.98	4.46

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

Friday 31 May 2024
07:28 am



Euro

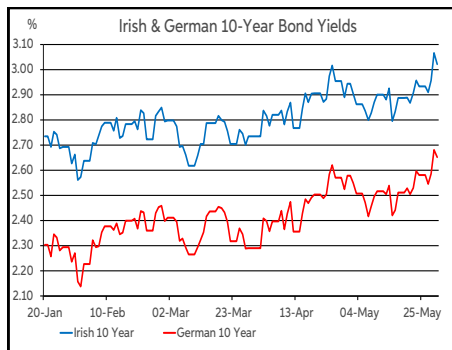
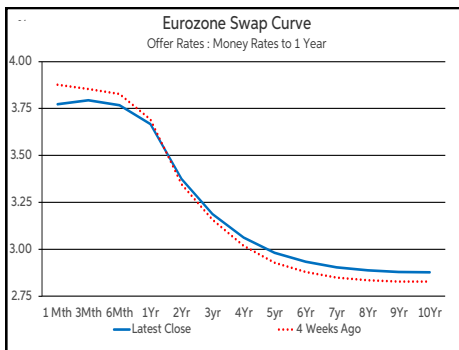
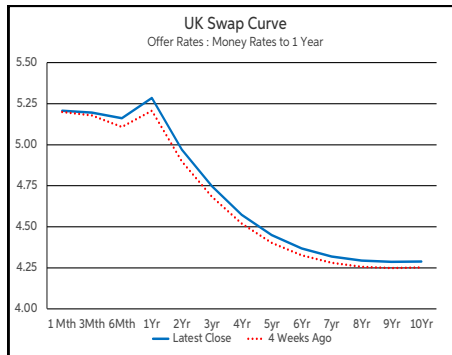
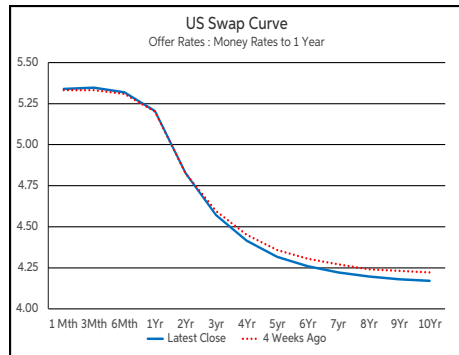
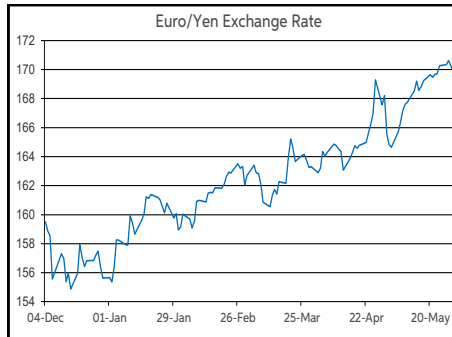
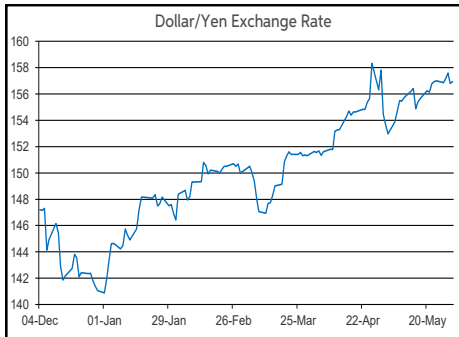
EUR/GBP	0.8506
EUR/USD	1.0818
EUR/JPY	169.76
EUR/SEK	11.4712
EUR/DKK	7.4588
EUR/NOK	11.4058
EUR/CHF	0.9794
EUR/AUD	1.6296
EUR/HKD	8.4576
EUR/CAD	1.4786

Sterling

GBP/EUR	1.175
GBP/USD	1.2712
GBP/CAD	1.7376
GBP/NZD	2.0738
GBP/JPY	199.48
GBP/SEK	13.481
GBP/DKK	8.7665
GBP/NOK	13.4105
GBP/CHF	1.1512
GBP/AUD	1.9152

Dollar

USD/JPY	156.92
USD/CAD	1.3666
USD/CHF	0.9054
USD/CNY	7.2429
USD/BRL	5.2034
USD/RUB	90.3275
USD/INR	83.3
AUD/USD	0.6637
NZD/USD	0.6128



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	4.55	-7	-2	+69
Germany	2.66	-3	+10	+63
UK	4.35	-5	+6	+81
5 Year Swap %				
US	4.57	-7	-2	+78
Eurozone	2.98	-4	+6	+55
UK	4.45	-4	+5	+80
2 Year Swap %				
US	5.09	-4	+2	+75
Eurozone	3.38	-3	+3	+58
UK	4.97	-4	+8	+71
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-1	+1	+5
Belgium	55	+1	+2	-11
France	49	-0	+0	-4
Italy	131	-3	-1	-36
Spain	74	-2	-3	-23
Portugal	60	-1	-2	-15
Greece	103	+4	+2	-2

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	81.86	-2.08	-2.16	+6.26
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2343.0	+0.18	+1.72	+13.59

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