

## US labour market report in focus this week

Investor sentiment improved throughout last week amid some encouraging inflation data on both sides of the Atlantic. In the Eurozone, headline HICP inflation declined to 2.2% in August from 2.6%. Core-HICP also edged down to 2.8% from 2.9%. Meantime in the US, core-PCE inflation fell to 2.6% in July (vs. 2.7% f'cast).

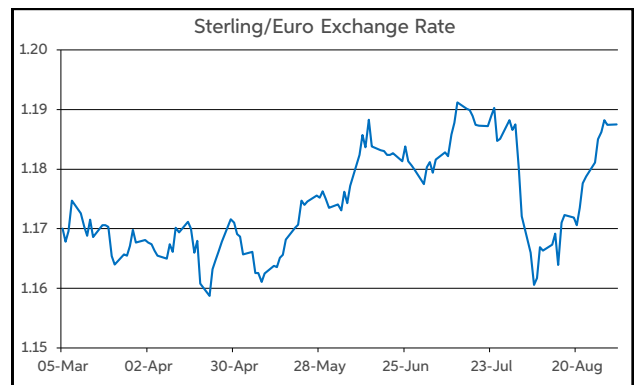
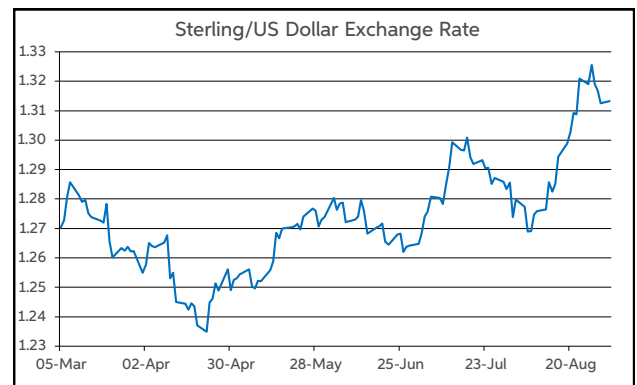
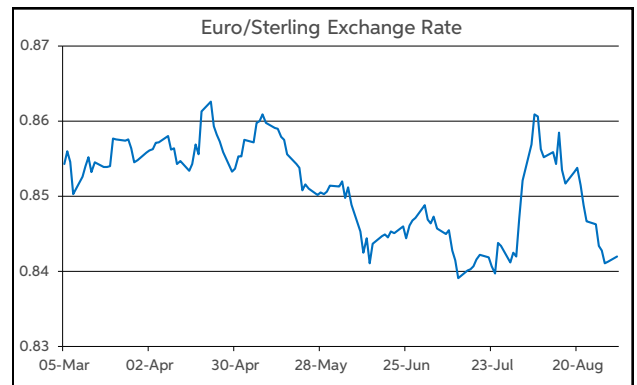
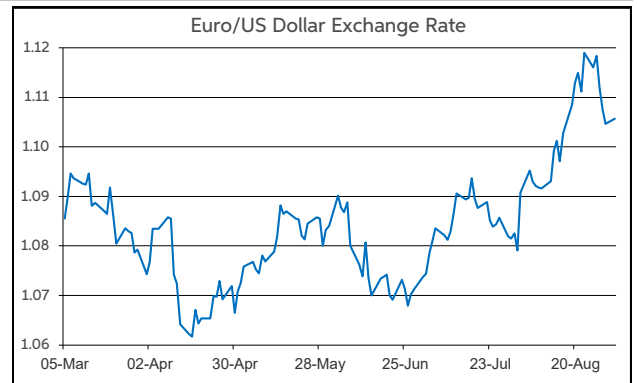
Against this backdrop, The Euro Stoxx 50 rose by 1% last week. Meanwhile, the S&P 500 rebounded in the second half of the week to register a slight 0.2% gain. Elsewhere on markets, oil prices declined by circa 4% last week, with Brent crude trading back near \$76 per barrel this morning.

On the currency front, the dollar was in the ascendancy, having been on the back-foot the week prior. At the same time, the yen and the euro were under some downward pressure. Overall, the greenback rose by around 0.5% against sterling, gained 1% and 1.5% versus the euro and yen, respectively.

In level terms, the firmer dollar and softer euro sees EUR/USD open this morning back near the midpoint of the \$1.10-1.11 range. GBP/USD is changing hands in the lower half of the \$1.31-1.32 corridor. EUR/GBP is operating back close to the 84p threshold. Elsewhere, USD/JPY is up above the ¥146 mark.

This week, the main highlight will be the US labour market report for August. Recent remarks from Fed officials indicate they are now paying closer attention to conditions in the labour market, as they prepare to cut rates given that inflation has moved back towards 2%. The release on Friday poses some event risk for the dollar and US market rate expectations. Meantime, a US public holiday today suggests that there may be a quiet start to the week on markets.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1057	-0.15	0.19
EUR/GBP	0.842	0.11	-2.86
GBP/USD	1.3128	-0.27	3.13
GBP/EUR	1.1871	-0.11	2.95
USD/JPY	146.13	0.89	3.59
EUR/JPY	161.59	0.75	3.83

\* 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	5.31	5.28	4.51	4.02	3.69
EUR	4.25	3.59	3.49	3.05	2.68	2.52
GBP	5.00	4.92	4.87	4.45	4.37	4.01

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

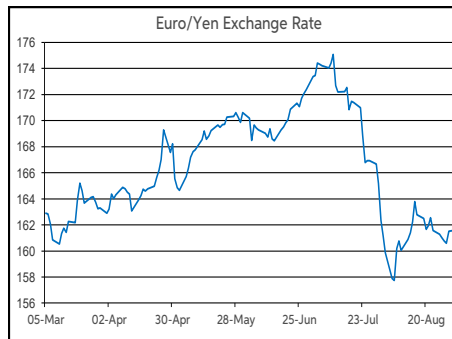
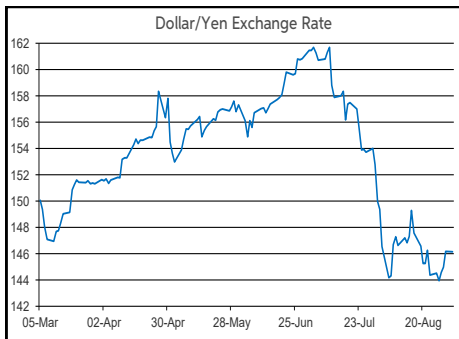
EUR/GBP	0.842
EUR/USD	1.1057
EUR/JPY	161.59
EUR/SEK	11.3538
EUR/DKK	7.4585
EUR/NOK	11.7279
EUR/CHF	0.9392
EUR/AUD	1.6333
EUR/HKD	8.6198
EUR/CAD	1.4921

## Sterling

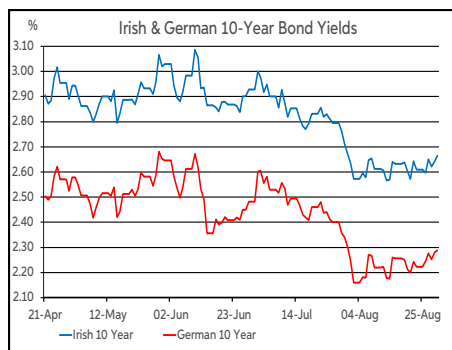
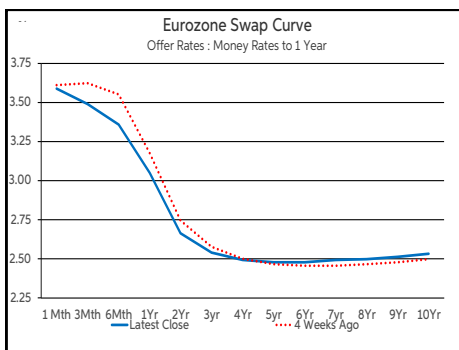
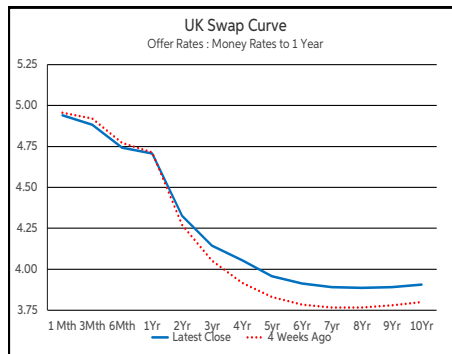
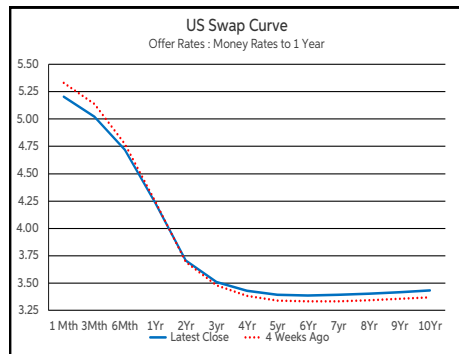
GBP/EUR	1.1871
GBP/USD	1.3128
GBP/CAD	1.772
GBP/NZD	2.1061
GBP/JPY	191.84
GBP/SEK	13.4801
GBP/DKK	8.8551
GBP/NOK	13.9253
GBP/CHF	1.1153
GBP/AUD	1.9401

## Dollar

USD/JPY	146.13
USD/CAD	1.3494
USD/CHF	0.8493
USD/CNY	7.1034
USD/BRL	5.6121
USD/RUB	91.2
USD/INR	83.878
AUD/USD	0.6768
NZD/USD	0.6233



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	3.91	+4	+12	+5
Germany	2.29	+1	+13	+26
UK	4.02	-0	+19	+48
<b>5 Year Swap %</b>				
US	3.65	+2	+5	-14
Eurozone	2.48	+2	+2	+5
UK	3.96	-3	+13	+31
<b>2 Year Swap %</b>				
US	3.98	+4	+4	-36
Eurozone	2.66	+2	-7	-13
UK	4.33	-0	+6	+6
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	+1	-6	+5
Belgium	60	+1	-6	-7
France	72	+1	-7	+19
Italy	140	+3	-7	-27
Spain	83	+1	-6	-13
Portugal	61	+0	-9	-15
Greece	104	+1	-10	-1



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	78.8	-1.43	+2.59	+2.28
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2503.0	-0.72	+2.44	+21.35

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