

## US labour market report in focus

The cautious tone to investor sentiment persisted yesterday. Overall though, it was a relatively quiet day on markets, as investors kept their powder dry ahead of today's US labour market report. The Euro Stoxx 50 fell by 0.7%, while the S&P 500 declined by 0.3%. Meantime, bond yields continued to grind slightly lower.

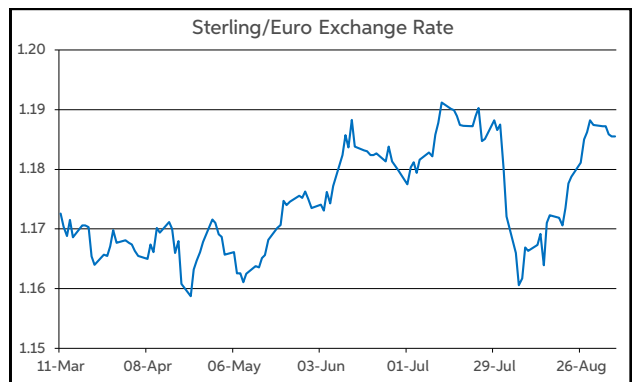
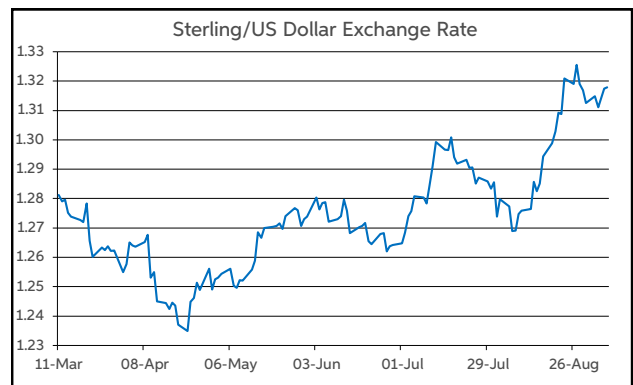
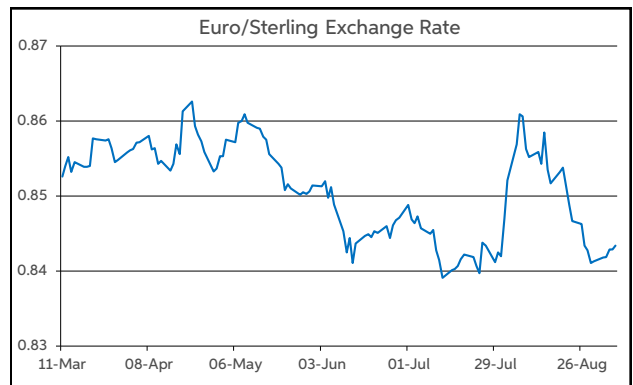
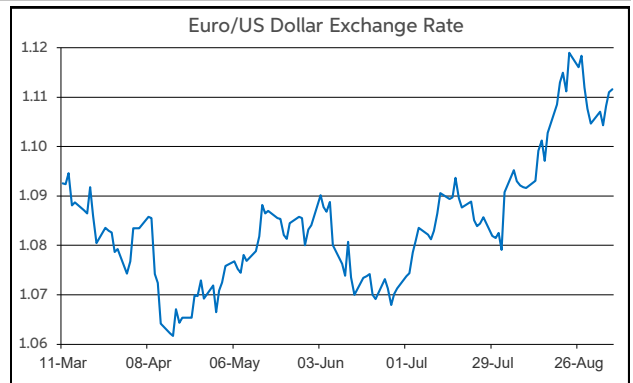
Data-wise, the US non-manufacturing ISM printed ahead of the consensus, edging up to 51.5 in August, versus expectations for a fall to 51.1. Meanwhile, the latest initial jobless claims came in at 227k (vs. 230k f'cast). Elsewhere, ADP employment rose by just 99k in August, well below the consensus of 145k. However, the relationship between the ADP and official payroll data is quite poor.

Against this backdrop, the dollar weakened in the aftermath of the ADP data yesterday. Meanwhile, the Japanese yen has remained on the front-foot over the past 24 hours. The currency gained around 0.5% against the euro and sterling, and rose by circa 0.8% versus the dollar.

In level terms, the firmer tone to the yen is evidenced by USD/JPY opening this morning down in the lower end of the ¥142-143 range. Elsewhere, EUR/USD is operating up above \$1.11. GBP/USD is changing hands in the top half of \$1.31-1.32. Meantime, EUR/GBP continues to trade in the bottom half of the 84-85p corridor.

Turning to the day ahead, the focus will very much be on the aforementioned US jobs market report. Payrolls are forecast to rise by 160k, while the unemployment rate is projected to inch down to 4.2%. The release poses some event risk for the dollar, as a weak report may increase market expectations for a 50bps rate cut from the Fed later this month.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1116	0.38	0.72
EUR/GBP	0.8434	0.11	-2.70
GBP/USD	1.3179	0.24	3.54
GBP/EUR	1.1855	-0.11	2.77
USD/JPY	142.33	-0.86	0.90
EUR/JPY	158.22	-0.52	1.66

\* 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	5.28	5.26	4.32	3.79	3.50
EUR	4.25	3.54	3.45	2.93	2.57	2.38
GBP	5.00	4.91	4.84	4.36	4.19	3.86

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

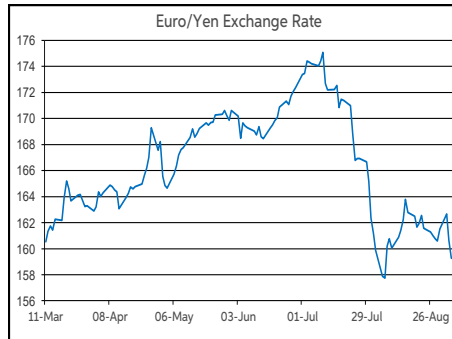
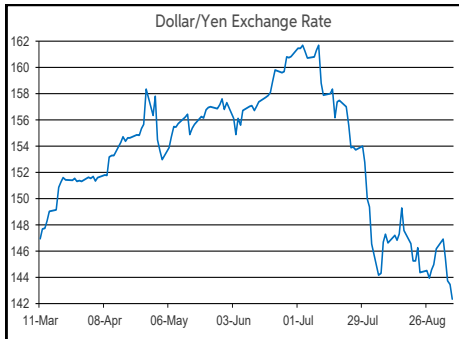
EUR/GBP	0.8434
EUR/USD	1.1116
EUR/JPY	158.22
EUR/SEK	11.384
EUR/DKK	7.4609
EUR/NOK	11.8064
EUR/CHF	0.9357
EUR/AUD	1.6519
EUR/HKD	8.6621
EUR/CAD	1.5002

## Sterling

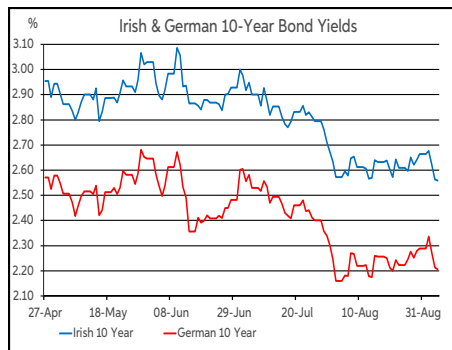
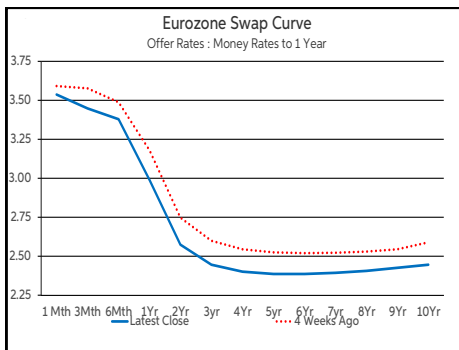
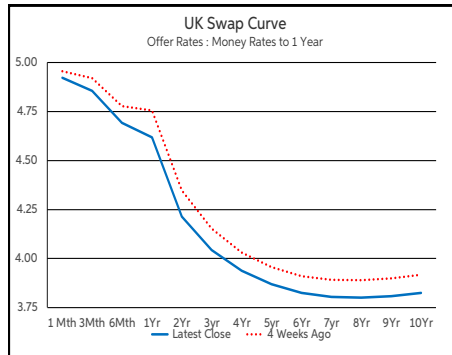
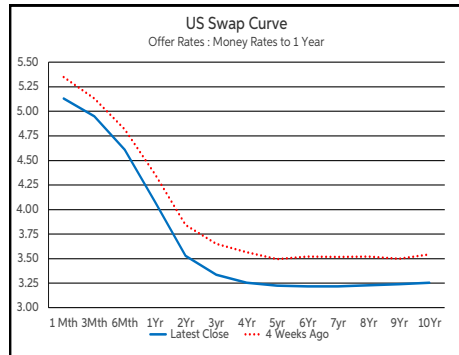
GBP/EUR	1.1855
GBP/USD	1.3179
GBP/CAD	1.7785
GBP/NZD	2.1198
GBP/JPY	187.58
GBP/SEK	13.494
GBP/DKK	8.8448
GBP/NOK	13.991
GBP/CHF	1.1092
GBP/AUD	1.9583

## Dollar

USD/JPY	142.33
USD/CAD	1.3496
USD/CHF	0.8417
USD/CNY	7.0822
USD/BRL	5.57
USD/RUB	90
USD/INR	83.93
AUD/USD	0.6728
NZD/USD	0.6216



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	3.73	-3	-26	-13
Germany	2.21	-1	-6	+18
UK	3.92	-2	-6	+38
<b>5 Year Swap %</b>				
US	3.49	-1	-29	-30
Eurozone	2.39	-2	-13	-4
UK	3.87	-2	-8	+22
<b>2 Year Swap %</b>				
US	3.78	-3	-31	-55
Eurozone	2.58	-3	-16	-22
UK	4.21	-3	-13	-5
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-0	-4	+4
Belgium	59	+0	-2	-7
France	70	-2	-4	+17
Italy	136	-1	-7	-31
Spain	81	-0	-5	-15
Portugal	61	+0	-5	-15
Greece	102	-4	-10	-3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 23
Brent Oil	72.69	-0.01	-8.17	-5.65
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2516.3	+0.89	+3.69	+22.00

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