

US CPI inflation due later today

There was a cautious tone to investor sentiment yesterday, on both sides of the Atlantic. On equity markets, the Euro Stoxx 50 declined by 0.7%. On Wall Street, the S&P 500 initially traded in the red but rallied late on to finish the day 0.4% higher. Elsewhere, oil prices declined by over 2%, amid ongoing demand concerns, with Brent crude moving to a 3-year low below \$70 per barrel.

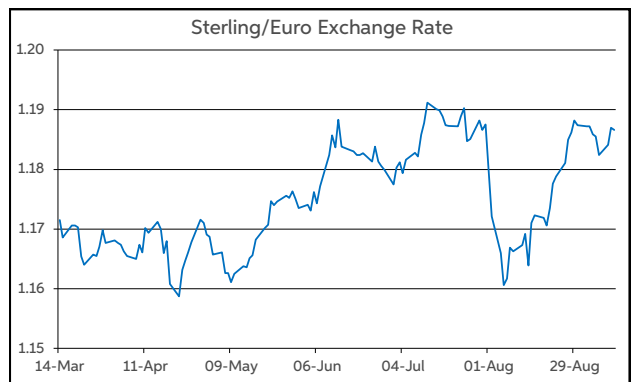
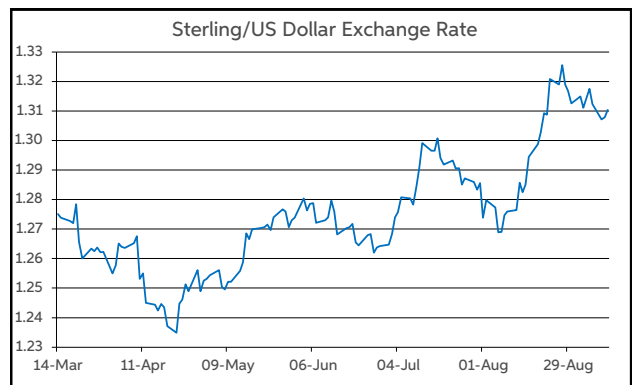
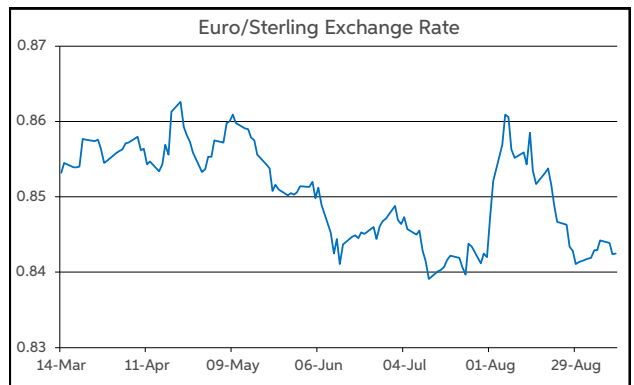
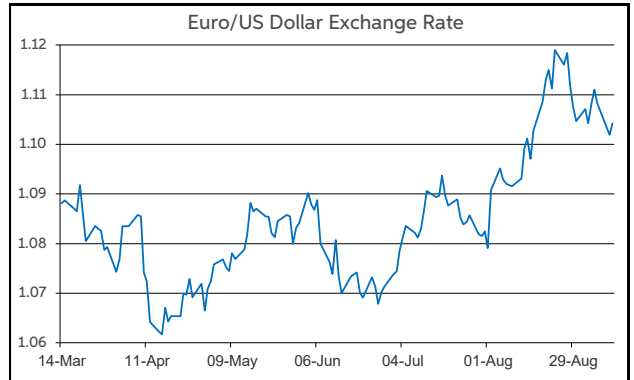
The subdued mood on markets was also reflected in sovereign bond yields moving lower. German Bund and UK Gilt yields declined by circa 2-4bps. Meantime, US Treasury yields fell by a more pronounced 5-9bps, led lower by the front-end of the curve, amid a modest softening in US futures pricing.

The risk averse mood also extended to currencies, where traditional safe havens such as the yen and Swiss franc were in the ascendancy. However, the dollar's progress was hampered by the softening in US market rate expectations. Against this backdrop, EUR/USD and GBP/USD traded in very tight ranges yesterday.

In level terms, EUR/USD opens this morning in the lower half of \$1.10-1.11. GBP/USD is changing hands up at the \$1.31 threshold. Elsewhere, EUR/GBP remains in the bottom half of the 84-85p range. USD/JPY is trading down near the ¥141 handle.

Already this morning, the monthly reading of UK GDP for July has been released. The data printed below the consensus, with output flat-lining in the month vs. forecasts for 0.2% m/m rise. Sterling has softened marginally in the initial aftermath of the release. Later today, the focus will be on US CPI inflation for August. The headline rate is expected to fall to 2.6% from 2.9%, while the core rate is set to stay at 3.2%. The release poses some event risk for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.1043	0.03	0.06
EUR/GBP	0.8425	-0.20	-2.80
GBP/USD	1.3101	0.19	2.92
GBP/EUR	1.1863	0.20	2.88
USD/JPY	141.15	-1.35	0.06
EUR/JPY	155.87	-1.32	0.15

* 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	5.22	5.19	4.18	3.63	3.37
EUR	4.25	3.51	3.46	2.85	2.44	2.29
GBP	5.00	4.91	4.83	4.28	4.08	3.75

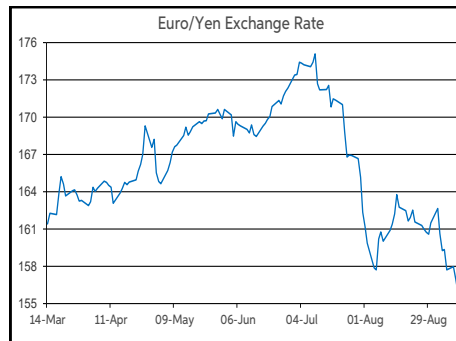
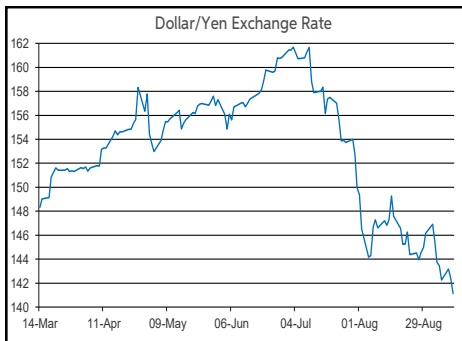
All rates quoted are indicative market rates

See Next Page For More Rates & Charts

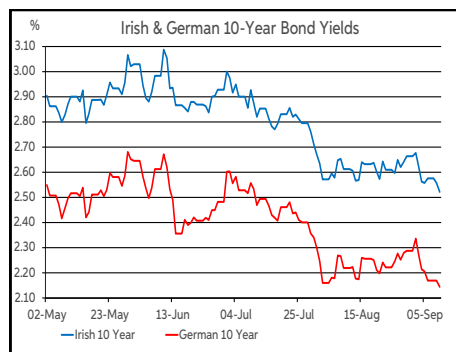
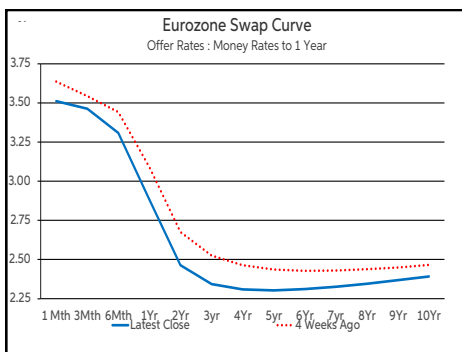
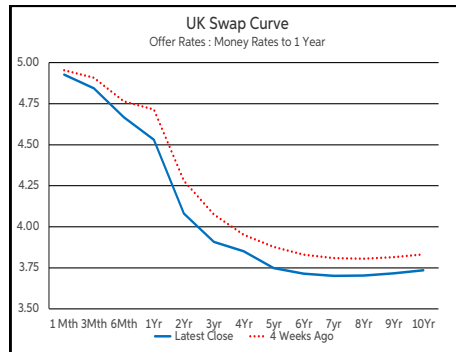
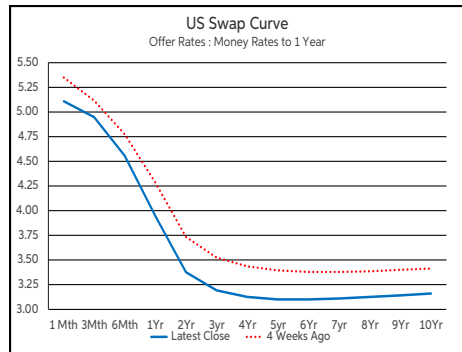
FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Euro		Sterling		Dollar	
EUR/GBP	0.8425	GBP/EUR	1.1863	USD/JPY	141.15
EUR/USD	1.1043	GBP/USD	1.3101	USD/CAD	1.3597
EUR/JPY	155.87	GBP/CAD	1.7817	USD/CHF	0.8431
EUR/SEK	11.4287	GBP/NZD	2.1322	USD/CNY	7.1112
EUR/DKK	7.462	GBP/JPY	184.92	USD/BRL	5.6633
EUR/NOK	11.9403	GBP/SEK	13.561	USD/RUB	90.9
EUR/CHF	0.9313	GBP/DKK	8.8546	USD/INR	83.952
EUR/AUD	1.6583	GBP/NOK	14.1656	AUD/USD	0.6655
EUR/HKD	8.6093	GBP/CHF	1.105	NZD/USD	0.6143
EUR/CAD	1.5015	GBP/AUD	1.9683		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
10 Year Yield %				
US	3.64	-5	-21	-22
Germany	2.15	-2	-3	+12
UK	3.82	-4	-7	+28
5 Year Swap %				
US	3.36	-6	-27	-43
Eurozone	2.30	-3	-12	-13
UK	3.75	-3	-12	+10
2 Year Swap %				
US	3.63	-8	-34	-70
Eurozone	2.46	-2	-20	-33
UK	4.08	-2	-20	-18
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-2	-3	+6
Belgium	61	+0	+1	-5
France	70	-1	-4	+17
Italy	137	-1	-3	-31
Spain	82	-1	-3	-15
Portugal	63	-1	-1	-13
Greece	107	-1	-3	+2



Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	69.19	-3.69	-14.25	-10.19
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2516.1	+0.43	+2.07	+21.99

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