

Spotlight on US inflation today

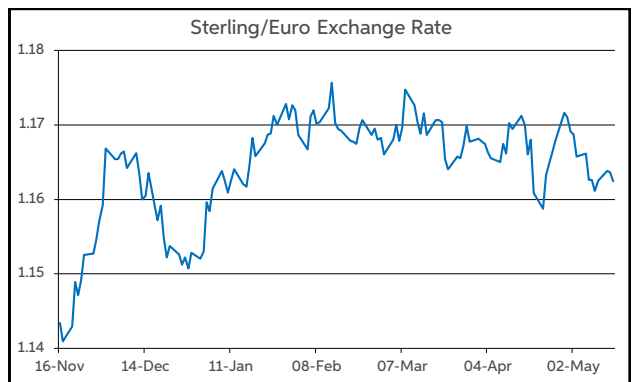
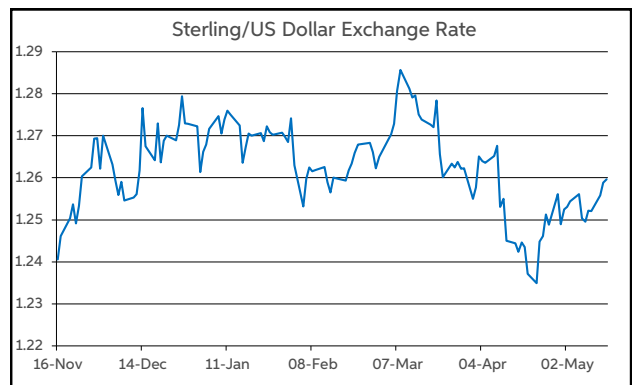
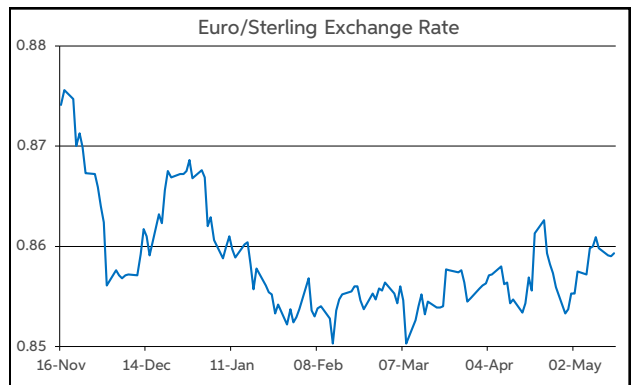
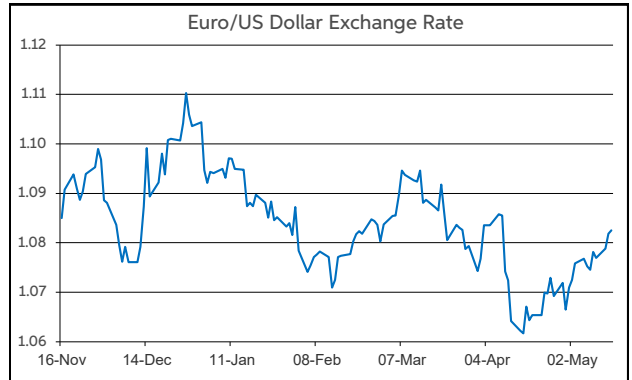
The action on currency markets yesterday saw the dollar continue to give up some ground to the euro and sterling. This occurred amid a softening in US Treasury yields/market rates. The weaker dollar tone is reflected in EUR/USD operating above the \$1.08 threshold this morning, while GBP/USD is changing hands up near to \$1.26. Elsewhere, EUR/GBP continues to trade in and around the 86p mark.

Ahead today, we get the key data highlight of the week with US CPI inflation for April due. Inflation numbers over the coming months will play a key role in the Fed's policy deliberations on when to start cutting rates. At its most recent meeting in early May, the Fed stated that it will have to keep rates at their current level for longer than previously envisaged. This is because the downtrend in US inflation stalled in Q1, meaning the Fed does not have enough confidence that it will achieve its 2% inflation target.

Today's US inflation numbers entail some two-way risk for the dollar. If they print ahead of forecasts then this could provide some upside support to the currency. However, if they come in softer than expected, then the dollar could experience some further downward pressure. The consensus is for both the headline and core rates to ease marginally in April, to 3.4% (from 3.5%) and 3.6% (from 3.8%), respectively. Aside from the CPI data, retail sales for April are also worthy of some attention on the US diary today.

Meanwhile, the second reading of Eurozone Q1 GDP, employment for Q1 and industrial production for March are the main releases of note on this side of the Atlantic. However, barring any major surprises, they are not be anticipated to have much directional impact on the euro.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.0825	0.38	-1.91
EUR/GBP	0.8593	0.05	-0.87
GBP/USD	1.2596	0.35	-1.04
GBP/EUR	1.1632	-0.05	0.87
USD/JPY	156.3	-0.06	10.80
EUR/JPY	169.24	0.33	8.75

* 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	5.43	5.59	5.41	5.00	4.50
EUR	4.50	3.83	3.83	3.66	3.31	2.89
GBP	5.25	5.19	5.11	4.89	4.77	4.25

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

Wednesday 15 May 2024
07:08 am



Euro

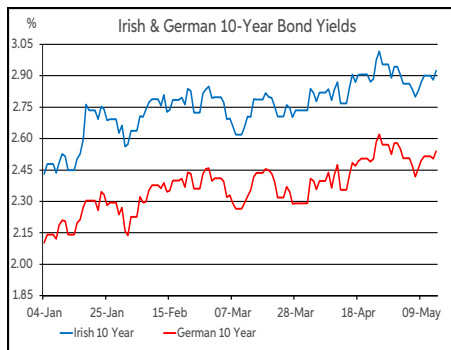
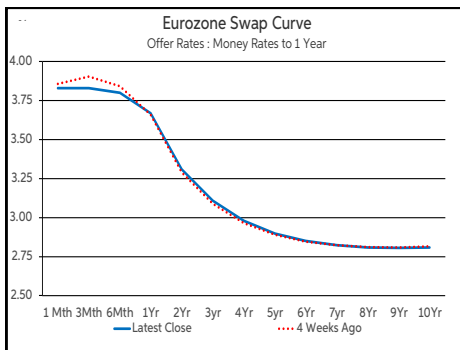
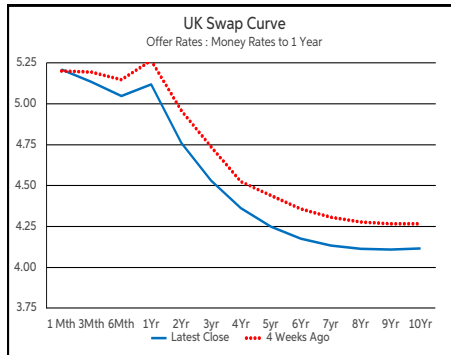
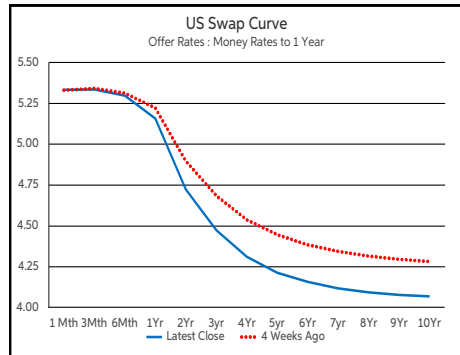
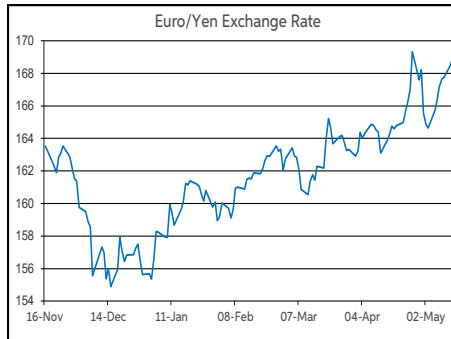
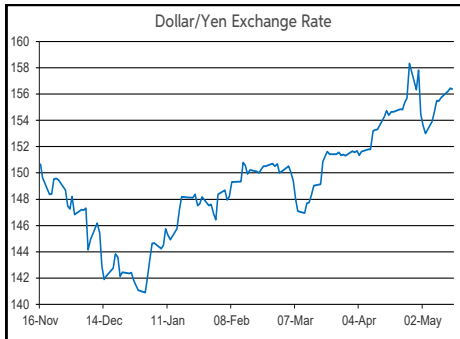
EUR/GBP	0.8593
EUR/USD	1.0825
EUR/JPY	169.24
EUR/SEK	11.6941
EUR/DKK	7.4609
EUR/NOK	11.6816
EUR/CHF	0.9804
EUR/AUD	1.6292
EUR/HKD	8.4557
EUR/CAD	1.4765

Sterling

GBP/EUR	1.1632
GBP/USD	1.2596
GBP/CAD	1.718
GBP/NZD	2.0785
GBP/JPY	196.88
GBP/SEK	13.6018
GBP/DKK	8.6792
GBP/NOK	13.5858
GBP/CHF	1.1409
GBP/AUD	1.8956

Dollar

USD/JPY	156.3
USD/CAD	1.3638
USD/CHF	0.9055
USD/CNY	7.2256
USD/BRL	5.1289
USD/RUB	91.275
USD/INR	83.4859
AUD/USD	0.6644
NZD/USD	0.6058



Debt Markets				
	Close	Day	4 Weeks	End 23
10 Year Yield %				
US	4.45	-4	-21	+59
Germany	2.54	+3	+5	+51
UK	4.18	-0	-13	+64
5 Year Swap %				
US	4.47	-6	-24	+67
Eurozone	2.90	+3	+2	+47
UK	4.25	-1	-19	+60
2 Year Swap %				
US	4.99	-4	-17	+66
Eurozone	3.31	+2	+2	+52
UK	4.76	-2	-19	+50
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+1	-4	+7
Belgium	54	+0	-3	-12
France	52	+1	-0	-1
Italy	136	+1	-7	-32
Spain	80	+1	-5	-16
Portugal	64	-1	-7	-12
Greece	102	+0	+1	-3

Commodities				
	Close	Day	4 Weeks	End 23
Brent Oil	82.38	-1.18	-8.49	+6.93
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2358.0	+0.94	-1.04	+14.32

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