Morning Comment

AIB Treasury Economic Research Unit

Thursday 11 July 2024 07:25 am

Slightly softer dollar, modestly firmer sterling

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1.09

There was an uneventful macro calendar on both sides of the Atlantic yesterday. Data-wise, the only release of any note was Italian industrial production for May, which surprised to the upside of expectations posting a 0.5% m/m increase (vs. f'cast for +0.1%). Not surprisingly, the data had no impact on the euro. Meanwhile, as expected, Fed Chair Powell's second day of Congressional testimony broke no new ground in terms of insight into the Fed's timeline for rate cuts. The testimony was a non-event for the dollar.

Of the limited FX action to register over the past 24 hours, sterling is marginally firmer, while the dollar has retained its softer tone. Sterling was supported in part yesterday by comments from BoE's Pill, noting that there is still work to be done to lower inflation. EUR/GBP has edged below the midpoint of 84-85p, while GBP/USD regained the \$1.28 level. Meanwhile, EUR/USD has moved slightly higher within the lower half of \$1.08-1.09.

After a sparse few days on the data front, today sees some top tier releases. Already this morning UK GDP data for May has been released. The data suggest that economic growth picked up midway through Q2 after stalling at the start of the quarter. GDP rose by a better than expected 0.4% m/m in May (f'cast for +0.2%).

Meanwhile, later today we get some very important US data, with the publication of CPI inflation figures for June. This is a key release in the context of the Fed being in 'data dependent' mode in determining when it is comfortable to cut rates Markets are anticipating that the Fed may lower rates in September. Therefore, the data pose some headline risk for the dollar. Consensus forecasts are for headline CPI inflation to ease to 3.1% (from 3.3%), while the core rate is expected to be unchanged at 3.4%. **John Fahey, Senior Economist, AIB**

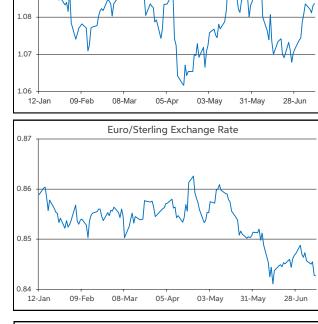
Today's Opening FX Rates % Change End 2023 Day * EUR/USD 1.0837 0.18 -1.80 EUR/GBP -0.33 -2.78 0.8427 GBP/USD 1.2859 0.52 1.02 GBP/EUR 1.1861 0.33 2.86 USD/JPY 14 63 1617 0 16 175.27 EUR/JPY 0.36 12.62 * v Previous Day's European Open See Next Page for More Rates

		Openin	g Interest	Rates		
	_	Money	Noney Market Swap Rates		;	
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	5.38	5.44	5.57	5.21	4.73	4.26
EUR	4.25	3.62	3.71	3.53	3.20	2.87
GBP	5.25	5.15	5.09	4.82	4.68	4.18

All rates quoted are indicative market rates

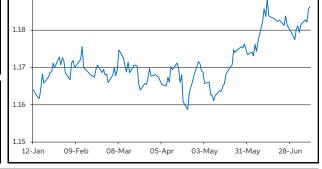
FX Spot	Karl Cooke
	Shane Gargan

FX Options Mark Tuite



Euro/US Dollar Exchange Rate





See Next Page For More Rates & Charts

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Opening Levels

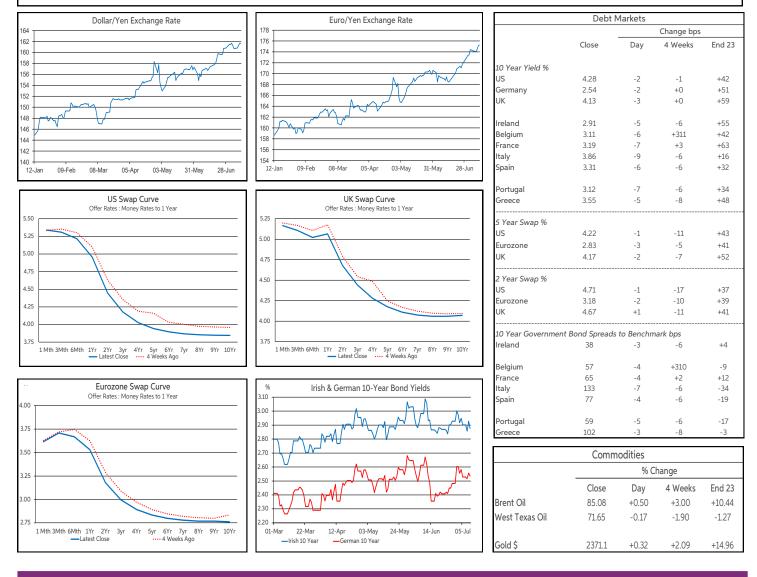
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161.7 1.362 0.8993 7.2709 5.4156 87.5 83.529

0.6759

	Sterling		0	Eur
USD/JPY	1.1861	GBP/EUR	0.8427	EUR/GBP
USD/CAD	1.2859	GBP/USD	1.0837	EUR/USD
USD/CHF	1.7516	GBP/CAD	175.27	EUR/JPY
USD/CNY	2.1101	GBP/NZD	11.426	EUR/SEK
USD/BRL	207.93	GBP/JPY	7.4597	EUR/DKK
USD/RUB	13.558	GBP/SEK	11.5945	EUR/NOK
USD/INR	8.8498	GBP/DKK	0.9746	EUR/CHF
	13.758	GBP/NOK	1.603	EUR/AUD
AUD/USD	1.1566	GBP/CHF	8.464	EUR/HKD
NZD/USD	1.902	GBP/AUD	1.4761	EUR/CAD



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