

Dollar holding sway

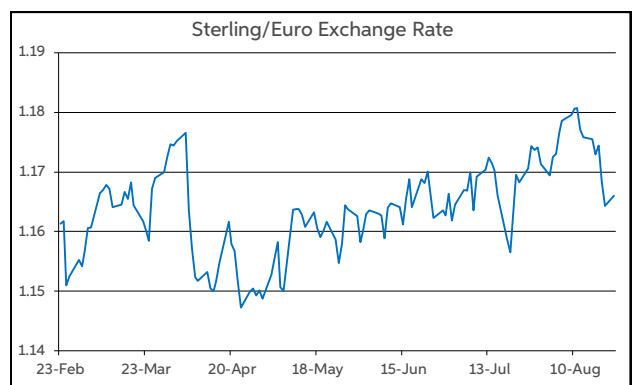
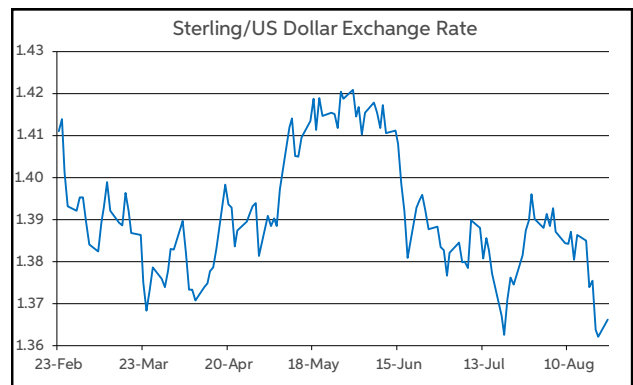
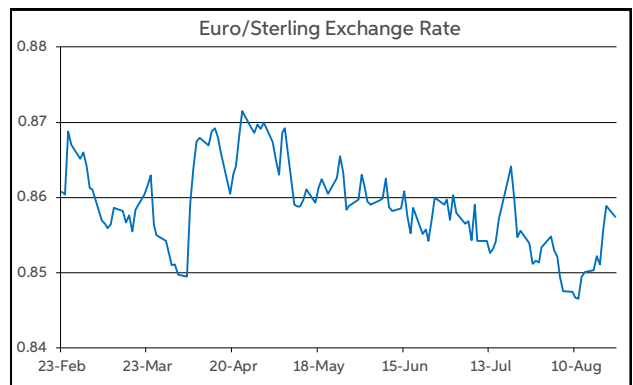
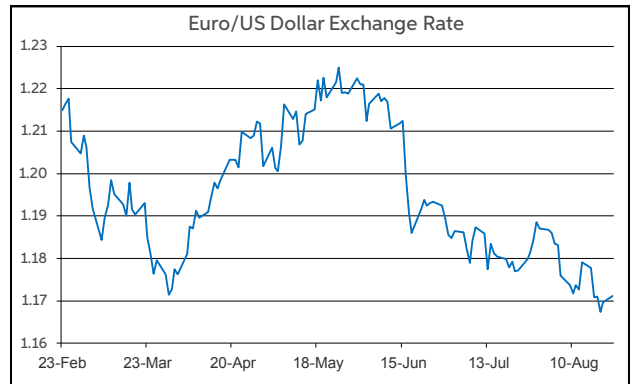
Financial markets experienced some risk aversion last week. Ongoing concerns over the implication of Covid-19 variants and some mixed macro data results weighed on investor sentiment. All the main equity indices suffered losses over the period. On bond markets, some of the main sovereign yields drifted lower (ranging from 2-5bps), reflecting some safe haven demand.

Meanwhile, on the currency front, the dollar was holding the upper hand last week. The currency moved higher in the aftermath of the mid-week release of the Fed July minutes. At the same time, the risk off tone on markets provided further support, due to the safe haven appeal of the dollar. Elsewhere, sterling found itself on the defensive in the second half of the week. There was no obvious catalyst for this, although much weaker than expected UK retail sales data for July were unhelpful to the pound.

In level terms, the firmer dollar is reflected in EUR/USD opening this morning down near to the \$1.17 threshold (briefly touched the \$1.18 mark in the early part of last week). Meantime, the weakness in sterling is evidenced by EUR/GBP changing hands in the upper half of 85-86p. The combination of a stronger dollar and weaker sterling see's GBP/USD close to the midpoint of \$1.36-1.37.

This week, attention will centre on the Jackson Hole Economic Symposium hosted by the Fed and includes a speech from Chair Powell. The gathering poses some event risk for the dollar. The market will be looking to see if the Fed tee's up an announcement for QE tapering at its next meeting in September, which could see the process start by the end of this year or early 2022. Data-wise, the main highlights will be the flash August PMIs from the US, Eurozone and UK as well as US Core PCE inflation figures (July).

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1713	0.23	-4.09
EUR/GBP	0.8573	0.02	-4.07
GBP/USD	1.366	0.20	-0.10
GBP/EUR	1.1658	-0.02	4.25
USD/JPY	109.96	0.21	6.51
EUR/JPY	128.79	0.44	2.08

* 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	0.125	0.09	0.13	0.14	0.34	0.89
EUR	0.00	-0.55	-0.55	-0.54	-0.49	-0.37
GBP	0.10	0.05	0.07	0.27	0.46	0.67

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

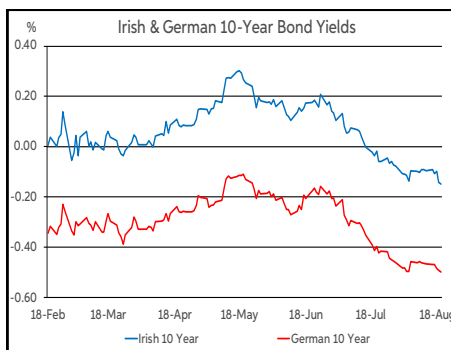
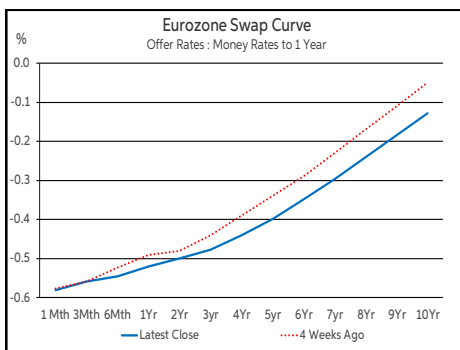
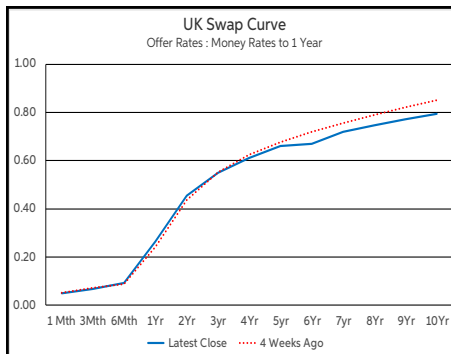
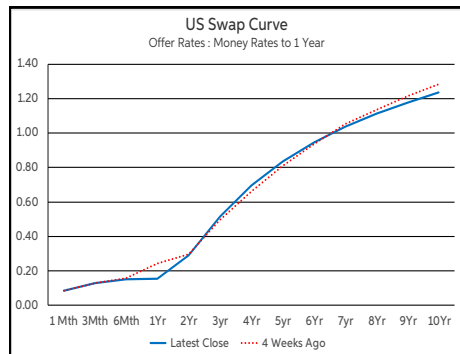
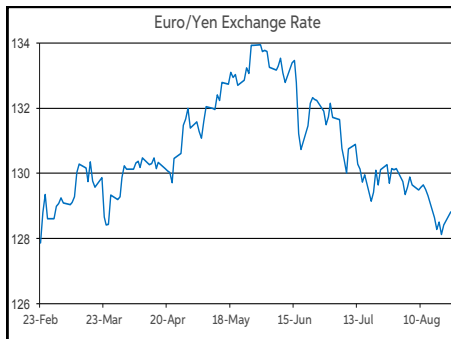
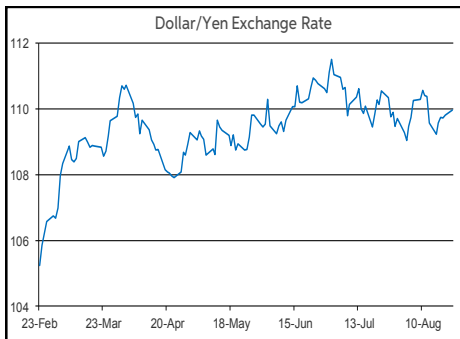
CONTACTS		
AIB Customer Treasury Services business.treasury@aib.ie aib.corporatetreasury@aib.ie aib.ie/fxcentre	Customer Treasury Services GB treasury.gb@aib.ie aibgb.co.uk/fxcentre	Customer Treasury Services NI TreasuryNI@aib.ie aibni.co.uk/fxcentre

Opening Levels

Monday 23 August 2021
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8573	GBP/EUR	1.1658	USD/JPY	109.96
EUR/USD	1.1712	GBP/USD	1.366	USD/CAD	1.2757
EUR/JPY	128.79	GBP/CAD	1.7424	USD/CHF	0.9167
EUR/SEK	10.2914	GBP/NZD	1.9954	USD/CNY	6.4937
EUR/DKK	7.4365	GBP/JPY	150.21	USD/BRL	5.377
EUR/NOK	10.5259	GBP/SEK	11.9981	USD/RUB	74.0428
EUR/CHF	1.0738	GBP/DKK	8.6717	USD/INR	74.2725
EUR/AUD	1.6362	GBP/NOK	12.2763	AUD/USD	0.7158
EUR/HKD	9.1241	GBP/CHF	1.2522	NZD/USD	0.6843
EUR/CAD	1.4944	GBP/AUD	1.908		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.26	+1	-3	+34
Germany	-0.50	-1	-8	+8
UK	0.52	-2	-6	+33
Ireland	-0.08	-1	-6	+22
Belgium	-0.17	-1	-7	+21
France	-0.15	-1	-6	+19
Italy	0.55	-2	-8	+3
Spain	0.22	-1	-6	+17
Portugal	0.12	+0	-8	+5
Greece	0.56	+0	-10	-7
5 Year Swap %				
US	0.83	+1	+6	+41
Eurozone	-0.40	-2	-5	+6
UK	0.66	-1	-1	+47
2 Year Swap %				
US	0.29	-1	+2	+10
Eurozone	-0.50	-0	-1	+3
UK	0.45	-1	+3	+43
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+0	+2	+14
Belgium	32	-1	+2	+13
France	35	-0	+2	+11
Italy	104	-1	+0	-5
Spain	72	+0	+2	+9
Portugal	61	+1	-0	-3
Greece	105	+1	-2	-15

Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	65.18	-1.91	-12.04	+25.83
West Texas Oil	62.25	-2.26	-13.83	+28.75
Gold \$	1780.9	+0.04	-1.14	-6.10

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