

## Dollar softens on below consensus CPI inflation

There was plenty for the markets to digest yesterday. Ahead of the Fed policy decision there was a significant market reaction, to the release of US CPI inflation data for May. Both the headline and core rates fell to 3.3% and 3.4%, respectively (vs. 3.4% and 3.5% f'cast). In the initial aftermath of the release, US futures contracts softened substantially, Treasury yields declined sharply, and the dollar lost ground against the euro, sterling and yen.

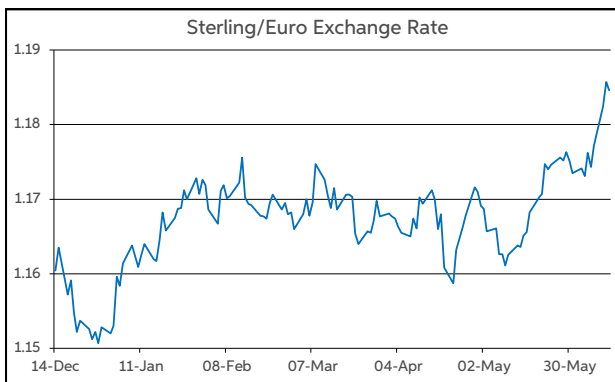
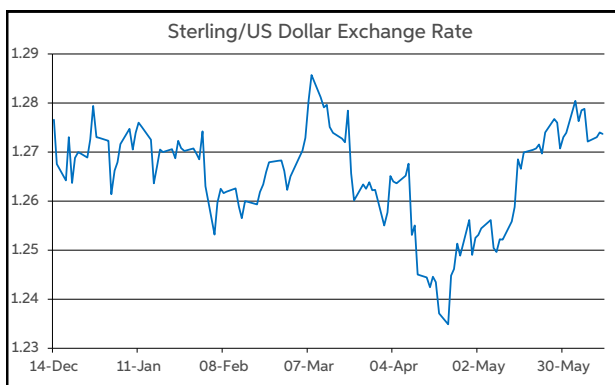
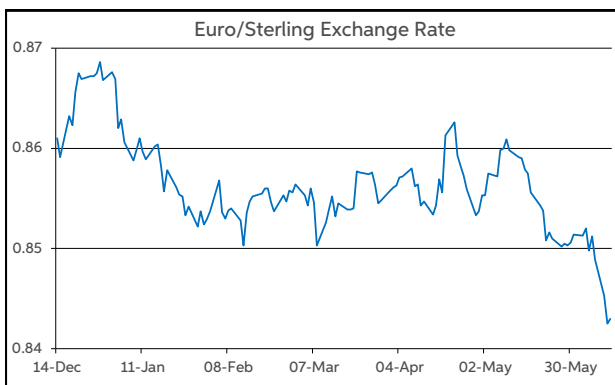
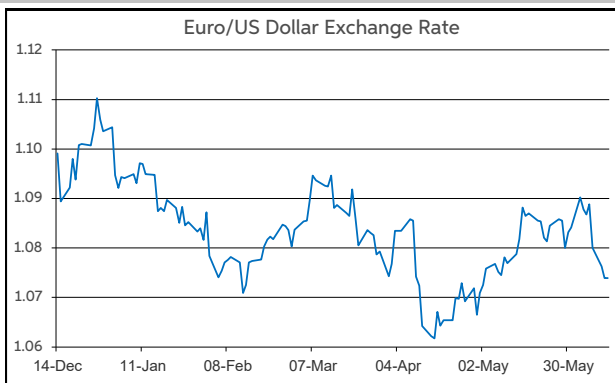
Overnight as expected, the Fed opted to leave monetary policy on hold. However, the overarching tone of the meeting was somewhat hawkish, with the central bank noting that it will need to see further progress on inflation before it will cut rates. The median projection in the interest rate 'dotplot' is now for just one rate cut this year (was three cuts previously). Amid the hawkish tone from the Fed, the dollar moved off its lows.

Meantime, the softening in US market rate expectations spilled over to UK futures contracts. However, Eurozone futures were little changed yesterday, following some hawkish remarks from ECB Vice-President de Guindos. This saw the euro recoup some of its recent losses against the pound.

To surmise, the dollar has softened over the past 24 hours. Having traded to a high of \$1.085 yesterday, EUR/USD opens today up at \$1.08. GBP/USD is operating between \$1.27-1.28. Meantime, EUR/GBP is changing hands at the halfway mark of 84-85p.

Turning to the day ahead, the main release of note will be Eurozone industrial production for April. A modest 0.2% increase in output is forecast in the month. In the US, the latest weekly initial jobless claims figure will feature.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2023
EUR/USD	1.08	0.32	-2.14
EUR/GBP	0.8452	-0.02	-2.49
GBP/USD	1.2777	0.34	0.38
GBP/EUR	1.1826	0.02	2.56
USD/JPY	157.19	-0.04	11.43
EUR/JPY	169.79	0.26	9.10

\* 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	5.44	5.61	5.36	4.89	4.37
EUR	4.50	3.61	3.74	3.62	3.30	2.92
GBP	5.25	5.19	5.17	4.98	4.82	4.26

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

Thursday 13 June 2024  
07:36 am



## Euro

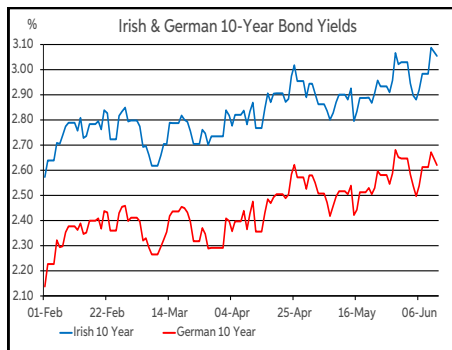
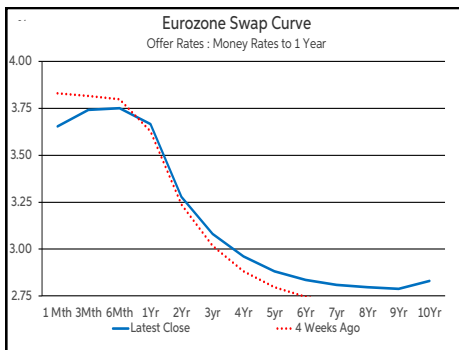
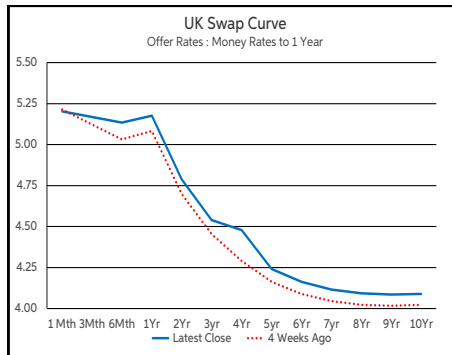
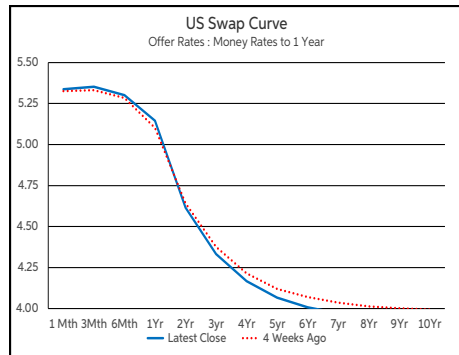
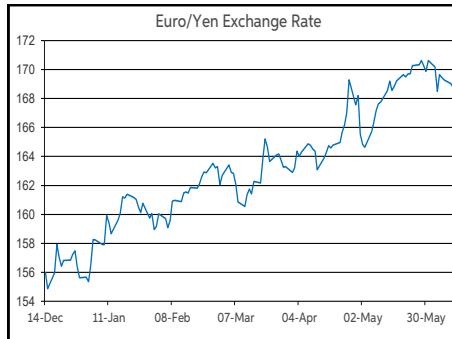
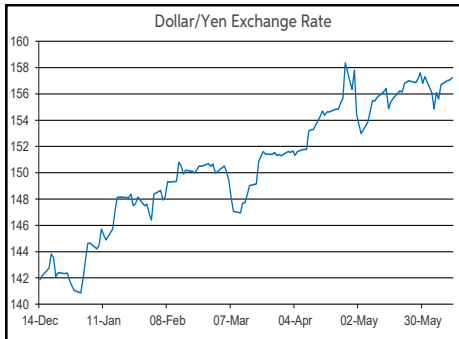
EUR/GBP	0.8452
EUR/USD	1.08
EUR/JPY	169.79
EUR/SEK	11.2408
EUR/DKK	7.4595
EUR/NOK	11.4676
EUR/CHF	0.9674
EUR/AUD	1.6255
EUR/HKD	8.4348
EUR/CAD	1.4845

## Sterling

GBP/EUR	1.1826
GBP/USD	1.2777
GBP/CAD	1.7563
GBP/NZD	2.0718
GBP/JPY	200.84
GBP/SEK	13.2973
GBP/DKK	8.8237
GBP/NOK	13.5674
GBP/CHF	1.1444
GBP/AUD	1.9231

## Dollar

USD/JPY	157.19
USD/CAD	1.3744
USD/CHF	0.8955
USD/CNY	7.2515
USD/BRL	5.4017
USD/RUB	90.033
USD/INR	83.5375
AUD/USD	0.6643
NZD/USD	0.6167



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 23
<b>10 Year Yield %</b>				
US	4.30	-11	-6	+44
Germany	2.54	-9	+11	+51
UK	4.13	-14	+6	+59
<b>5 Year Swap %</b>				
US	4.32	-11	-5	+53
Eurozone	2.88	-11	+10	+45
UK	4.24	-15	+8	+59
<b>2 Year Swap %</b>				
US	4.88	-7	-1	+55
Eurozone	3.28	-8	+5	+49
UK	4.79	-12	+9	+52
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	43	-1	+4	+9
Belgium	59	-1	+5	-7
France	62	+1	+12	+9
Italy	139	-6	+8	-28
Spain	83	-1	+6	-14
Portugal	65	-1	+2	-11
Greece	110	-8	+7	+5

Commodities				
	Close	% Change		
		Day	4 Weeks	End 23
Brent Oil	82.6	+0.83	-0.18	+7.22
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	2322.6	+0.27	-2.66	+12.60

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