

## Dollar has the upper hand, for now

The dollar was the standout mover on currency markets last week. The currency made gains of 1.5-2%. Rising US bond yields (incl. 10-year treasury yield hitting 3%) and some unwinding of extreme short dollar positions boosted the currency. At the same time, a 'cautious' tone from the ECB regarding future policy tightening and some disappointing macro data weighed on the euro. Meanwhile, sterling's rally continued to reverse, with weaker Q1 GDP data on Friday putting further downward pressure on the currency.

All of the above is reflected in EUR/USD down near \$1.21 after having fallen out of the \$1.22-1.25 range (trading as low as \$1.206) it occupied for the past three months. Likewise, GBP/USD is on the retreat, with the pair hovering down near the \$1.38 level. Meantime, EUR/GBP spent the week in a relatively narrow 86.8-88p range, with Friday's disappointing UK GDP print pushing the pair up towards the upper end of the range.

Much of the attention this week will be on the US given a busy schedule of key data/events. This includes the May Fed meeting (no changes expected) and a host of labour market updates in particular April payrolls (forecast to pick up to +195K). For the euro, Q1 GDP for the currency bloc is likely to confirm the economy lost some momentum in the quarter (f'cast for 0.4% q/q). On the sterling side, PMI data are the main data highlight, while domestic politics will also be under scrutiny given weekend developments.

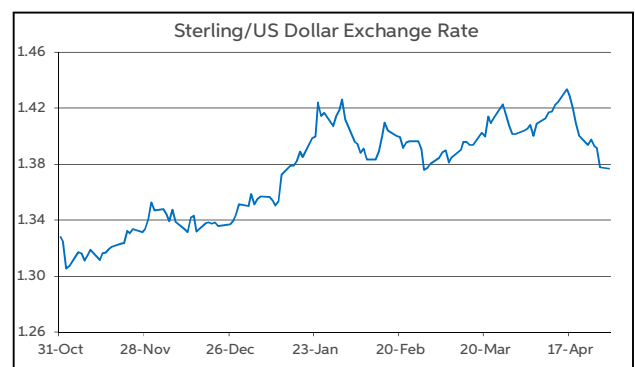
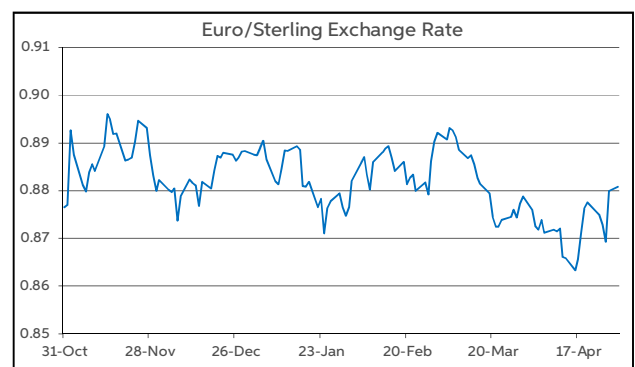
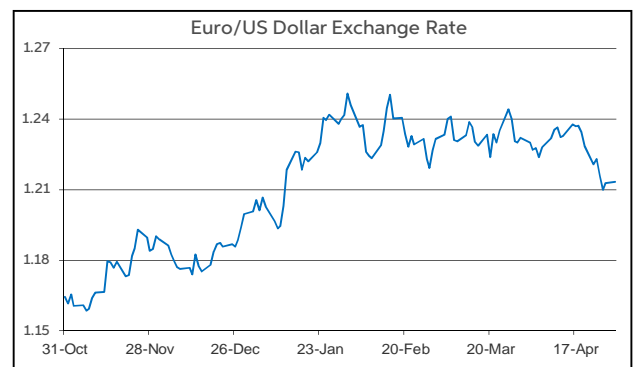
Overall, this week's diary is likely to re-affirm some of the recent factors that have been dollar positive. Namely, signs of a loss of momentum in economies outside the US and the Fed sticking to its steady rate tightening, when other central banks are becoming more cautious. As a result, the dollar has the potential for further near term upside, including EUR/USD testing down at \$1.18/1.19.

**John Fahey, Senior Economist, AIB**

		% Change	
		Day *	End 2017
EUR/USD	1.2132	0.18	1.13
EUR/GBP	0.8808	1.30	-0.84
GBP/USD	1.3772	-1.12	1.92
GBP/EUR	1.135	-1.28	0.85
USD/JPY	109.17	-0.01	-3.11
EUR/JPY	132.46	0.19	-2.01

\* v Previous Day's European Open

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	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.91	2.36	2.78	2.73	2.91
EUR	0.00	-0.37	-0.33	-0.19	-0.13	0.41
GBP	0.50	0.52	0.71	0.98	1.07	1.37

	Latest Close	% Changes	
		on Day	End 2017 to Date
Dow Jones	24311.19	-0.05	-1.65
S&P 500	2669.91	+0.11	-0.14
FTSE 100	7502.21	+1.09	-2.41
DJ Stoxx 50	3518.78	+0.36	+0.42
ISEQ	6798.38	-0.18	-3.41
Nikkei	22467.87	+0.00	-1.30

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan Adrian Flanagan Enda Homan	FX Options	Mark Tuite Lenny Hogan	Reuters Phone	AIBL 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Monday 30 April 2018  
07:35 am



## Euro

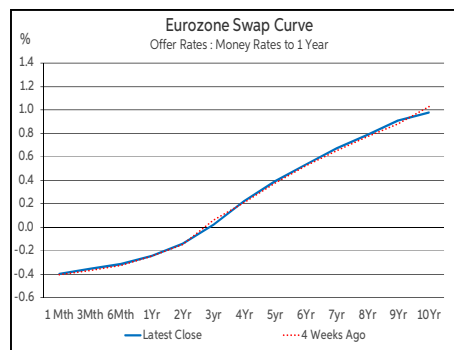
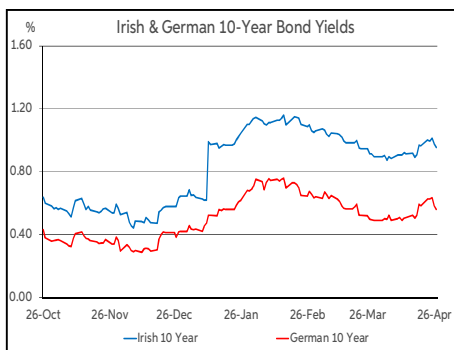
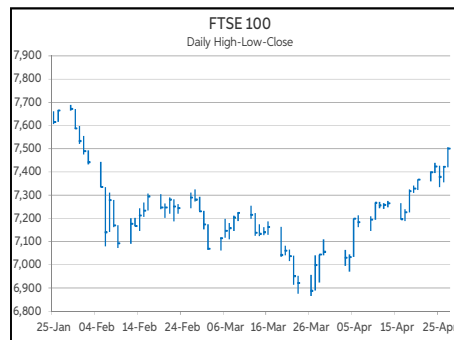
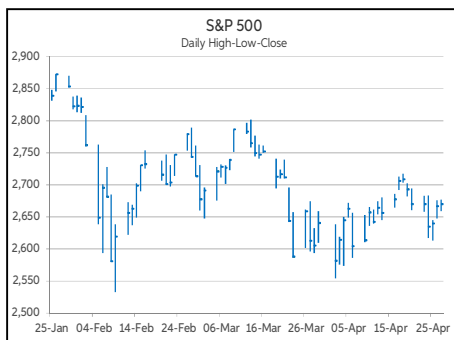
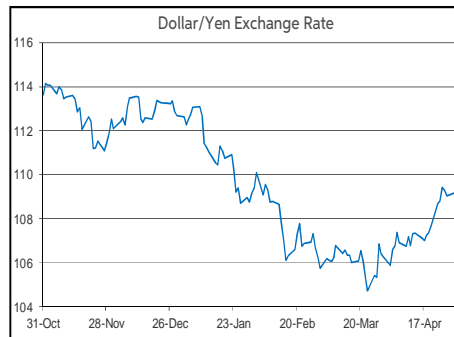
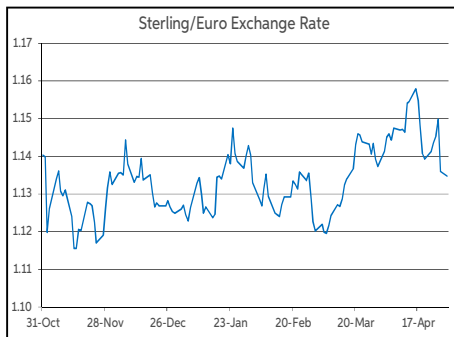
EUR/GBP	0.8808
EUR/USD	1.2132
EUR/JPY	132.46
EUR/SEK	10.4948
EUR/DKK	7.4499
EUR/NOK	9.6512
EUR/CHF	1.1982
EUR/AUD	1.6047
EUR/HKD	9.5226
EUR/CAD	1.5584

## Sterling

GBP/EUR	1.135
GBP/USD	1.3772
GBP/CAD	1.7691
GBP/NZD	1.9471
GBP/JPY	150.35
GBP/SEK	11.9092
GBP/DKK	8.4569
GBP/NOK	10.953
GBP/CHF	1.3596
GBP/AUD	1.8213

## Dollar

USD/JPY	109.17
USD/CAD	1.2845
USD/CHF	0.9875
USD/CNY	6.3325
USD/BRL	3.4562
USD/RUB	62.2745
USD/INR	66.395
AUD/USD	0.7559
NZD/USD	0.7072



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
<b>10 Year Yield %</b>				
US	2.96	-2	+22	+55
Germany	0.56	-2	+7	+14
UK	1.44	-5	+9	+26
Ireland	0.95	-3	+6	N/A
Belgium	0.82	-2	+7	+21
France	0.79	-2	+7	+1
Italy	1.73	-1	-5	-26
Spain	1.25	-1	+10	-29
Portugal	1.63	-3	+3	-27
Greece	3.86	-3	-38	-18
<b>5 Year Swap %</b>				
US	2.88	-3	+17	+64
Eurozone	0.39	-3	+2	+8
UK	1.36	-7	+2	+33
<b>2 Year Swap %</b>				
US	2.71	-1	+13	+63
Eurozone	-0.14	-2	+1	+0
UK	1.06	-7	-6	+26
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	39	-0	-1	N/A
Belgium	26	+1	-0	+6
France	23	+0	+0	-13
Italy	117	+2	-12	-40
Spain	69	+2	+3	-44
Portugal	107	-1	-4	-41
Greece	330	-1	-45	-32

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	74.64	-0.13	+6.22	+11.62
West Texas Oil	68.11	-0.10	+4.99	+12.65
CRB - All Commodity	201.39	+0.08	+3.08	+3.88
CRB - Food	347.49	-5.24	+3.13	+3.41
Gold \$	1323.7	+0.46	-0.17	+1.62

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