

US labour market in focus

There was a cautious tone to financial markets yesterday. This may partly reflect a number of factors, including some disappointing corporate updates. Investors were also keeping a watchful eye on Beijing, where a US delegation led by Treasury Secretary Mnuchin was meeting Chinese counterparts in an effort to agree trade measures and overcome recent tensions.

The cautious tone was evident on equity markets. The Euro Stoxx 50 index fell by 0.7% on the day. In the US, the S&P 500 eventually finished down by a modest 0.2%.

In terms of yesterday's data schedule, the macro releases generally surprised to the downside on both sides of the Atlantic. This included flash Eurozone HICP inflation for April (1.2% vs f'cast 1.3%), the UK services PMI for April (52.8 vs 53.5) and the US non-manufacturing ISM (56.8 vs 58.4).

Currency market impact from the data was minimal. Indeed, the main FX pairs have spent the last 24 hours confined to narrow ranges. EUR/USD spent most of the day trading just below the \$1.20 level. EUR/GBP traded in the lower half of the 88-90p band throughout the day. Meantime, cable (GBP/USD) has edged down to the mid-point of the \$1.35-1.36 range.

In the day ahead, the focus for markets will be on the US employment report for April. The key non-farm payrolls are forecast to have recorded a solid 192k increase in the month. At the same time, the unemployment rate looks set to have edged down to 4%, its lowest level since December 2000. Although, growth in average earnings is expected to have remained relatively subdued. Overall, a strong employment report could help to provide further support to the dollar.

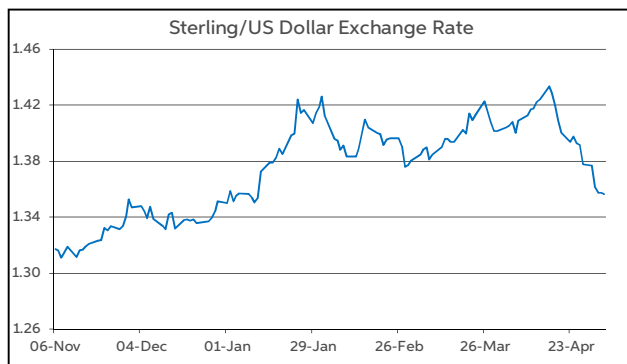
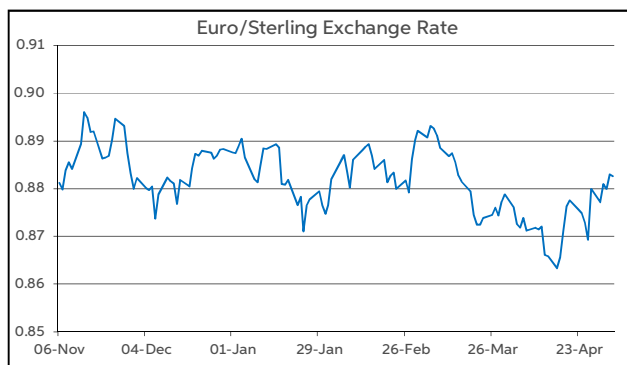
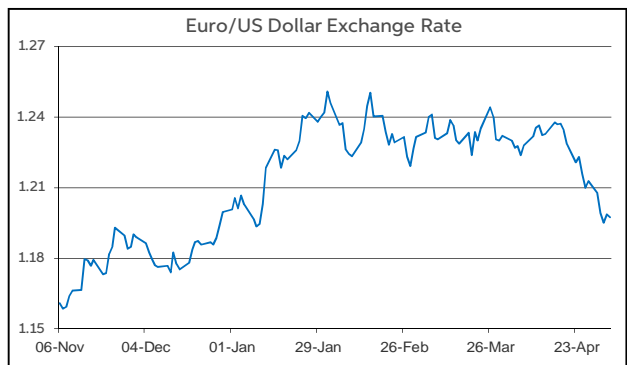
Dara Turnbull, Economist, AIB

Today's Opening Rates

		% Change	
		Day *	End 2017
EUR/USD	1.1971	-0.13	-0.21
EUR/GBP	0.8826	0.14	-0.64
GBP/USD	1.3561	-0.26	0.36
GBP/EUR	1.1324	-0.14	0.65
USD/JPY	109.12	-0.47	-3.15
EUR/JPY	130.66	-0.59	-3.34

* v Previous Day's European Open

See Next Page for More Rates ▶▶▶



Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.92	2.36	2.77	2.73	2.88
EUR	0.00	-0.37	-0.33	-0.19	-0.15	0.37
GBP	0.50	0.51	0.69	0.96	1.03	1.32

Equity Indices				
	Latest Close	% Changes		
		on Day	End 2017 to Date	
Dow Jones	23930.15	+0.02	-3.19	
S&P 500	2629.73	-0.23	-1.64	
FTSE 100	7502.69	-0.54	-2.41	
DJ Stoxx 50	3529.12	-0.69	+0.72	
ISEQ	6795.87	-0.71	-3.44	
Nikkei	22472.78	+0.00	-1.28	

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	AIB 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro

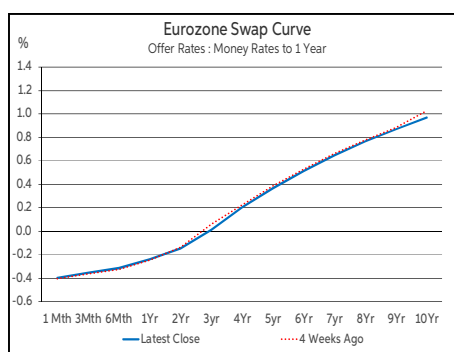
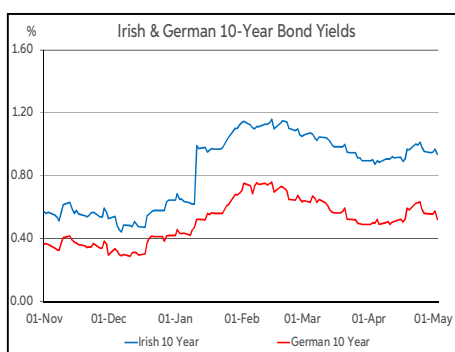
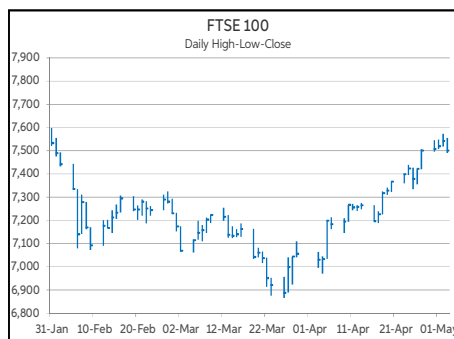
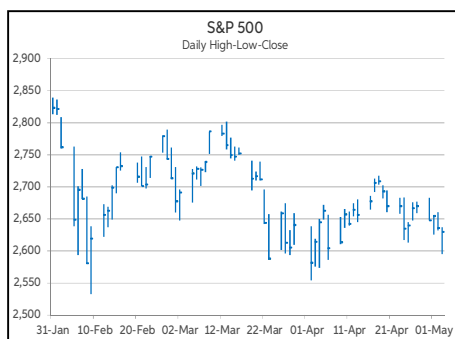
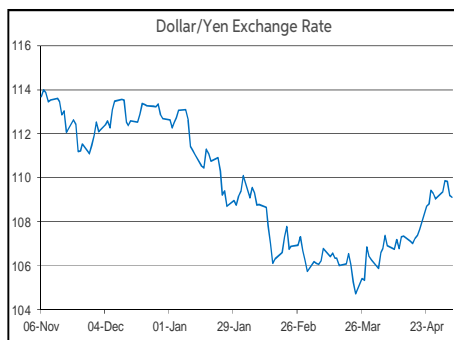
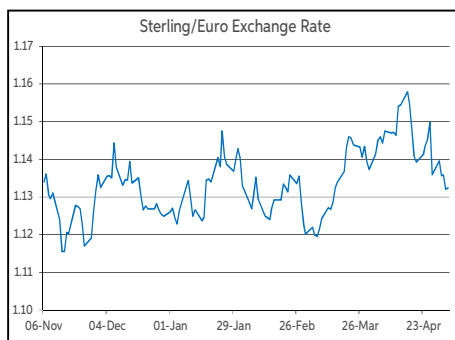
EUR/GBP	0.8828
EUR/USD	1.1971
EUR/JPY	130.67
EUR/SEK	10.5485
EUR/DKK	7.4489
EUR/NOK	9.6374
EUR/CHF	1.1956
EUR/AUD	1.5889
EUR/HKD	9.3968
EUR/CAD	1.5389

Sterling

GBP/EUR	1.1325
GBP/USD	1.3561
GBP/CAD	1.7432
GBP/NZD	1.9316
GBP/JPY	147.98
GBP/SEK	11.945
GBP/DKK	8.4365
GBP/NOK	10.9146
GBP/CHF	1.354
GBP/AUD	1.7998

Dollar

USD/JPY	109.12
USD/CAD	1.2853
USD/CHF	0.9986
USD/CNY	6.3494
USD/BRL	3.5282
USD/RUB	63.12
USD/INR	66.76
AUD/USD	0.7534
NZD/USD	0.7018



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 17
10 Year Yield %				
US	2.95	-3	+11	+54
Germany	0.52	-5	+0	+11
UK	1.38	-7	-3	+20
Ireland	0.93	-3	+4	N/A
Belgium	0.79	-4	-1	+18
France	0.75	-4	+1	-3
Italy	1.73	-5	-5	-26
Spain	1.24	-6	+2	-31
Portugal	1.63	-4	-2	-26
Greece	3.91	+5	-2	-13
5 Year Swap %				
US	2.87	-3	+10	+63
Eurozone	0.37	-3	-2	+5
UK	1.31	-7	-11	+28
2 Year Swap %				
US	2.71	-4	+9	+63
Eurozone	-0.15	-2	-1	-1
UK	1.02	-6	-14	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+2	+4	N/A
Belgium	27	+1	-1	+7
France	22	+1	+1	-13
Italy	121	-0	-5	-37
Spain	71	-1	+2	-41
Portugal	111	+1	-2	-37
Greece	339	+10	-2	-23

Commodities				
	Close	% Change		
		Day	4 Weeks	End 17
Brent Oil	73.62	+0.35	+7.74	+10.09
West Texas Oil	68.45	+0.80	+7.74	+13.22
CRB - All Commodity	202.10	+0.25	+4.28	+4.25
CRB - Food	356.75	+0.73	+6.12	+6.16
Gold \$	1312.9	+0.59	-1.06	+0.79

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