

## EUR/GBP testing below 85p level

The action to start the week on currency markets yesterday saw the dollar edge slightly lower. This coincided with a 'risk on' tone to investor sentiment on Wall Street. US equity markets returned from their Easter break in an upbeat mood, catching up on Friday's stronger than expected payroll figures for March. Elsewhere, the euro continued to struggle against sterling, with EUR/GBP testing below the 85p level over the Easter holiday.

However, while the dollar started this week slightly softer it has come into April on the back of a strong performance in March. It made gains of 2.5-3% against currencies such as the euro and the yen, and was up around 1% versus sterling last month.

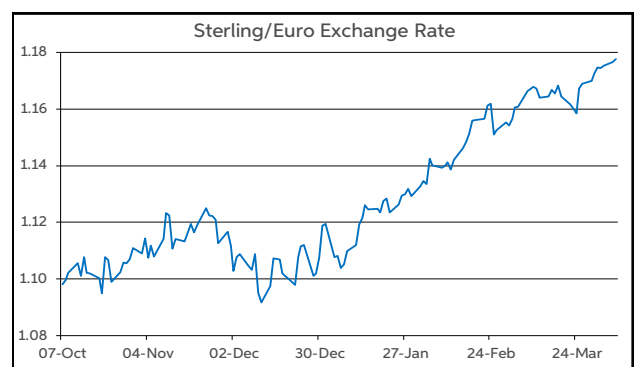
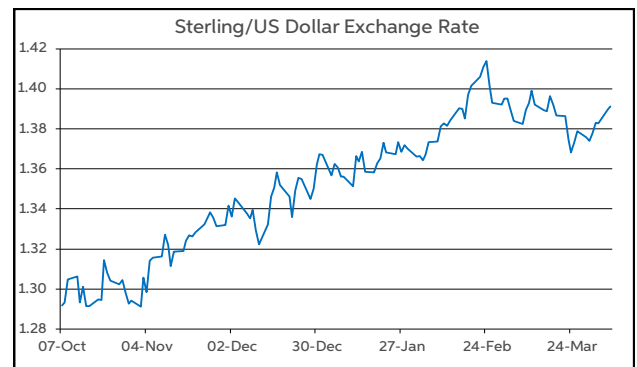
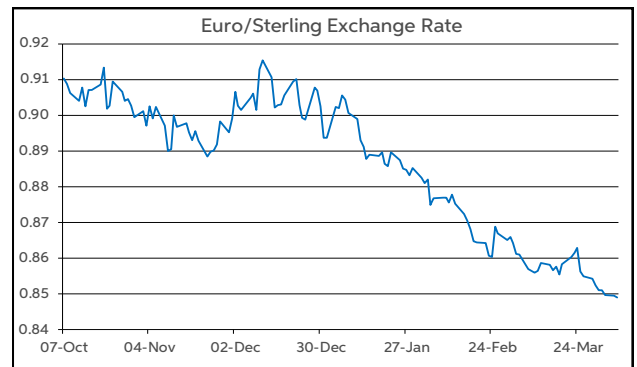
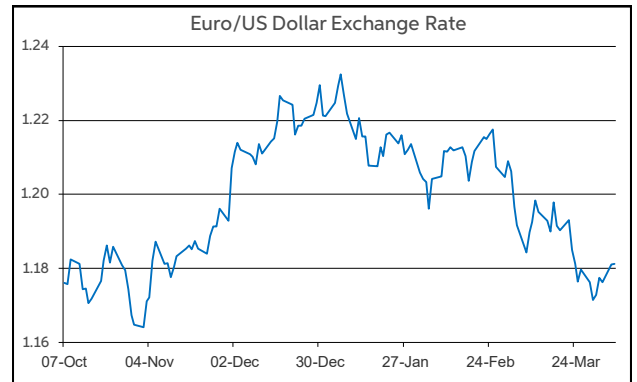
The currency has been boosted by a firming in US interest rate expectations. The market is now pricing in the first rate hike in the US by the third quarter of 2022. Back in early January, rate hikes were not anticipated in the US until H2'23. The key driver behind this hardening of rate expectations has been the marked upgrade to US growth prospects for 2021 and 2022.

In contrast, the euro has been hampered by a slow vaccine rollout and a tightening of restrictions in recent weeks. This included France announcing a national lockdown for a 4 week period.

In level terms, EUR/USD starts this morning at the \$1.18 threshold, while EUR/GBP is trading just below the 85p mark. Meanwhile, GBP/USD is changing hands near to \$1.39.

Looking ahead to this week, the macro diary has a dearth of top tier data. As a result, the main pairs are unlikely to be swayed by the limited data that is released.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1812	0.46	-3.28
EUR/GBP	0.849	-0.14	-5.00
GBP/USD	1.3912	0.63	1.75
GBP/EUR	1.1775	0.14	5.27
USD/JPY	110.22	-0.37	6.76
EUR/JPY	130.2	0.08	3.20

\* 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	0.11	0.20	0.21	0.31	1.05
EUR	0.00	-0.55	-0.54	-0.52	-0.50	-0.33
GBP	0.10	0.05	0.09	0.12	0.29	0.67

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

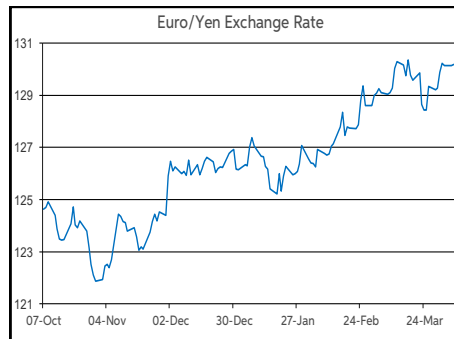
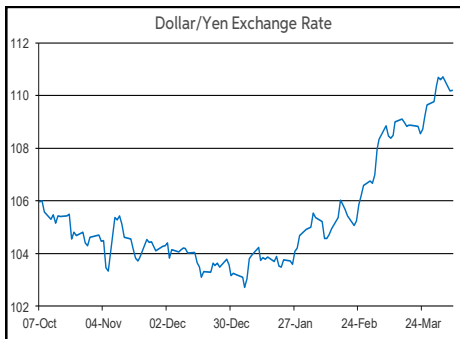
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

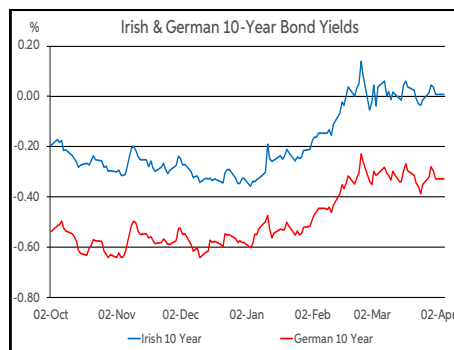
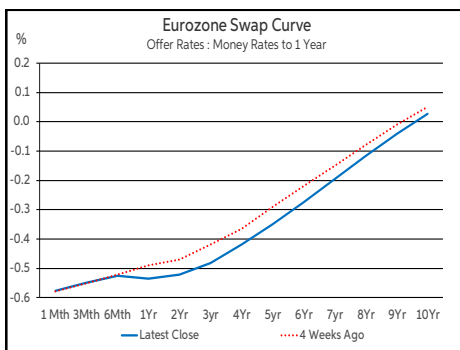
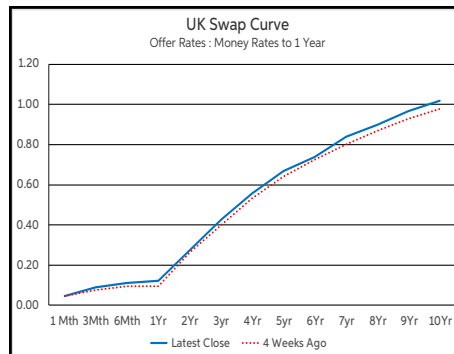
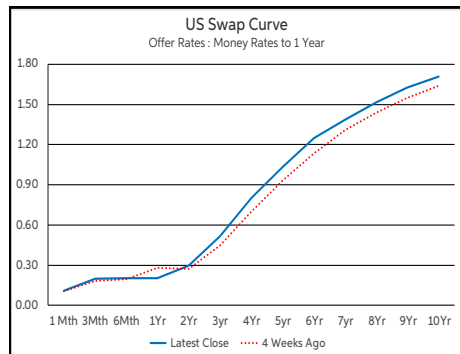
Tuesday 06 April 2021  
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.849	GBP/EUR	1.1775	USD/JPY	110.22
EUR/USD	1.1812	GBP/USD	1.3912	USD/CAD	1.2527
EUR/JPY	130.2	GBP/CAD	1.7427	USD/CHF	0.9372
EUR/SEK	10.2792	GBP/NZD	1.9695	USD/CNY	6.5489
EUR/DKK	7.4379	GBP/JPY	153.34	USD/BRL	5.6639
EUR/NOK	10.029	GBP/SEK	12.1031	USD/RUB	76.2985
EUR/CHF	1.1073	GBP/DKK	8.7599	USD/INR	73.318
EUR/AUD	1.543	GBP/NOK	11.8102	AUD/USD	0.7654
EUR/HKD	9.1843	GBP/CHF	1.3038	NZD/USD	0.7061
EUR/CAD	1.4791	GBP/AUD	1.8169		



	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.71	-1	+10	+79
Germany	-0.33	-3	-5	+25
UK	0.80	-5	+4	+60
Ireland	0.04	-4	-3	+34
Belgium	-0.01	-2	-4	+37
France	-0.08	-3	-5	+26
Italy	0.63	-4	-13	+11
Spain	0.32	-2	-9	+26
Portugal	0.21	-2	-9	+15
Greece	0.82	-5	-13	+19
<b>5 Year Swap %</b>				
US	1.03	-4	+10	+61
Eurozone	-0.35	+0	-5	+11
UK	0.67	+0	+4	+48
<b>2 Year Swap %</b>				
US	0.30	+0	+6	+10
Eurozone	-0.52	+0	-4	+0
UK	0.28	+0	+2	+25
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	37	-0	+1	+9
Belgium	31	+1	+1	+12
France	25	+0	-0	+1
Italy	96	-0	-9	-14
Spain	64	+1	-5	+1
Portugal	54	+2	-4	-10
Greece	114	-2	-9	-6



	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	62.15	-4.18	-8.92	+19.98
West Texas Oil	58.73	-4.36	-9.69	+21.47
Gold \$	1728.4	-0.02	+2.81	-8.86

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.