

## Euro pairs regain some lost ground

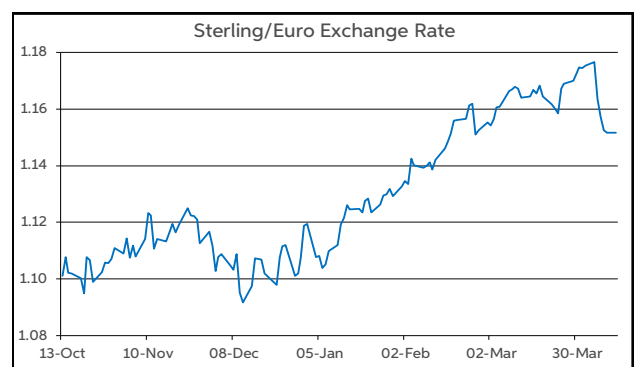
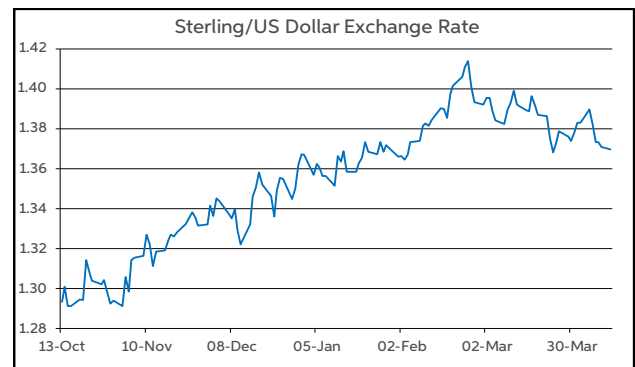
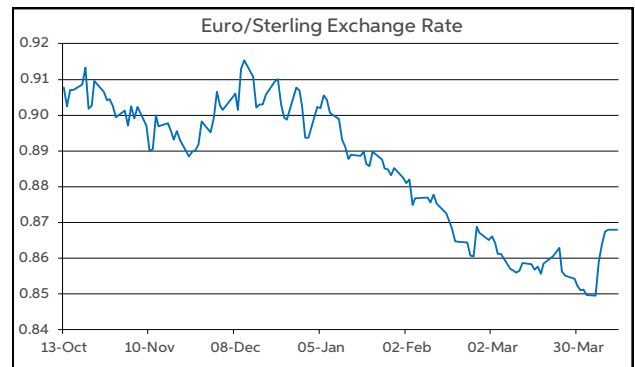
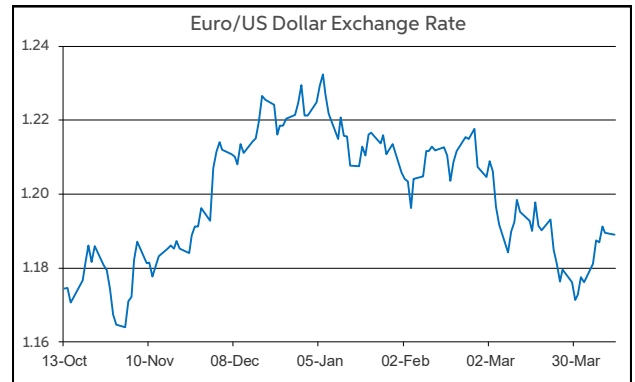
The action on currency markets last week saw sterling come under moderate downward pressure. Some negative newsflow, in what has been up to this point, a successful vaccination programme created an unhelpful backdrop. At the same time, the dollar also found itself somewhat on the defensive, coinciding with US Treasury yields edging lower. As a result, some key euro pairs managed to regain some lost ground, without any specific Eurozone factors being behind the moves higher.

In level terms, all of the above is reflected in EUR/GBP starting this week in the upper half of the 86-87p band compared to last week's opening level down at 85p. Meanwhile, the EUR/USD pair is changing hands this morning just below the \$1.19 mark, having regained the \$1.18 threshold over the course of last week. Elsewhere on the currency front, the softer tone to sterling is reflected in cable (GBP/USD) straddling the \$1.37 level.

After a relatively quiet start to April, in terms of data releases, this week's macro diary has a busier look to it. For the dollar, the main releases of note are retail sales, industrial production, housing starts and CPI (all March) as well as consumer sentiment (April). Strong data are expected all round. For sterling, the focus from a data perspective will be on UK GDP figures for February. From a euro viewpoint, the main data are industrial production and retail sales for February.

While good US data may support the dollar, vaccination numbers/newsflow rather than macro news may remain the key influencer in currency markets. In this regard, for the euro to sustain its upward momentum, it will likely require a vast improvement in its vaccination rollout in Q2.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1889	-0.12	-2.65
EUR/GBP	0.8679	0.15	-2.89
GBP/USD	1.3698	-0.25	0.18
GBP/EUR	1.1519	-0.15	2.97
USD/JPY	109.56	0.18	6.12
EUR/JPY	130.28	0.08	3.27

\* v Previous Day's European Open  
See Next Page for More Rates

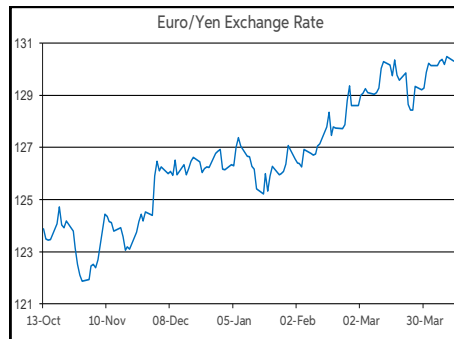
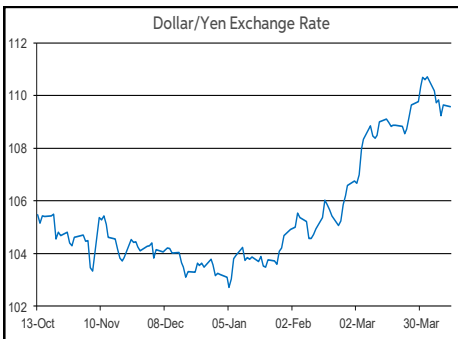
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.11	0.19	0.20	0.30	0.98
EUR	0.00	-0.56	-0.54	-0.53	-0.50	-0.33
GBP	0.10	0.05	0.09	0.12	0.29	0.68

All rates quoted are indicative market rates

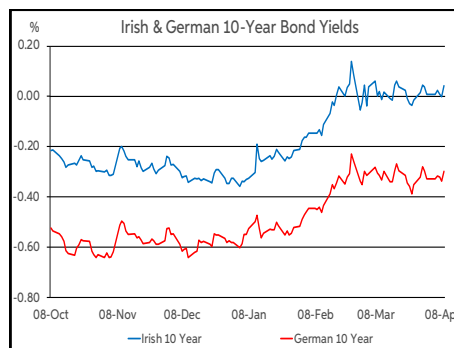
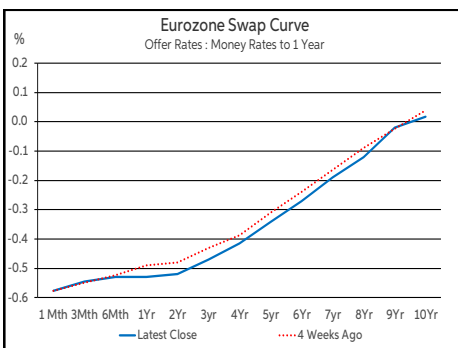
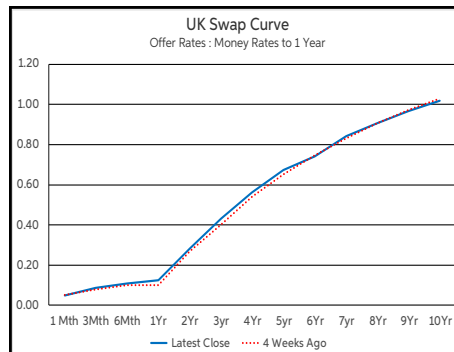
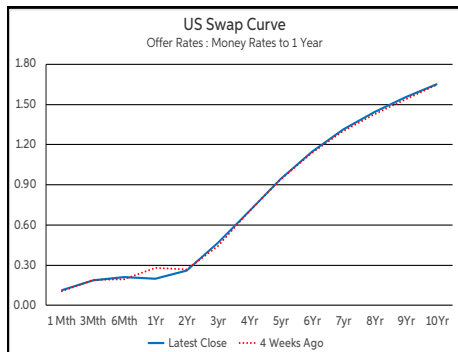
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.8679	GBP/EUR	1.1519	USD/JPY	109.56
EUR/USD	1.1889	GBP/USD	1.3698	USD/CAD	1.2561
EUR/JPY	130.28	GBP/CAD	1.7207	USD/CHF	0.926
EUR/SEK	10.185	GBP/NZD	1.9473	USD/CNY	6.5511
EUR/DKK	7.4369	GBP/JPY	150.08	USD/BRL	5.6821
EUR/NOK	10.117	GBP/SEK	11.7293	USD/RUB	77.5333
EUR/CHF	1.1011	GBP/DKK	8.5673	USD/INR	74.8275
EUR/AUD	1.5624	GBP/NOK	11.6504	AUD/USD	0.7609
EUR/HKD	9.2467	GBP/CHF	1.2685	NZD/USD	0.703
EUR/CAD	1.4934	GBP/AUD	1.7996		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.66	+4	+4	+75
Germany	-0.30	+4	-0	+28
UK	0.78	+3	-5	+58
Ireland	0.07	+4	+3	+38
Belgium	0.03	+3	+2	+41
France	-0.04	+4	+1	+30
Italy	0.74	+7	+11	+22
Spain	0.38	+4	+5	+33
Portugal	0.29	+5	+8	+23
Greece	0.87	+5	+5	+25
<b>5 Year Swap %</b>				
US	0.94	+0	+4	+52
Eurozone	-0.34	+2	-2	+12
UK	0.67	+2	+3	+48
<b>2 Year Swap %</b>				
US	0.26	-1	+2	+7
Eurozone	-0.52	-1	-3	+1
UK	0.28	+1	+2	+25
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	37	+1	+3	+10
Belgium	32	-1	+2	+13
France	26	+0	+2	+2
Italy	103	+3	+11	-6
Spain	68	+0	+5	+5
Portugal	59	+1	+8	-5
Greece	117	+1	+5	-3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	62.95	-0.40	-9.06	+21.53
West Texas Oil	59.29	-0.54	-9.61	+22.63
Gold \$	1743.1	-0.73	+0.97	-8.09

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