

Sterling slightly softer

There was a mixed tone to investor sentiment yesterday. The Euro Stoxx 50 continued to rebound, gaining 1% following a sharp fall on Tuesday. Across the Atlantic, the S&P 500 lost 0.9%, as reports emerged of a potential increase to the capital gains tax rate in the US. Meanwhile, the main FX pairs remained range bound, although, there was a slightly softer tone to sterling. Elsewhere, Eurozone bonds were relatively unchanged following the latest ECB meeting.

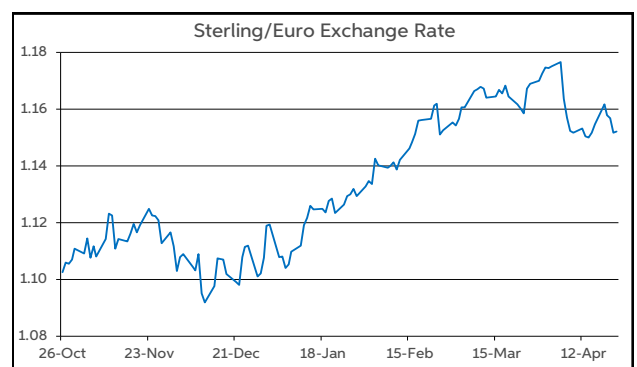
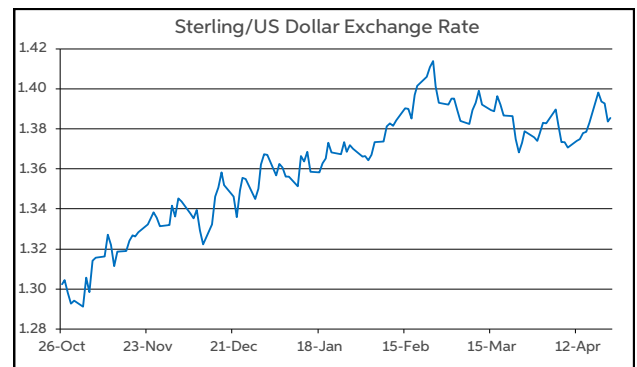
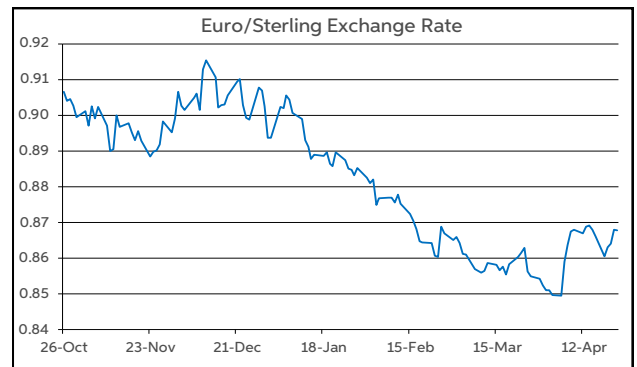
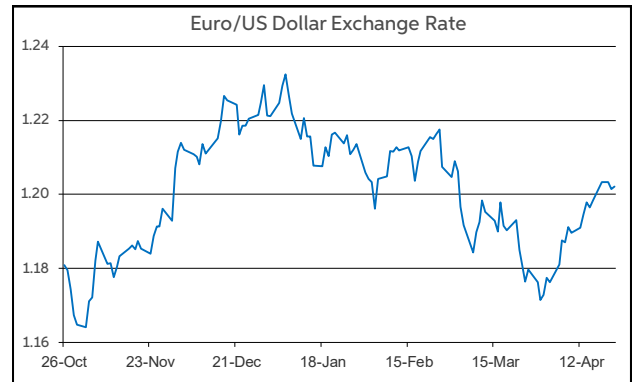
As expected the ECB left monetary policy unchanged. Thus, the euro had a muted reaction to the announcement. Data-wise, flash Eurozone consumer confidence for April beat expectations, rising to -8.1 from -10.8. In the US, initial jobless claims fell to 547k from 586k as labour market conditions continue to improve.

Currency-wise, of the limited action to register, sterling was under some slight downward pressure yesterday. There was no UK specific catalyst for this. The currency lost around 0.5% against most of the other majors on the exchanges.

In level terms, the weaker tone to sterling is reflected by EUR/GBP opening this morning in the top half of 86-87p. GBP/USD is trading back near the midpoint of \$1.38-1.39. Meanwhile, EUR/USD has consolidated its position, for now, above the \$1.20 mark.

This morning, UK retail sales have printed above expectations, up 5.4% in March (vs. +1.5% f'cast). However, the release has not impacted sterling so far in early trading. A busy data calendar for the remainder of the day includes the Flash PMIs for the UK, US and Eurozone. Barring any major surprises though, the currency reaction to the releases may be limited.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2024	-0.07	-1.55
EUR/GBP	0.8677	0.45	-2.91
GBP/USD	1.3855	-0.52	1.33
GBP/EUR	1.152	-0.45	3.00
USD/JPY	107.93	-0.03	4.54
EUR/JPY	129.79	-0.09	2.88

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

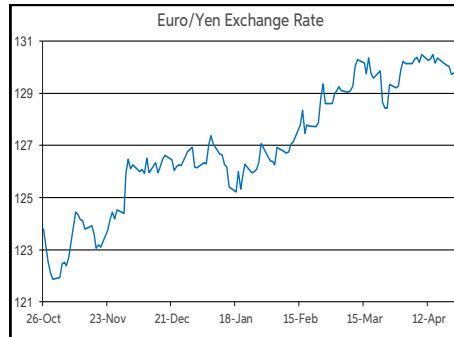
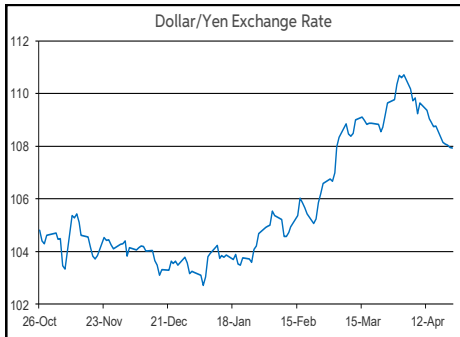
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.11	0.17	0.19	0.29	0.92
EUR	0.00	-0.55	-0.54	-0.51	-0.48	-0.29
GBP	0.10	0.05	0.09	0.13	0.28	0.64

All rates quoted are indicative market rates

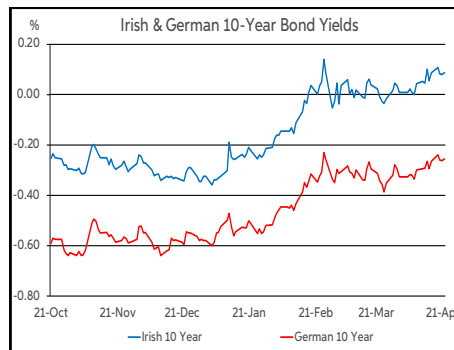
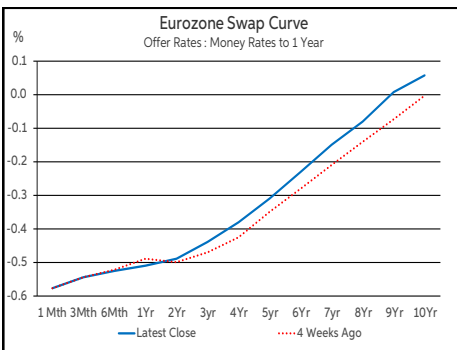
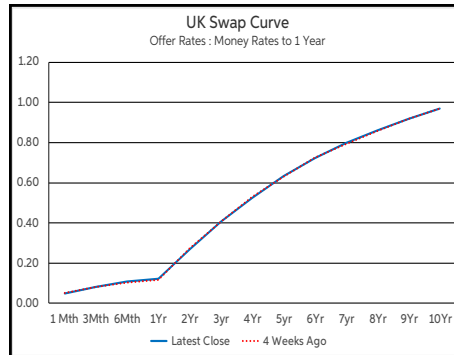
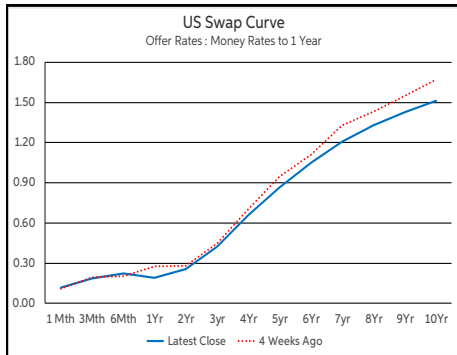
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.8677	GBP/EUR	1.152	USD/JPY	107.93
EUR/USD	1.2024	GBP/USD	1.3855	USD/CAD	1.2485
EUR/JPY	129.79	GBP/CAD	1.7298	USD/CHF	0.9171
EUR/SEK	10.1308	GBP/NZD	1.931	USD/CNY	6.4942
EUR/DKK	7.436	GBP/JPY	149.54	USD/BRL	5.4443
EUR/NOK	10.03	GBP/SEK	11.6746	USD/RUB	75.15
EUR/CHF	1.1029	GBP/DKK	8.5662	USD/INR	74.9025
EUR/AUD	1.5561	GBP/NOK	11.554	AUD/USD	0.7727
EUR/HKD	9.3324	GBP/CHF	1.2707	NZD/USD	0.7173
EUR/CAD	1.5012	GBP/AUD	1.7931		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.54	-2	-9	+63
Germany	-0.26	+0	+13	+32
UK	0.74	+0	+1	+55
5 Year Swap %				
US	0.87	-1	-4	+45
Eurozone	-0.31	-1	+5	+15
UK	0.63	+0	+1	+44
2 Year Swap %				
US	0.26	+0	+2	+6
Eurozone	-0.49	-0	+2	+4
UK	0.27	+0	+1	+24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	+0	+1	+11
Belgium	32	+1	-0	+12
France	25	+1	+0	+2
Italy	101	-0	+5	-9
Spain	65	-0	+0	+2
Portugal	66	+0	+12	+3
Greece	115	-1	-9	-5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	65.4	+0.12	+5.57	+26.25
West Texas Oil	61.45	+0.18	+5.10	+27.09
Gold \$	1783.9	-0.53	+3.31	-5.93

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