

Dollar continues to hold the upper hand

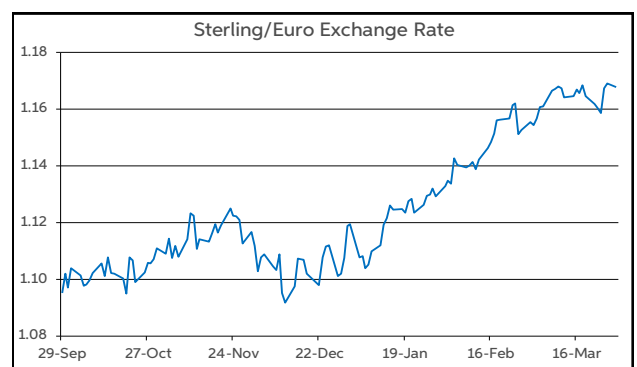
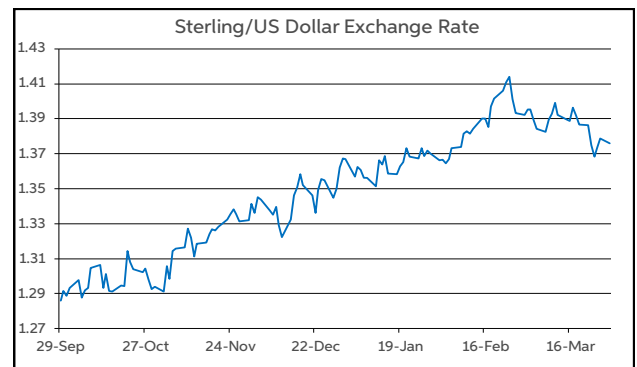
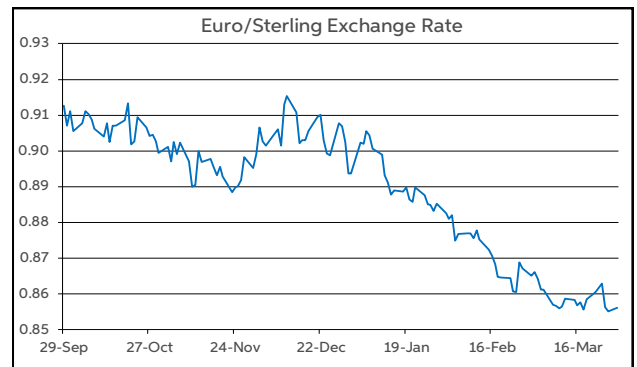
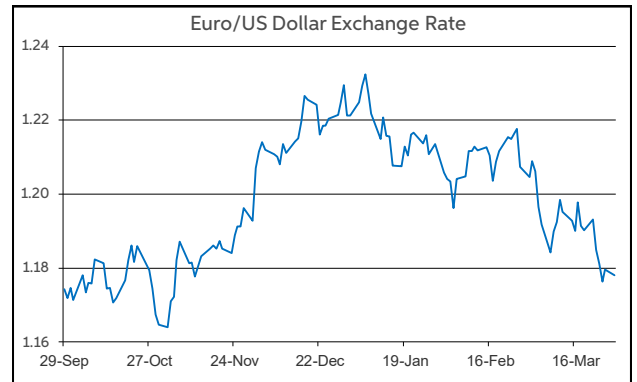
The dollar continued to hold the upper hand on currency markets last week. While US Treasury yields edged back from their recent highs, Eurozone and UK yields were also down around 10bps over the course of the week.

Data-wise, the release of the flash PMIs for March was the main macro highlight last week. While the Eurozone composite index rose above 50 for the first time in 6 months, both US and UK indices were stronger. The tightening of restrictions in the Eurozone, combined with the slower pace of the vaccine rollouts means this divergence in performance between the Eurozone and US economy will remain a feature over the coming months. Such a backdrop has and will continue to pose a more challenging trading environment for the euro.

In level terms, all of the above is reflected in EUR/USD starting this week below the \$1.18 threshold. Meanwhile, GBP/USD is changing hands below the \$1.38 mark. Taking a step back and looking at where these pairs were trading in early March, the EUR/USD was at the \$1.21 level, while GBP/USD was up at \$1.40. This further illustrates the strengthening position of the dollar over recent weeks. Elsewhere, after spending a good portion of last week above the 86p level, EUR/GBP is back near its recent low close to the midpoint of 85-86p as trading gets underway this morning.

For the week ahead, the main data release of note from a dollar viewpoint will be March payrolls. For the euro, inflation numbers for March are the main highlight. Meantime, after the raft of UK data last week, the coming days are very quiet from a sterling perspective. Overall, the dollar remains positioned to continue to hold the upper hand, with strong payrolls expected.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1779	-0.03	-3.55
EUR/GBP	0.856	0.01	-4.22
GBP/USD	1.3758	-0.06	0.62
GBP/EUR	1.1676	-0.01	4.40
USD/JPY	109.52	0.26	6.08
EUR/JPY	129.04	0.25	2.28

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.11	0.20	0.19	0.26	0.95
EUR	0.00	-0.55	-0.54	-0.52	-0.50	-0.35
GBP	0.10	0.05	0.09	0.12	0.28	0.64

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

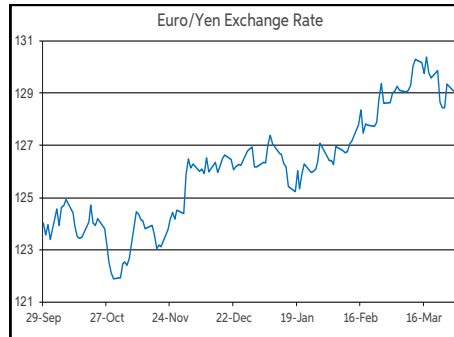
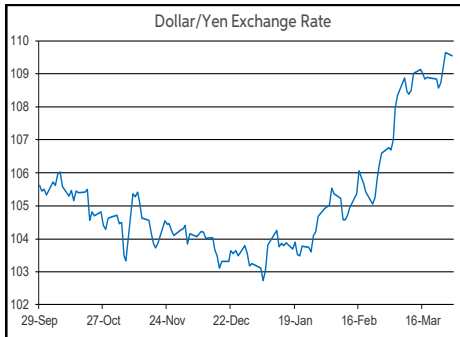
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

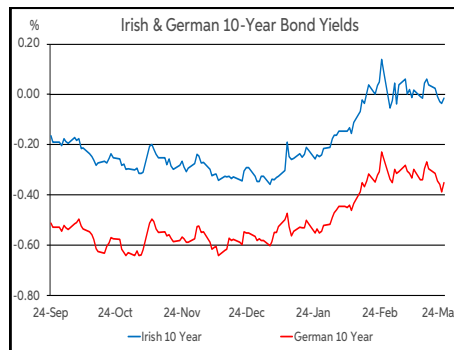
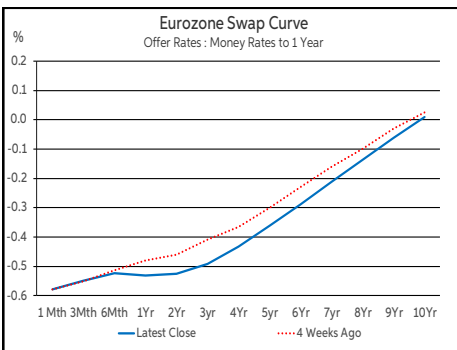
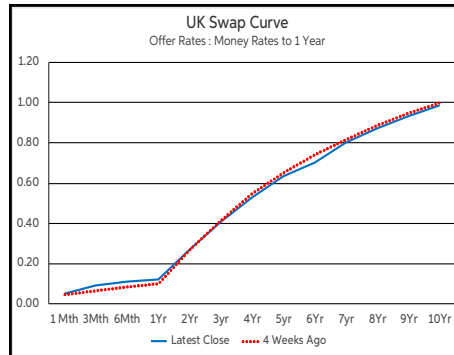
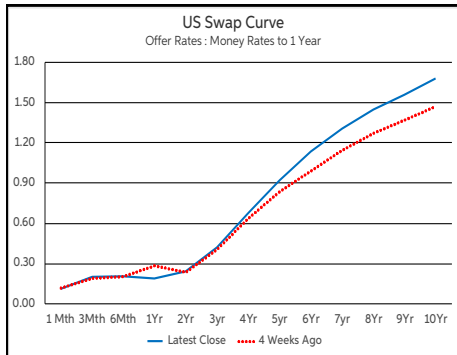
Monday 29 March 2021
07:40 am



Euro		Sterling		Dollar	
EUR/GBP	0.856	GBP/EUR	1.1676	USD/JPY	109.52
EUR/USD	1.1779	GBP/USD	1.3758	USD/CAD	1.2611
EUR/JPY	129.04	GBP/CAD	1.7352	USD/CHF	0.9394
EUR/SEK	10.1968	GBP/NZD	1.9714	USD/CNY	6.5551
EUR/DKK	7.4358	GBP/JPY	150.68	USD/BRL	5.7556
EUR/NOK	10.1213	GBP/SEK	11.9062	USD/RUB	75.875
EUR/CHF	1.1069	GBP/DKK	8.6834	USD/INR	72.573
EUR/AUD	1.5446	GBP/NOK	11.8218	AUD/USD	0.7622
EUR/HKD	9.1551	GBP/CHF	1.2925	NZD/USD	0.6977
EUR/CAD	1.4855	GBP/AUD	1.8044		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.67	+4	+27	+76
Germany	-0.35	+4	-9	+23
UK	0.76	+2	-7	+56
Ireland	0.01	+3	-10	+31
Belgium	-0.04	+3	-9	+35
France	-0.11	+3	-10	+24
Italy	0.61	+4	-16	+9
Spain	0.29	+2	-15	+23
Portugal	0.18	+3	-15	+12
Greece	0.88	+2	-24	+25
5 Year Swap %				
US	0.92	+1	+12	+50
Eurozone	-0.36	-0	-5	+10
UK	0.63	+1	-1	+44
2 Year Swap %				
US	0.24	+0	+1	+5
Eurozone	-0.53	-2	-6	-0
UK	0.27	+0	+1	+24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	-1	-0	+9
Belgium	31	-1	+0	+12
France	24	-1	-1	+1
Italy	96	+0	-7	-13
Spain	64	-1	-5	+1
Portugal	53	-1	-6	-11
Greece	122	-2	-15	+2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	64.57	+4.23	-2.36	+24.65
West Texas Oil	60.93	+4.21	-1.01	+26.02
Gold \$	1732.0	+0.30	-0.09	-8.68

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