

Slightly firmer sterling

The start of the week on currency markets was relatively muted yesterday. The action was confined to fairly tight ranges. Of the limited moves, sterling was holding a modestly firmer tone.

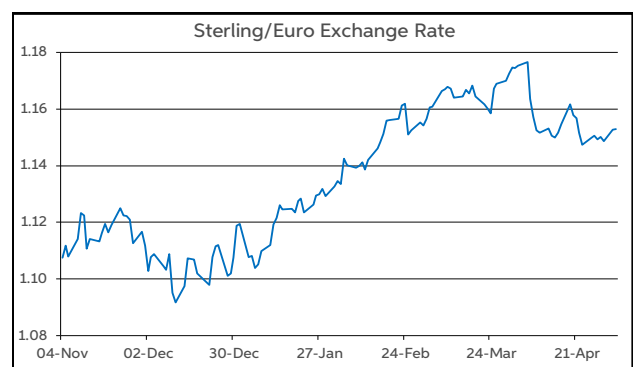
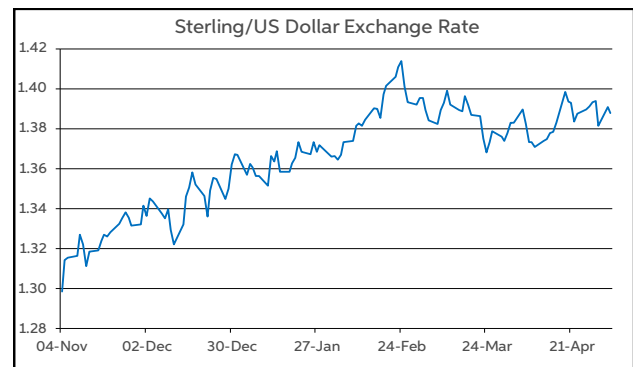
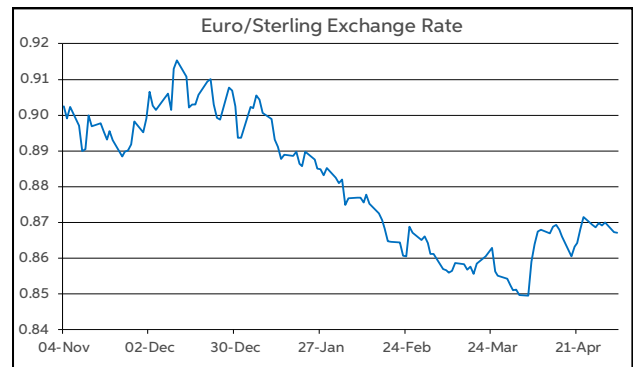
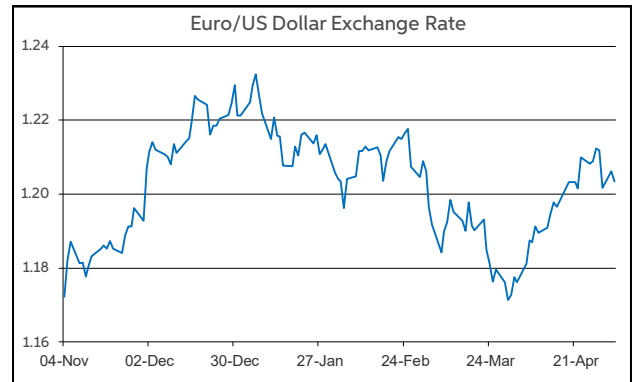
The main data release of note, from a generally sparse data calendar was the US manufacturing ISM for April. It fell to 60.7 from 64.7, and was below the consensus forecast of 65. However, it still remains at a very high level.

As FX trading gets underway this morning, the slightly firmer tone to sterling is reflected in EUR/GBP opening below the 87p mark and GBP/USD trading in the upper half of \$1.38-1.39. Meanwhile, after edging lower towards the end of last week, EUR/USD starts today in the bottom half of the \$1.20-1.21 trading band.

Today's macro diary is fairly sparse, meaning it is unlikely to have much influence on the main FX pairs. The key macro highlights are due later in the week. From a monetary policy perspective, it's the turn of the BoE to meet (Thurs). Similar to the Fed and ECB, no policy changes are envisaged. Instead attention will be focused on its latest macro forecasts, which are likely to include an upgrade to its GDP projections. Overall though, the BoE is unlikely to make any major changes to its guidance that rates will remain on hold for some time. As a result, while the meeting poses some event risk, it may not have much directional influence on sterling.

Meanwhile, the top data release of note, comes on Friday with US payroll figures for April due. The headline number is expected to maintain its improving trend (f'cast for +988k, from +916k in March) amid a further re-opening of the economy. At the margin, a strong consensus beating print could provide some upside to the dollar.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2033	0.12	-1.47
EUR/GBP	0.8672	-0.28	-2.97
GBP/USD	1.3876	0.41	1.48
GBP/EUR	1.1528	0.28	3.06
USD/JPY	109.32	-0.24	5.89
EUR/JPY	131.57	-0.11	4.29

* 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	0.18	0.19	0.30	0.93
EUR	0.00	-0.56	-0.54	-0.51	-0.47	-0.25
GBP	0.10	0.05	0.08	0.14	0.33	0.73

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

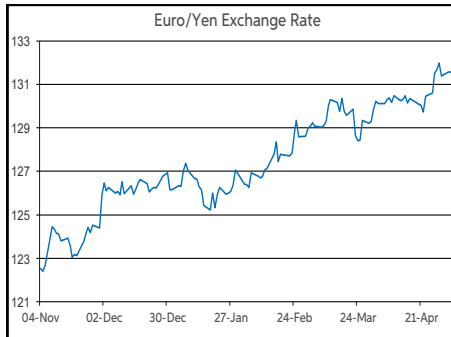
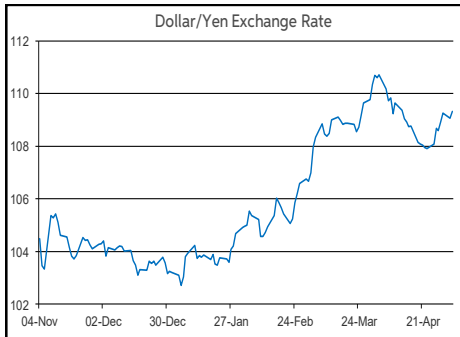
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

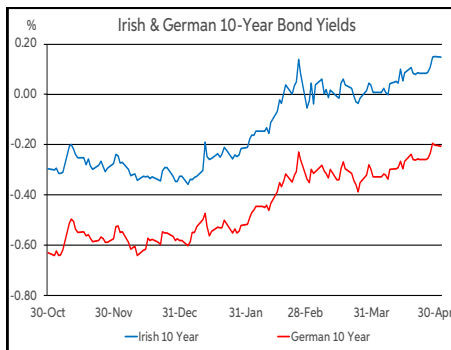
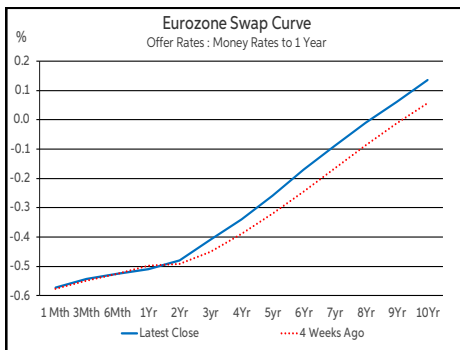
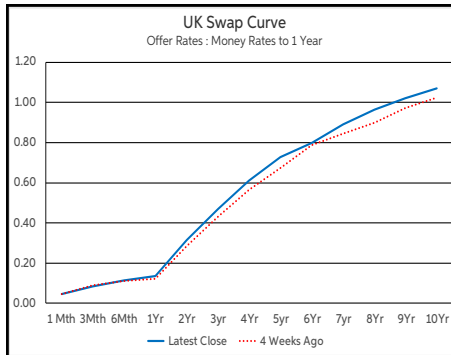
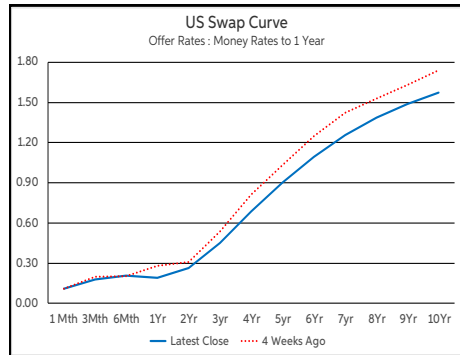
Tuesday 04 May 2021
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8671	GBP/EUR	1.153	USD/JPY	109.32
EUR/USD	1.2034	GBP/USD	1.3877	USD/CAD	1.2298
EUR/JPY	131.56	GBP/CAD	1.7058	USD/CHF	0.9143
EUR/SEK	10.1565	GBP/NZD	1.936	USD/CNY	6.473
EUR/DKK	7.4364	GBP/JPY	151.7	USD/BRL	5.4395
EUR/NOK	9.9936	GBP/SEK	11.7078	USD/RUB	75.1541
EUR/CHF	1.1004	GBP/DKK	8.5739	USD/INR	73.8675
EUR/AUD	1.5541	GBP/NOK	11.5187	AUD/USD	0.7743
EUR/HKD	9.3455	GBP/CHF	1.2688	NZD/USD	0.7167
EUR/CAD	1.4792	GBP/AUD	1.7916		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 20
10 Year Yield %				
US	1.60	-3	-11	+68
Germany	-0.20	-0	+12	+37
UK	0.84	-0	+4	+65
5 Year Swap %				
US	0.90	-2	-13	+48
Eurozone	-0.26	+0	+9	+20
UK	0.73	+0	+6	+54
2 Year Swap %				
US	0.27	-0	-0	+7
Eurozone	-0.48	-0	+4	+5
UK	0.32	+0	+4	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+0	+2	+12
Belgium	34	+1	+3	+15
France	36	-0	+11	+12
Italy	104	-2	+8	-6
Spain	67	-1	+3	+4
Portugal	68	-1	+14	+4
Greece	119	+0	+5	-1



Commodities				
	Close	Day	% Change	
			4 Weeks	End 20
Brent Oil	67.56	+0.46	+8.70	+30.42
West Texas Oil	64.46	+1.51	+9.76	+33.32
Gold \$	1792.4	+1.34	+3.70	-5.49

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