

## Some post payroll softness for the dollar

For much of last week, the moves on currency markets were confined to very tight ranges. EUR/USD spent most of the period straddling the \$1.20 threshold, while GBP/USD was trading in and around the \$1.39 mark. Elsewhere, EUR/GBP was changing hands within the 86-87p trading band.

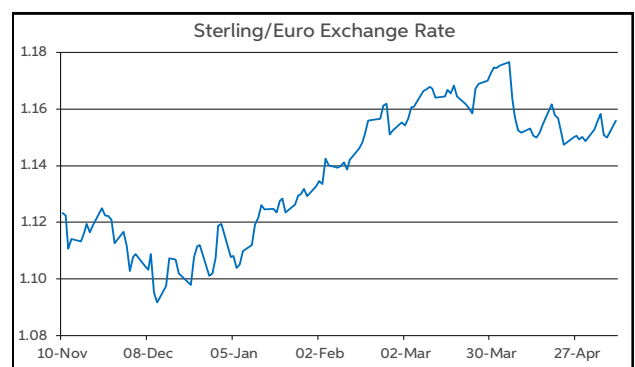
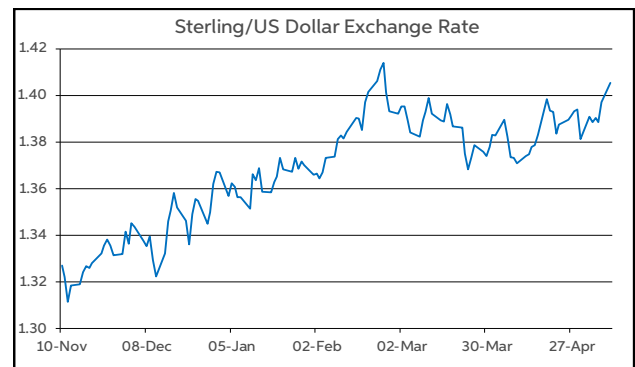
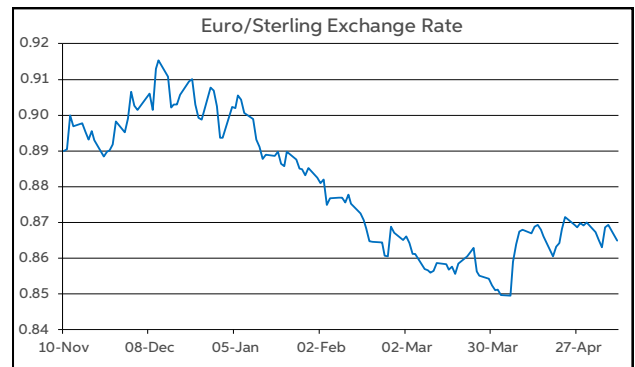
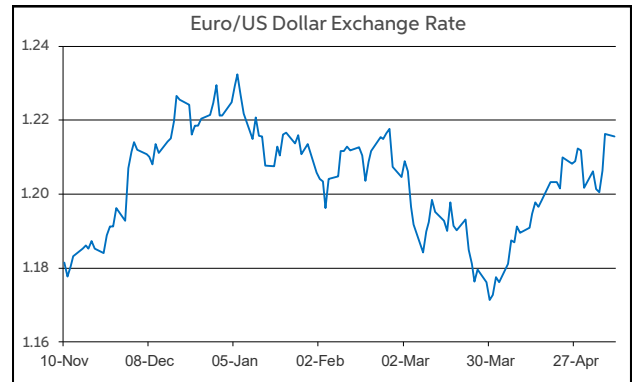
However, Friday's much weaker than expected US non-farm payrolls figure did generate some reaction from the dollar. The headline number printed at 266k (from a downwardly revised 770k in March), well below expectations for a gain of 978k. The dollar weakened on the back of the news, with the market interpreting the weaker payroll data as validating the Fed's dovish policy stance and guidance.

The post-payroll softer dollar was evident in EUR/USD shooting up from \$1.205 through the \$1.21 level to a high of \$1.214 and GBP/USD pushing up to the midpoint of \$1.39-1.40 in the immediate aftermath. The dollar has remained on the defensive in overnight trading. This is evident in EUR/USD starting this week at the midpoint of \$1.21-1.22 and GBP/USD at \$1.405.

Ahead this week, with the latest round of key central bank meetings complete, the focus shifts back to the data. For sterling, UK Q1 GDP is the main release, with a fall of 1.7% q/q forecast. However, given the lagging nature of the data it is unlikely to have much impact. Meanwhile, the Eurozone's schedule is very quiet.

For the dollar, there is a busy flow of data due, with the key highlights being retail sales, industrial production, CPI (all April) and consumer sentiment (May). However, unless the data surprises significantly, it may not have much dollar impact.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2156	0.78	-0.47
EUR/GBP	0.8649	-0.27	-3.22
GBP/USD	1.4054	1.05	2.79
GBP/EUR	1.1558	0.27	3.33
USD/JPY	108.83	-0.21	5.41
EUR/JPY	132.32	0.56	4.88

\* 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	0.10	0.16	0.18	0.27	0.88
EUR	0.00	-0.55	-0.53	-0.53	-0.46	-0.26
GBP	0.10	0.05	0.08	0.13	0.30	0.66

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

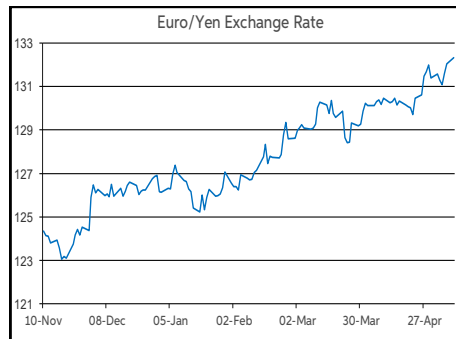
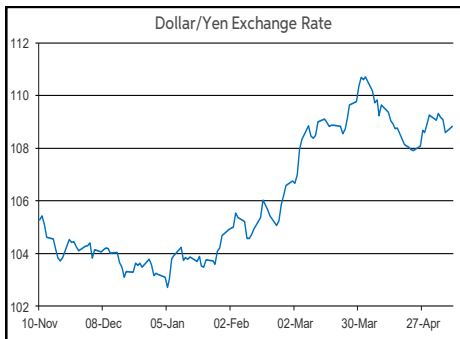
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

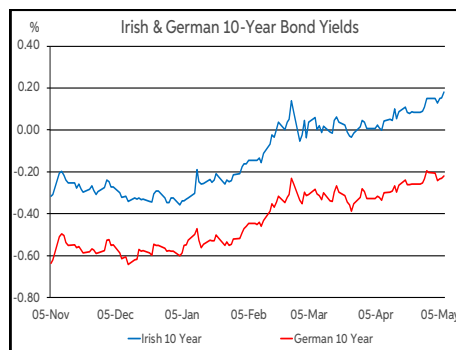
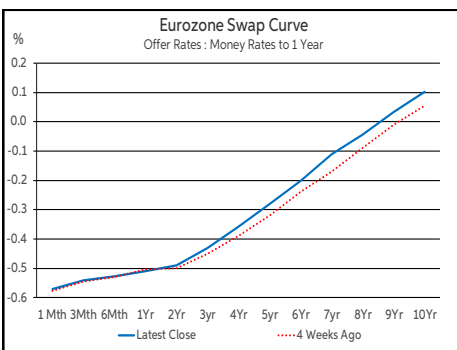
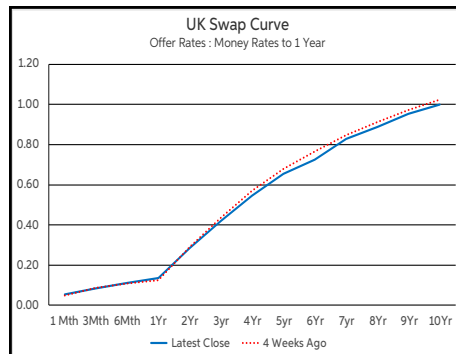
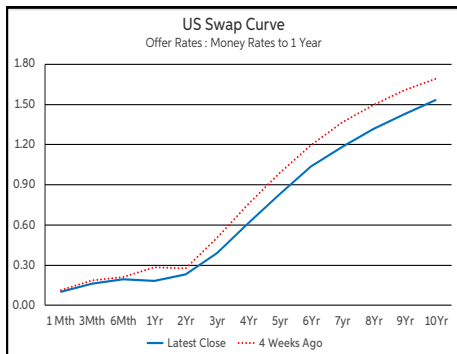
Monday 10 May 2021  
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8649	GBP/EUR	1.1558	USD/JPY	108.83
EUR/USD	1.2156	GBP/USD	1.4054	USD/CAD	1.211
EUR/JPY	132.32	GBP/CAD	1.7019	USD/CHF	0.901
EUR/SEK	10.1068	GBP/NZD	1.9286	USD/CNY	6.4243
EUR/DKK	7.4359	GBP/JPY	152.95	USD/BRL	5.2329
EUR/NOK	9.9693	GBP/SEK	11.6799	USD/RUB	73.7754
EUR/CHF	1.0955	GBP/DKK	8.5959	USD/INR	73.43
EUR/AUD	1.5469	GBP/NOK	11.5197	AUD/USD	0.7857
EUR/HKD	9.4404	GBP/CHF	1.2665	NZD/USD	0.7284
EUR/CAD	1.4716	GBP/AUD	1.7882		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.58	+1	-8	+66
Germany	-0.22	+1	+8	+36
UK	0.78	-2	-0	+58
<b>Ireland</b>				
Ireland	0.22	+3	+14	+52
Belgium	0.15	+2	+12	+53
France	0.16	+2	+21	+51
Italy	0.92	+5	+18	+40
Spain	0.49	+3	+11	+44
Portugal	0.51	+4	+22	+45
Greece	1.01	+4	+14	+38
<b>5 Year Swap %</b>				
US	0.83	-5	-13	+41
Eurozone	-0.28	-0	+5	+18
UK	0.66	-2	-2	+47
<b>2 Year Swap %</b>				
US	0.23	-3	-4	+4
Eurozone	-0.49	-1	+2	+4
UK	0.29	-1	+1	+26
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	44	+2	+7	+17
Belgium	36	+1	+4	+17
France	38	+1	+13	+15
Italy	114	+4	+10	+4
Spain	71	+2	+3	+8
Portugal	73	+3	+14	+9
Greece	123	+3	+6	+3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	68.28	+0.28	+8.47	+31.81
West Texas Oil	64.96	+0.36	+9.56	+34.35
Gold \$	1830.5	+0.84	+5.01	-3.48

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