

Firmer tone to sterling

There was a cautious mood to investor sentiment at the start of the trading week yesterday. The subdued tone was evident in most of the main equity indices finishing the day lower. At the close on Wall Street last night, the S&P 500 was down by 1%.

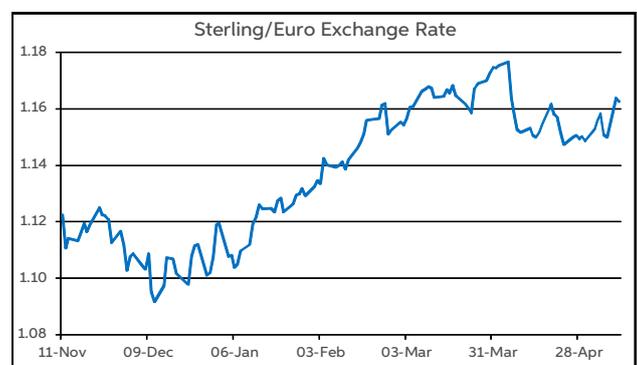
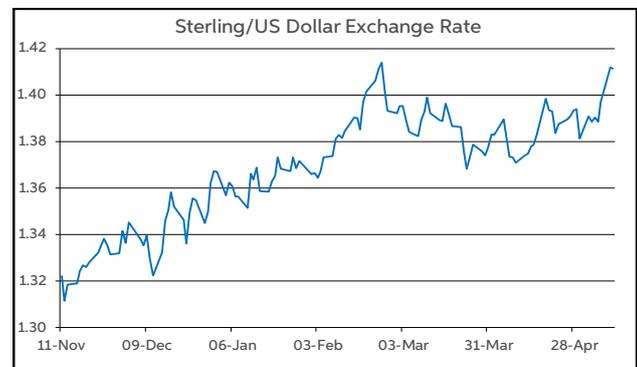
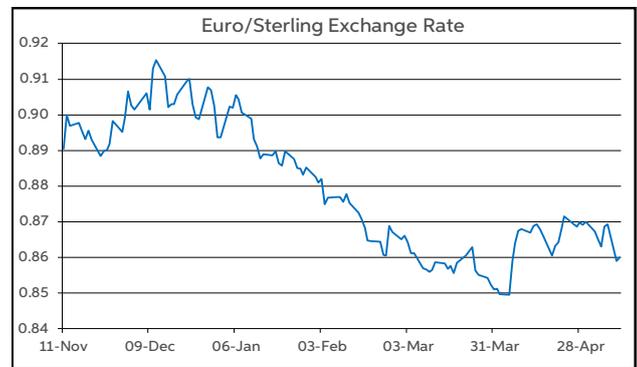
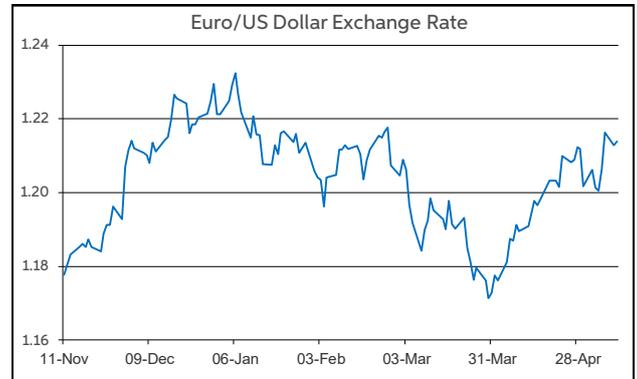
On currency markets, attention was on the dollar after Friday's post-payroll bout of weakness, which saw it come into this week on the back foot. It remained on the defensive yesterday. The other main feature of forex trading yesterday was the firmer tone to sterling.

The pound made gains against a raft of currencies including both the dollar and the euro. Market participants attributed some of the bounce in sterling yesterday to the weekend results in the Scottish election which were viewed as reducing the risk of another independence referendum in the near term.

The gains for sterling are reflected in EUR/GBP struggling to hold onto the 86p mark. Meanwhile, GBP/USD continued to move higher. After initially moving upward on Friday due to weakness from the dollar side of the pair, the moves higher yesterday were due to the stronger tone to sterling. The GBP/USD pair opens this morning above the \$1.41 threshold. Elsewhere, on the currency front, EUR/USD has maintained its position above the \$1.21 mark.

Looking ahead to today, the main highlights from the macro calendar are Italian industrial production (Mar), German ZEW survey (May), and US small business optimism (April). Overall though, none of these releases would be expected to generate much interest or direction for FX markets.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2138	-0.11	-0.61
EUR/GBP	0.8599	-0.73	-3.78
GBP/USD	1.4113	0.63	3.22
GBP/EUR	1.1626	0.73	3.93
USD/JPY	108.87	0.02	5.45
EUR/JPY	132.15	-0.10	4.75

* 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	0.10	0.17	0.18	0.27	0.88
EUR	0.00	-0.55	-0.53	-0.51	-0.47	-0.25
GBP	0.10	0.05	0.08	0.13	0.30	0.67

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

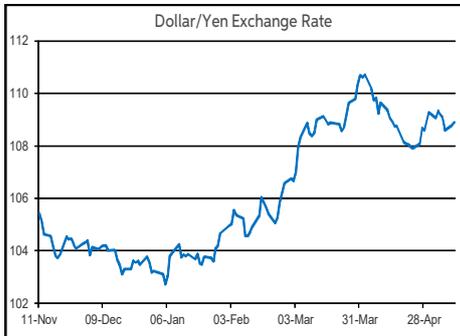
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

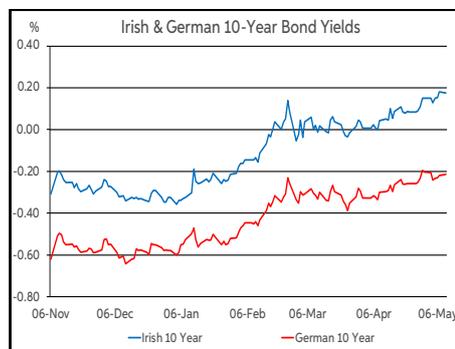
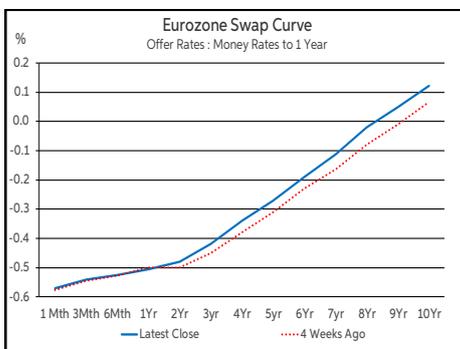
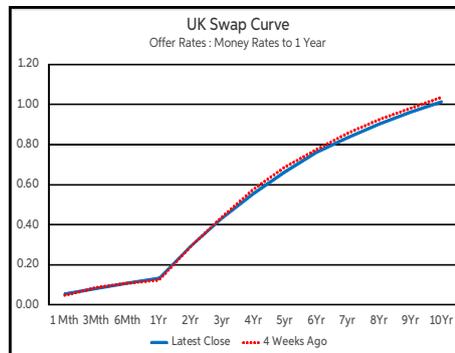
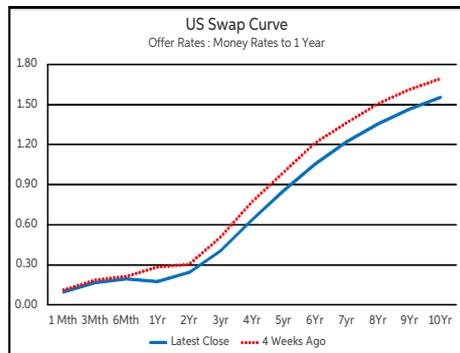
Tuesday 11 May 2021
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8599	GBP/EUR	1.1626	USD/JPY	108.87
EUR/USD	1.2138	GBP/USD	1.4113	USD/CAD	1.2098
EUR/JPY	132.15	GBP/CAD	1.7073	USD/CHF	0.9013
EUR/SEK	10.131	GBP/NZD	1.9413	USD/CNY	6.4307
EUR/DKK	7.4354	GBP/JPY	153.66	USD/BRL	5.2238
EUR/NOK	10.045	GBP/SEK	11.78	USD/RUB	74.2379
EUR/CHF	1.0941	GBP/DKK	8.6458	USD/INR	73.482
EUR/AUD	1.5496	GBP/NOK	11.6768	AUD/USD	0.7833
EUR/HKD	9.427	GBP/CHF	1.2722	NZD/USD	0.7267
EUR/CAD	1.4678	GBP/AUD	1.8018		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.60	+2	-7	+69
Germany	-0.21	+1	+8	+36
UK	0.79	+1	+0	+59
5 Year Swap %				
US	0.85	-1	-10	+43
Eurozone	-0.27	+0	+5	+19
UK	0.66	+1	-2	+47
2 Year Swap %				
US	0.24	+1	-3	+5
Eurozone	-0.48	-0	+3	+5
UK	0.29	+1	+1	+27
10 Year Government Bond Spreads to Benchmark bps				
Ireland	42	-1	+5	+15
Belgium	36	-1	+3	+17
France	38	-0	+12	+15
Italy	110	-4	+7	+0
Spain	69	-3	-0	+6
Portugal	70	-3	+12	+7
Greece	121	-2	+4	+0



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	68.32	+0.06	+7.96	+31.89
West Texas Oil	64.92	-0.06	+8.74	+34.27
Gold \$	1835.4	+0.27	+5.94	-3.22

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.