

Negative tone to risk appetite

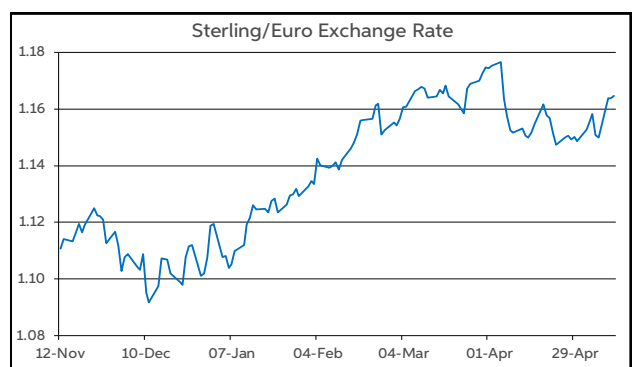
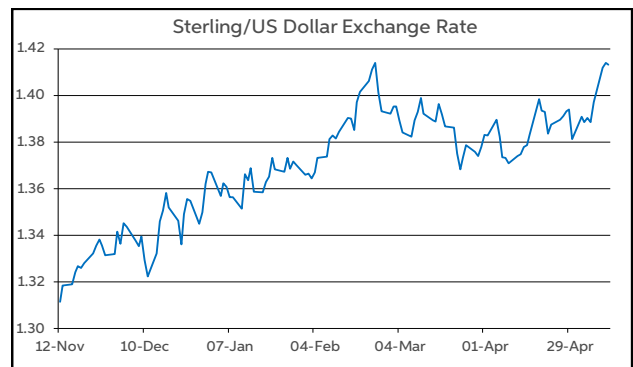
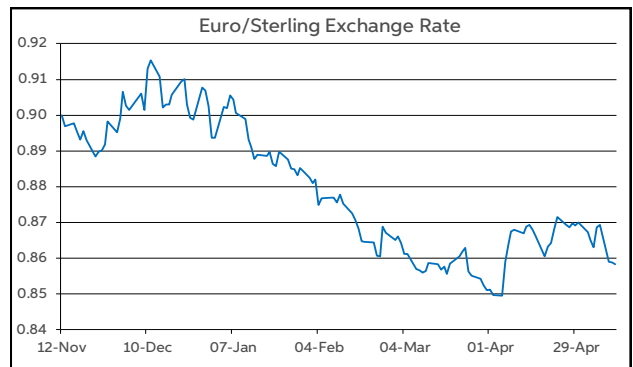
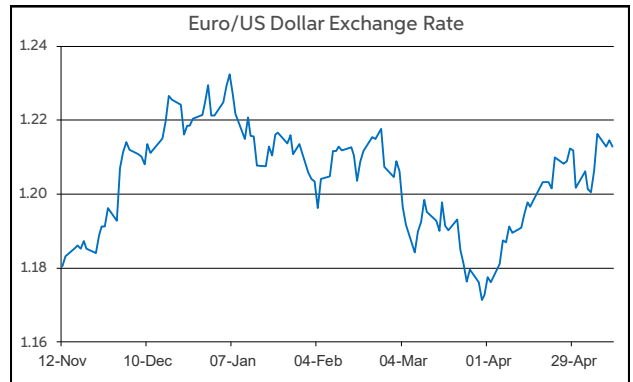
The risk averse tone from Monday gathered additional momentum on equity markets yesterday. Market chatter surrounding the day's action centred on inflation concerns. In Europe, the Euro Stoxx 50 fell by 1.9%. Meanwhile, the S&P 500 was 0.9% lower at the close on Wall Street. On bond markets, there was a move higher in the key benchmark sovereign yields. The main European 10-year yields were up 5-6bps on the day. The rise in the 10-year US Treasury yield was more modest, up by 2bps to 1.62%.

The action on currency markets was generally subdued. This means that sterling has held onto its gains from Monday. The muted action was not overly surprising given the lack of top tier data releases yesterday. Of the few highlights to note, the German ZEW survey of investor sentiment for May printed well ahead of expectations. Meanwhile, the NFIB measure of US small business optimism for April edged higher, but was slightly below the consensus.

So as FX trading gets underway this morning, the majors open at levels broadly similar to 24 hours earlier. EUR/GBP continues to trade near to the 86p mark, while EUR/USD has held onto its position in the \$1.21 territory. Elsewhere, cable (GBP/USD) continues to hold its ground above the \$1.41 threshold.

Today, already this morning UK Q1 GDP showed the economy contracted by 1.5% (f'cast for -1.7% q/q) in the quarter. Sterling as expected has not shown any major reaction to the news. Later today, the key release is US CPI data for April. Headline inflation is expected to print at 3.6% (from 2.6%). This would represent its highest level in a decade. However, the US Fed has emphasised its view that higher inflation this year will be transitory.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.213	-0.08	-0.68
EUR/GBP	0.8583	-0.13	-3.96
GBP/USD	1.4132	0.06	3.36
GBP/EUR	1.1647	0.13	4.12
USD/JPY	108.81	0.01	5.40
EUR/JPY	131.99	-0.08	4.62

* 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	0.09	0.16	0.18	0.26	0.87
EUR	0.00	-0.55	-0.53	-0.50	-0.47	-0.24
GBP	0.10	0.05	0.08	0.13	0.31	0.69

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

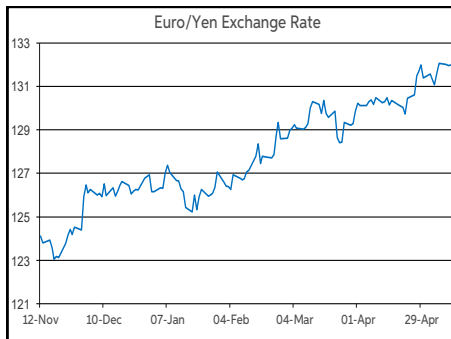
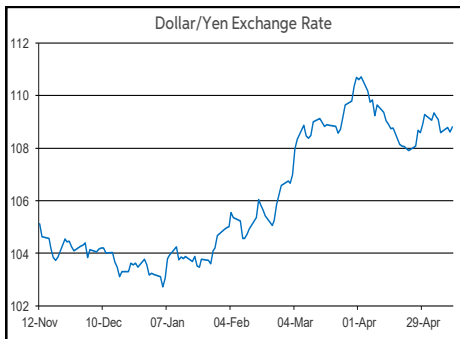
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

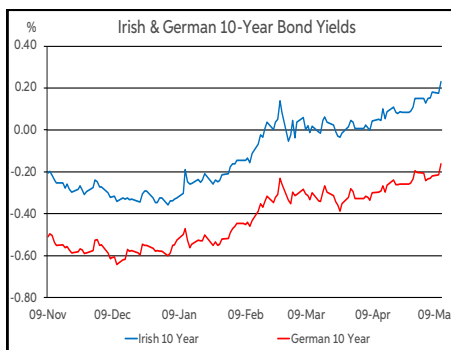
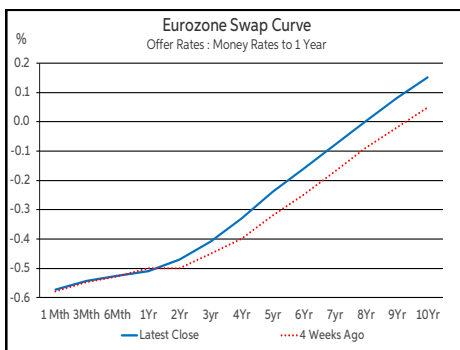
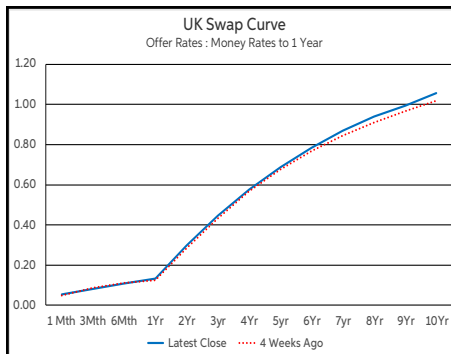
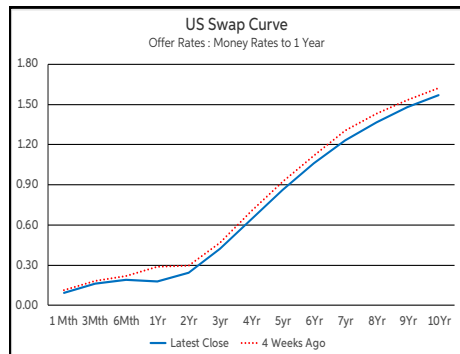
Wednesday 12 May 2021
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8582	GBP/EUR	1.1648	USD/JPY	108.81
EUR/USD	1.213	GBP/USD	1.4132	USD/CAD	1.2106
EUR/JPY	131.99	GBP/CAD	1.711	USD/CHF	0.9047
EUR/SEK	10.1136	GBP/NZD	1.9526	USD/CNY	6.4374
EUR/DKK	7.4352	GBP/JPY	153.77	USD/BRL	5.2224
EUR/NOK	10.043	GBP/SEK	11.7805	USD/RUB	74.125
EUR/CHF	1.0976	GBP/DKK	8.6607	USD/INR	73.4325
EUR/AUD	1.5537	GBP/NOK	11.6955	AUD/USD	0.7807
EUR/HKD	9.4216	GBP/CHF	1.2785	NZD/USD	0.7235
EUR/CAD	1.4688	GBP/AUD	1.8101		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.62	+2	+0	+71
Germany	-0.16	+5	+13	+42
UK	0.83	+4	+5	+64
5 Year Swap %				
US	0.86	+1	-6	+44
Eurozone	-0.24	+3	+9	+22
UK	0.69	+2	+2	+50
2 Year Swap %				
US	0.24	+0	-3	+5
Eurozone	-0.47	+1	+4	+6
UK	0.30	+1	+2	+27
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+1	+6	+16
Belgium	36	+0	+3	+17
France	39	+1	+13	+15
Italy	111	+1	+7	+1
Spain	69	+0	+1	+6
Portugal	70	+0	+12	+7
Greece	117	-4	-4	-3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	68.55	+0.34	+7.66	+32.34
West Texas Oil	65.31	+0.60	+8.49	+35.08
Gold \$	1836.9	+0.08	+5.34	-3.14

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