

US dollar regains some momentum

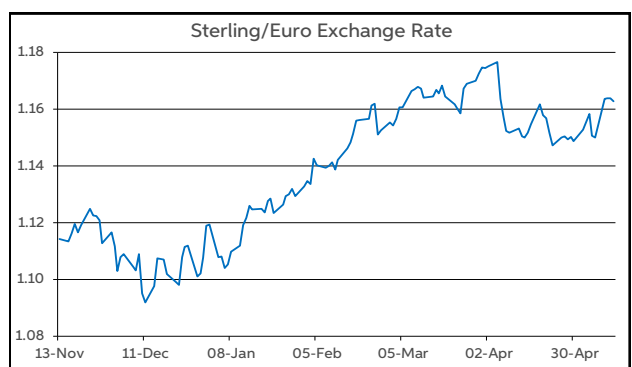
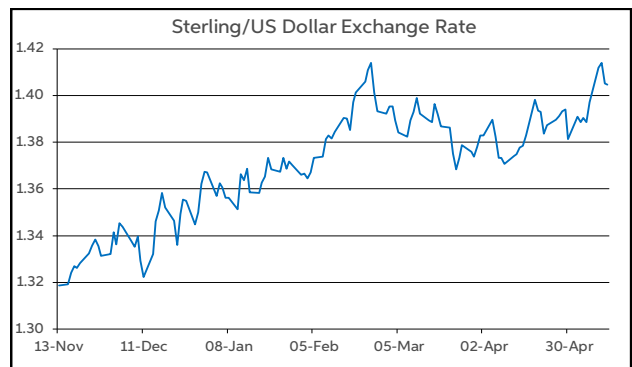
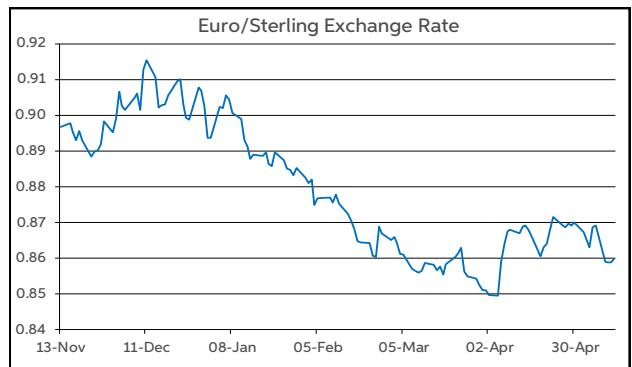
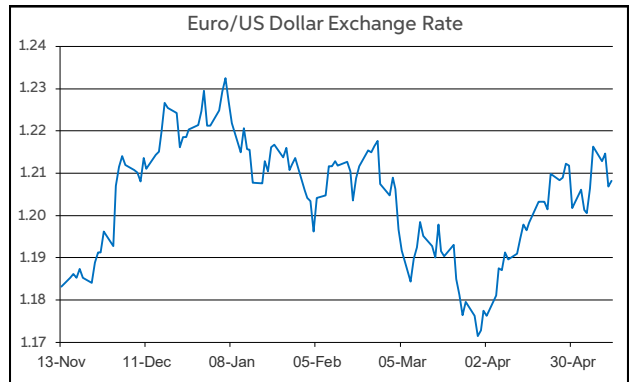
The risk averse tone to investor sentiment persisted on equity markets yesterday. In Europe, the Euro Stoxx 50 finished flat for the day, while across the Atlantic, the S&P 500 closed down 2.1%, its largest daily drop since the end of February. On bond markets, the 10 year US treasury yield rose by 7bps to 1.69%. Currency-wise, the dollar edged higher against the euro and sterling.

Price action on equity, bond and forex markets yesterday centred on the latest US CPI inflation data. The headline annual rate printed at 4.2% (vs. 3.6% f'cast) owing largely to base effects, as energy prices, which have since recovered, collapsed in April of last year. However, the core rate rose by 0.9% in April, the largest monthly rise since 1981, leading to an annual core rate reading of 3.0% (vs. 2.3% f'cast). Following the release market fears that higher inflation may force the US Fed to tighten monetary policy sooner than has been anticipated, sparked the move higher in US bond yields, provided a supportive backdrop for the dollar and weighed on equity markets.

The dollar's gains though, were limited to just 0.3% against the euro, and to 0.4% against sterling. The Fed has consistently reiterated that higher inflation will prove transitory, a line which was repeated by Vice-Chair Clarida after the CPI data was released yesterday. EUR/USD opens this morning back below the \$1.21 threshold. GBP/USD is at the midpoint of the \$1.40-1.41 range. Meanwhile, EUR/GBP remains just below 86p

Ahead today, US initial jobless claims will garner some interest following the substantial payrolls data miss last Friday. Initial claims are forecast to continue on their downward trend, edging lower to 490k. However, the dollar reaction to the release may be limited.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2083	-0.31	-1.06
EUR/GBP	0.8597	0.12	-3.80
GBP/USD	1.4052	-0.43	2.77
GBP/EUR	1.1626	-0.12	3.95
USD/JPY	109.65	0.74	6.21
EUR/JPY	132.5	0.44	5.03

* 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	0.17	0.28	0.94
EUR	0.00	-0.55	-0.53	-0.50	-0.45	-0.22
GBP	0.10	0.05	0.08	0.14	0.33	0.74

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

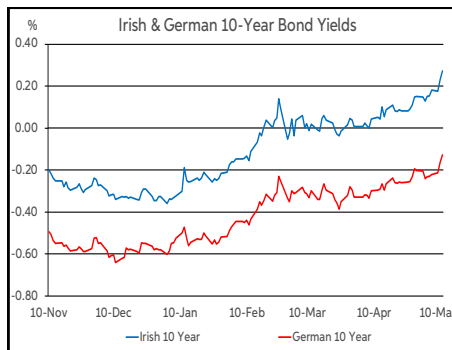
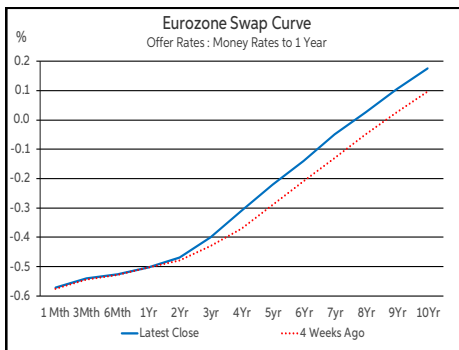
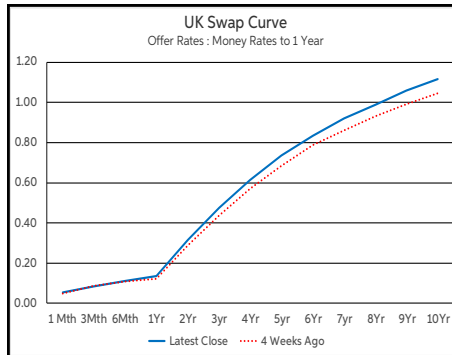
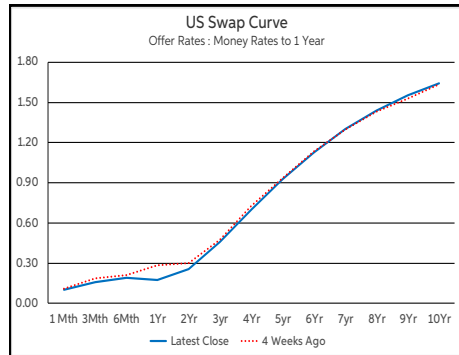
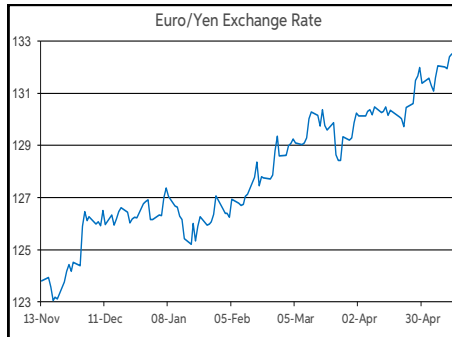
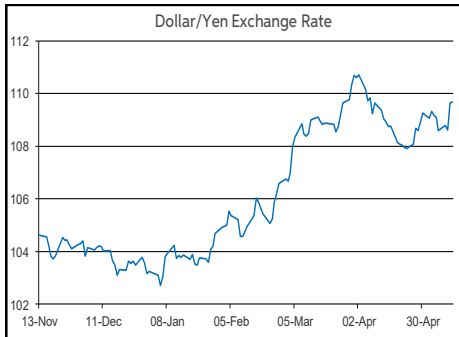
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 13 May 2021
07:13 am



Euro		Sterling		Dollar	
EUR/GBP	0.8597	GBP/EUR	1.1626	USD/JPY	109.65
EUR/USD	1.2083	GBP/USD	1.4052	USD/CAD	1.2135
EUR/JPY	132.5	GBP/CAD	1.7053	USD/CHF	0.9085
EUR/SEK	10.1757	GBP/NZD	1.9607	USD/CNY	6.4539
EUR/DKK	7.4363	GBP/JPY	154.08	USD/BRL	5.3041
EUR/NOK	10.0817	GBP/SEK	11.8316	USD/RUB	74.4655
EUR/CHF	1.098	GBP/DKK	8.6476	USD/INR	73.596
EUR/AUD	1.565	GBP/NOK	11.7234	AUD/USD	0.7721
EUR/HKD	9.3858	GBP/CHF	1.2765	NZD/USD	0.7165
EUR/CAD	1.4663	GBP/AUD	1.82		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.69	+7	+6	+78
Germany	-0.13	+4	+14	+45
UK	0.89	+6	+8	+69
Ireland	0.31	+4	+17	+61
Belgium	0.24	+4	+18	+62
France	0.27	+4	+27	+61
Italy	0.98	+4	+20	+46
Spain	0.57	+4	+15	+52
Portugal	0.58	+4	+26	+52
Greece	1.02	+1	+11	+40
5 Year Swap %				
US	0.93	+8	-0	+51
Eurozone	-0.22	+2	+8	+24
UK	0.74	+5	+6	+54
2 Year Swap %				
US	0.26	+3	-1	+6
Eurozone	-0.47	-0	+2	+6
UK	0.32	+2	+4	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+1	+3	+16
Belgium	37	+1	+4	+17
France	39	+0	+13	+16
Italy	111	+0	+6	+1
Spain	70	+1	+2	+7
Portugal	71	+0	+12	+7
Greece	115	-2	-3	-5

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	69.32	+1.12	+4.12	+33.82
West Texas Oil	65.96	+1.00	+4.45	+36.42
Gold \$	1815.4	-1.17	+4.58	-4.27

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