

Majors remain range bound

The discourse on financial markets for much of last week was focused on concerns over higher inflation, which could bring forward the timing of monetary policy tightening. In this regard, US CPI data for April was very much front and centre of attention. The headline rate jumped to 4.2% (from 2.6%), well ahead of expectations (+3.6%). The core CPI index registered its biggest monthly increase since 1982, pushing the annual rate to 3%.

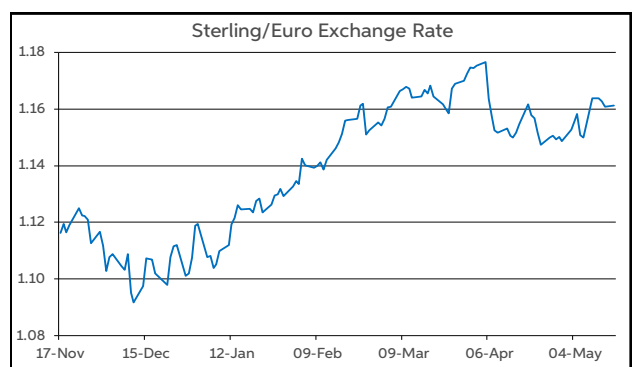
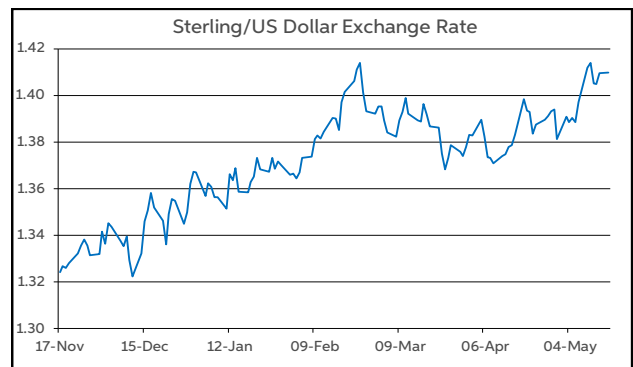
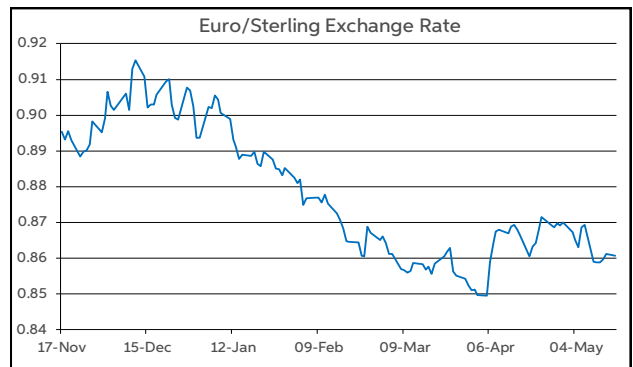
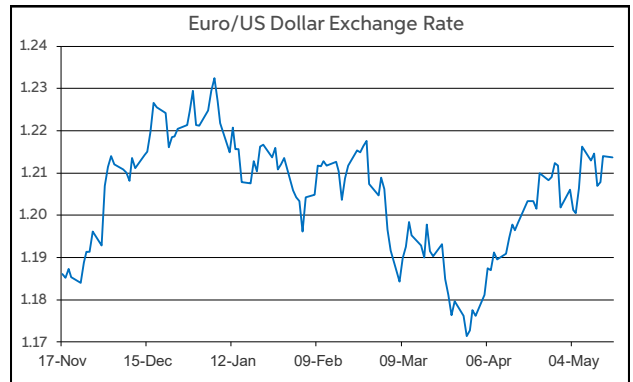
Against this backdrop, the main equity indices struggled. At the close on Friday, the S&P 500 was down around 1.5% on the week. Meanwhile, bond yields moved higher across all the main sovereign benchmarks. This included the 10 year US Treasury yield moving back above the 1.6% threshold.

The action on currency markets was less eventful. The dollar started the week on the defensive following the previous Friday's weak payrolls. It got some modest support mid-week on the back of rising Treasury yields. Meantime, sterling was generally holding a slightly firmer tone. Elsewhere, there was no euro specific news to be of influence over the single currency.

In level terms, the main pairs start this week not too dissimilar to a week earlier. The modest gains for sterling over the period are reflected in EUR/GBP changing hands near to 86p and GBP/USD up close to \$1.41. EUR/USD regained the \$1.21 handle heading into the weekend and opens this morning at \$1.214.

For the week ahead, the main data highlight from a relatively busy schedule will be Friday's flash PMIs for May. A packed UK diary also features inflation, retail sales (both April) and labour market data (March).

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2137	0.43	-0.62
EUR/GBP	0.8607	0.02	-3.69
GBP/USD	1.4097	0.38	3.10
GBP/EUR	1.1614	-0.02	3.83
USD/JPY	109.22	-0.27	5.79
EUR/JPY	132.56	0.15	5.07

* 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	0.16	0.17	0.28	0.89
EUR	0.00	-0.56	-0.55	-0.51	-0.46	-0.24
GBP	0.10	0.05	0.08	0.14	0.33	0.72

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

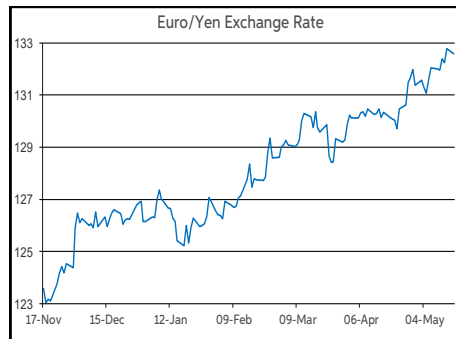
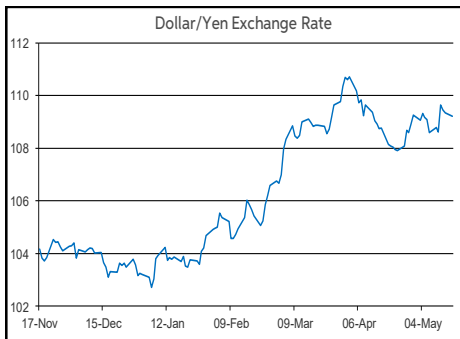
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

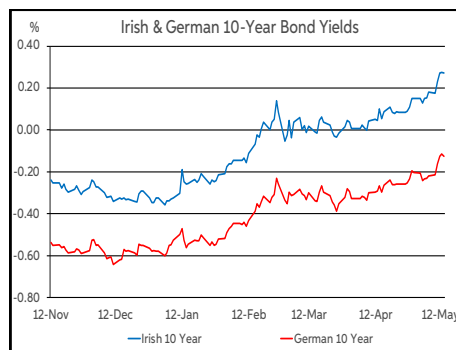
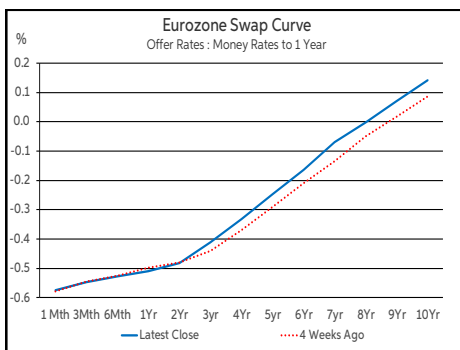
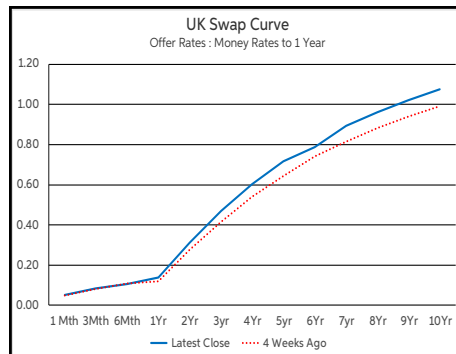
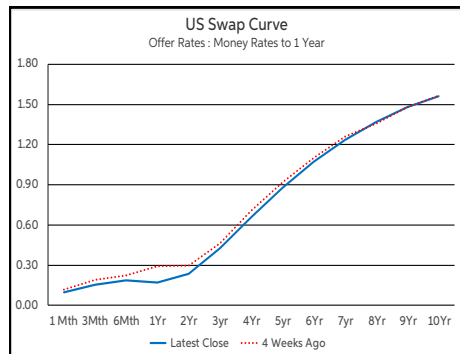
Monday 17 May 2021
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8607	GBP/EUR	1.1614	USD/JPY	109.22
EUR/USD	1.2137	GBP/USD	1.4097	USD/CAD	1.2111
EUR/JPY	132.56	GBP/CAD	1.7066	USD/CHF	0.9016
EUR/SEK	10.1256	GBP/NZD	1.9509	USD/CNY	6.4364
EUR/DKK	7.4362	GBP/JPY	153.97	USD/BRL	5.2728
EUR/NOK	10.0001	GBP/SEK	11.7557	USD/RUB	73.94
EUR/CHF	1.0944	GBP/DKK	8.6369	USD/INR	73.225
EUR/AUD	1.5639	GBP/NOK	11.6112	AUD/USD	0.7759
EUR/HKD	9.4252	GBP/CHF	1.2709	NZD/USD	0.7222
EUR/CAD	1.4697	GBP/AUD	1.8165		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.64	-2	+4	+72
Germany	-0.12	-1	+14	+45
UK	0.86	-4	+9	+66
Ireland	0.31	-0	+19	+61
Belgium	0.24	+0	+19	+63
France	0.26	-1	+28	+60
Italy	1.07	+6	+33	+55
Spain	0.59	+0	+19	+54
Portugal	0.60	+0	+20	+54
Greece	1.07	-0	+16	+44
5 Year Swap %				
US	0.88	-2	-1	+46
Eurozone	-0.25	-2	+5	+21
UK	0.72	-2	+8	+53
2 Year Swap %				
US	0.24	-0	-3	+4
Eurozone	-0.48	-1	+1	+4
UK	0.31	-1	+5	+29
10 Year Government Bond Spreads to Benchmark bps				
Ireland	43	+1	+5	+16
Belgium	37	+1	+5	+17
France	39	+0	+14	+15
Italy	120	+7	+19	+10
Spain	72	+1	+6	+9
Portugal	72	+1	+6	+9
Greece	119	+1	+2	-1



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	68.71	+2.48	+2.91	+32.64
West Texas Oil	65.32	+2.35	+3.42	+35.10
Gold \$	1842.2	+0.86	+3.71	-2.86

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