

Softer tone to the dollar

There was a generally subdued tone to proceedings on markets at the start of the week yesterday. This was reflected in most of the main equity indices being in 'sideways' mode for much of the day. At the close last night on Wall Street, the S&P 500 finished the day slightly lower (-0.3%). On bond markets, there was also fairly limited action. Meanwhile, on the currency front, the softer dollar tone from last week carried over into yesterday's trading.

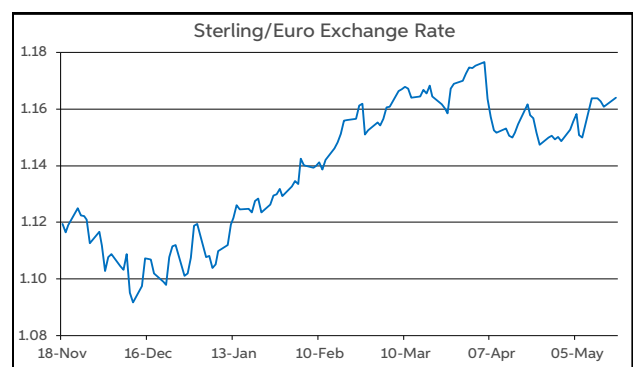
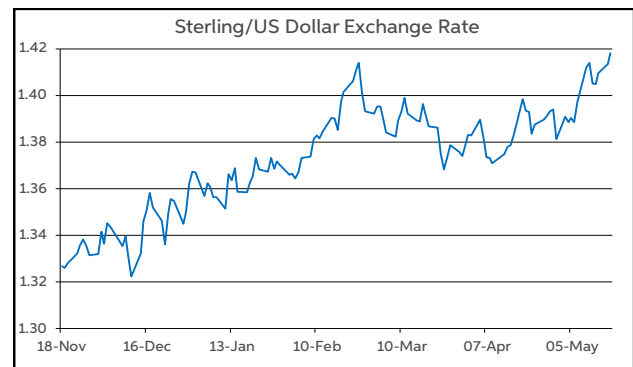
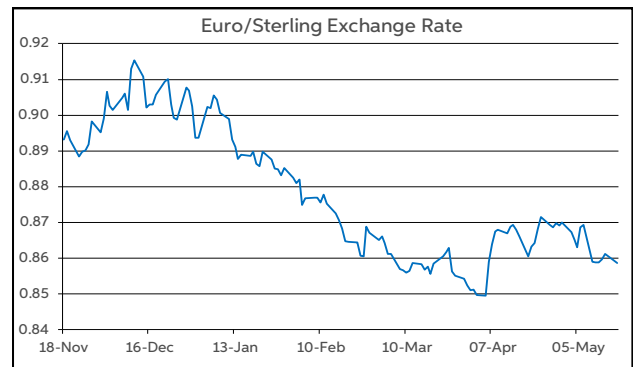
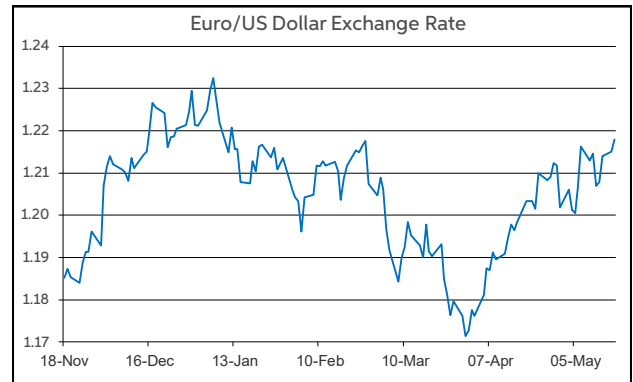
Data-wise, the only releases of note were lower tier survey data for May from the US. In this regard, the regional NY Fed/Empire survey (better than forecast) and the NAHB homebuilder sentiment (in line with expectations) did not generate much interest or reaction.

Already this morning, we have had one of the main data events of the week with the release of a raft of UK labour market data for March/April. This included the unemployment rate for Q1 coming in at 4.8% (slightly better than the consensus f'cast for 4.9%). From a currency viewpoint, there has been no initial reaction from sterling to the data.

Overall then, as the European trading session gets underway this morning, the softer tone to the dollar over the past 24 hours sees EUR/USD changing hands above the midpoint of the \$1.21-1.22 band. Meanwhile, GBP/USD has moved into the upper half of \$1.41-1.42. Elsewhere, the EUR/GBP pair has edged back below the 86p mark.

Looking ahead to the remainder of the day, the data schedule is largely uneventful. Therefore, the majors could spend the day in relatively narrow ranges near to their current levels.

John Fahey, Senior Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2020 |
| EUR/USD | 1.2179 | 0.42 | -0.28 |
| EUR/GBP | 0.8586 | -0.28 | -3.93 |
| GBP/USD | 1.4182 | 0.71 | 3.72 |
| GBP/EUR | 1.1642 | 0.28 | 4.09 |
| USD/JPY | 109.09 | -0.27 | 5.67 |
| EUR/JPY | 132.88 | 0.16 | 5.33 |

* 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 | 0.15 | 0.16 | 0.27 | 0.92 |
| EUR | 0.00 | -0.56 | -0.55 | -0.51 | -0.45 | -0.22 |
| GBP | 0.10 | 0.05 | 0.09 | 0.13 | 0.32 | 0.72 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

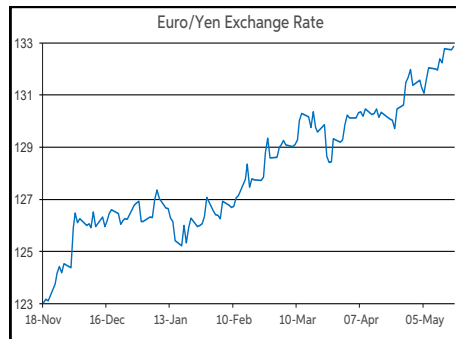
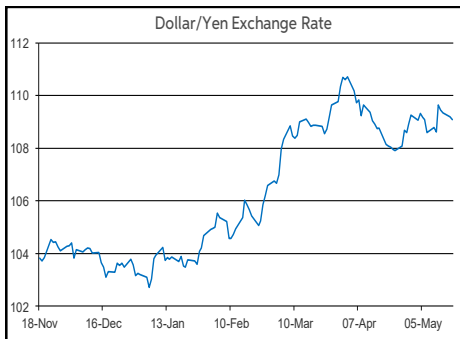
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

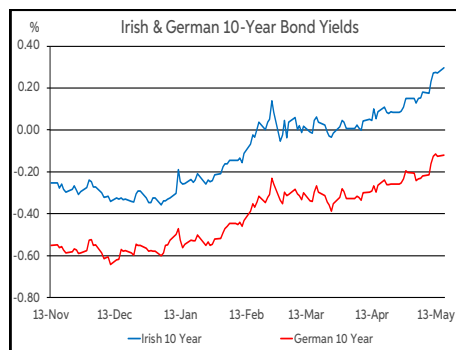
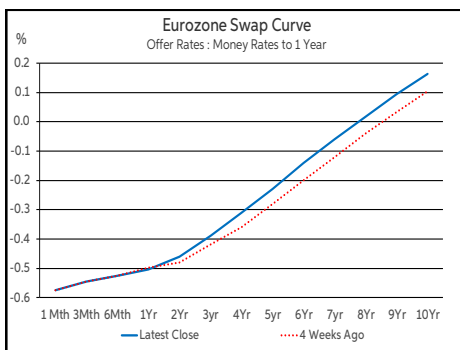
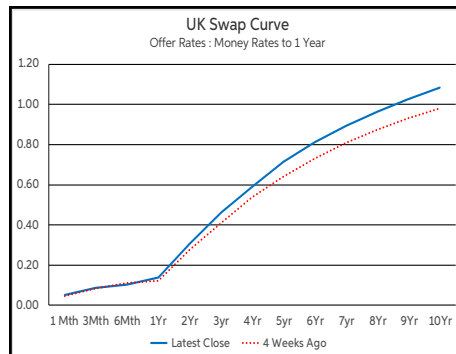
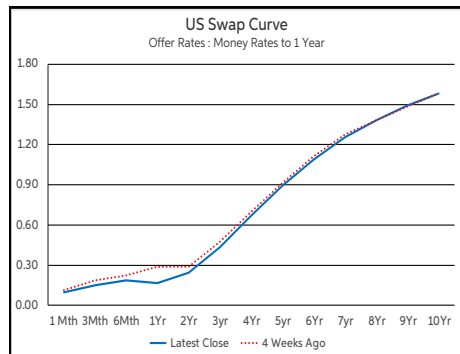
Tuesday 18 May 2021
07:23 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.8586 | GBP/EUR | 1.1642 | USD/JPY | 109.07 |
| EUR/USD | 1.218 | GBP/USD | 1.4182 | USD/CAD | 1.2027 |
| EUR/JPY | 132.88 | GBP/CAD | 1.7061 | USD/CHF | 0.8999 |
| EUR/SEK | 10.1159 | GBP/NZD | 1.957 | USD/CNY | 6.4255 |
| EUR/DKK | 7.4362 | GBP/JPY | 154.68 | USD/BRL | 5.2729 |
| EUR/NOK | 10.0197 | GBP/SEK | 11.775 | USD/RUB | 73.6626 |
| EUR/CHF | 1.0962 | GBP/DKK | 8.6564 | USD/INR | 73.02 |
| EUR/AUD | 1.5614 | GBP/NOK | 11.6634 | AUD/USD | 0.78 |
| EUR/HKD | 9.4577 | GBP/CHF | 1.2762 | NZD/USD | 0.7243 |
| EUR/CAD | 1.4653 | GBP/AUD | 1.8181 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 20 |
| 10 Year Yield % | | | | |
| US | 1.65 | +2 | +4 | +74 |
| Germany | -0.12 | +1 | +12 | +46 |
| UK | 0.87 | +1 | +11 | +67 |
| 5 Year Swap % | | | | |
| US | 0.90 | +2 | +1 | +47 |
| Eurozone | -0.23 | +0 | +6 | +23 |
| UK | 0.71 | -0 | +8 | +52 |
| 2 Year Swap % | | | | |
| US | 0.24 | -0 | -2 | +5 |
| Eurozone | -0.46 | +1 | +3 | +7 |
| UK | 0.31 | -1 | +4 | +28 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 45 | +2 | +7 | +18 |
| Belgium | 38 | +2 | +8 | +19 |
| France | 41 | +2 | +16 | +17 |
| Italy | 123 | +3 | +20 | +13 |
| Spain | 74 | +2 | +9 | +11 |
| Portugal | 74 | +2 | +8 | +10 |
| Greece | 122 | +3 | +8 | +2 |



| Commodities | | | | |
|----------------|----------|-------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 20 |
| Brent Oil | 69.46 | +1.09 | +3.59 | +34.09 |
| West Texas Oil | 66.24 | +1.41 | +4.59 | +37.00 |
| Gold \$ | 1866.1 | +1.30 | +5.47 | -1.60 |

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