

EUR/USD moves up into \$1.22 territory

There was a cautious mood to investor sentiment yesterday amid on-going concerns over inflation and Covid-19. This was evident in most of the main equity indices being on the defensive for much of the day. On Wall Street last night, the S&P 500 was down by 0.9% at the close.

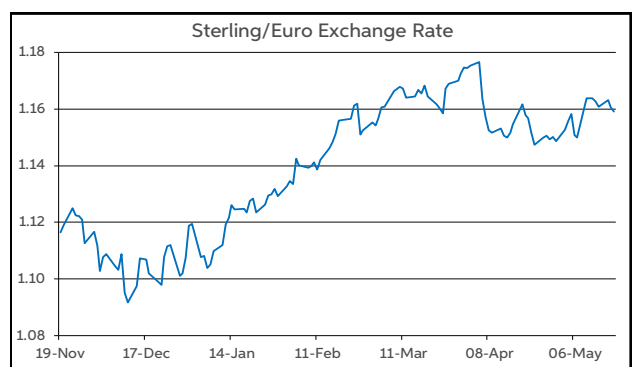
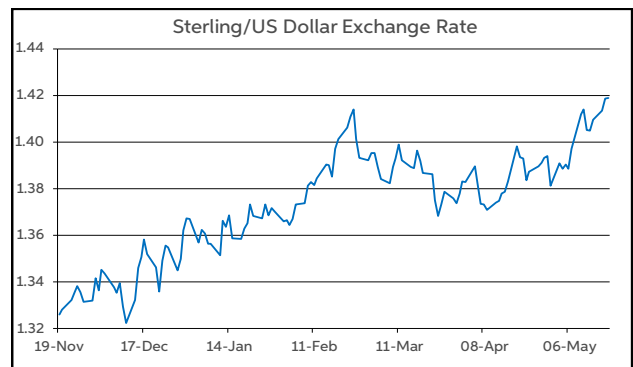
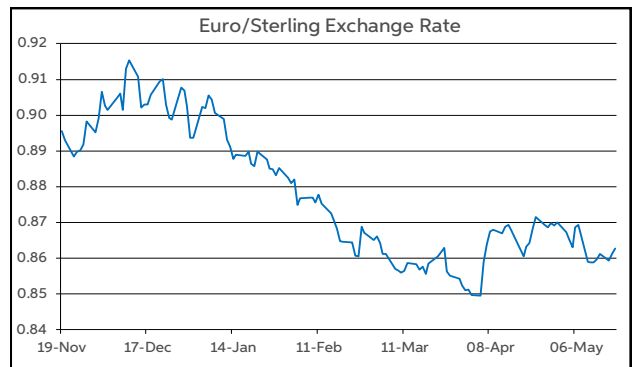
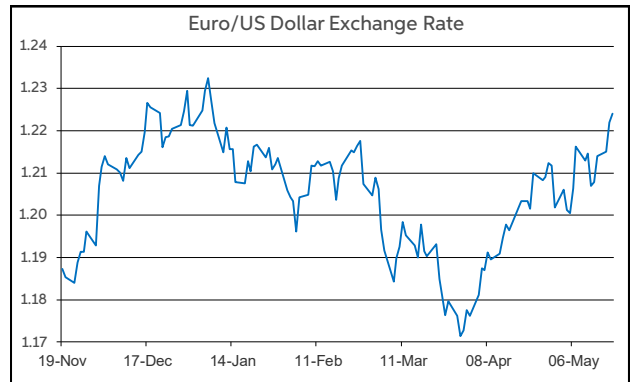
The action on bond markets was lacklustre, with the main 10-year sovereign benchmark yields broadly unchanged. On the currency front, the dollar remained on the back foot. At the same time, the euro was holding a firmer tone without any clear cut driver.

In terms of yesterday's data releases, the second reading of Eurozone GDP for Q1 was unchanged, as expected, at -0.6% q/q. Meantime, US housing starts for April disappointed versus expectations. However, neither release had any noticeable impact on their respective currencies.

So as FX trading gets underway this morning, the opening levels reflect that the dollar has remained under pressure, while the euro has made some gains over the past 24 hours. The EUR/USD pair has moved up into \$1.22 territory, for the first time since January. Meanwhile, EUR/GBP has regained some ground above the 86p threshold. Elsewhere, GBP/USD is hovering up near to \$1.42.

Already this morning, we have got the main data highlight of the day, with the release of UK CPI data for April. Headline inflation printed slightly ahead of expectations, rising to 1.5% from 0.7%, and versus forecast for 1.4%. The only other noteworthy calendar item today is the Fed meeting minutes. Overall, the main FX pairs could trade within relatively narrow ranges over the course of the day.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2241	0.65	0.23
EUR/GBP	0.8624	0.49	-3.50
GBP/USD	1.4191	0.15	3.79
GBP/EUR	1.1591	-0.49	3.63
USD/JPY	108.93	-0.24	5.51
EUR/JPY	133.34	0.39	5.69

* 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	0.16	0.28	0.90
EUR	0.00	-0.56	-0.55	-0.50	-0.46	-0.21
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

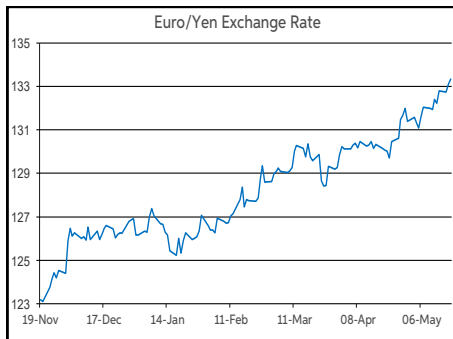
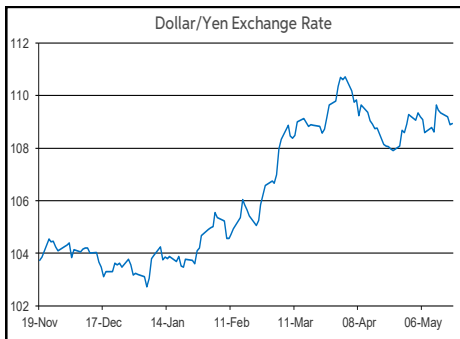
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

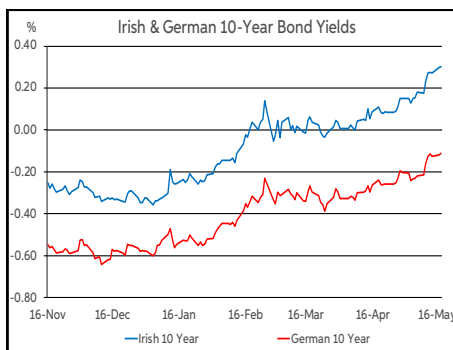
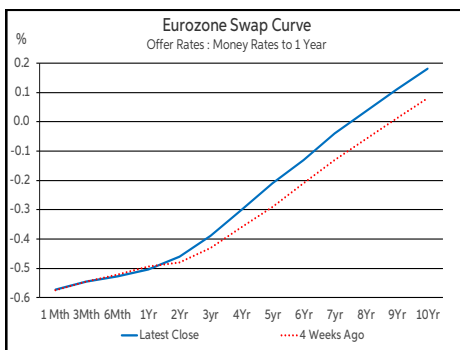
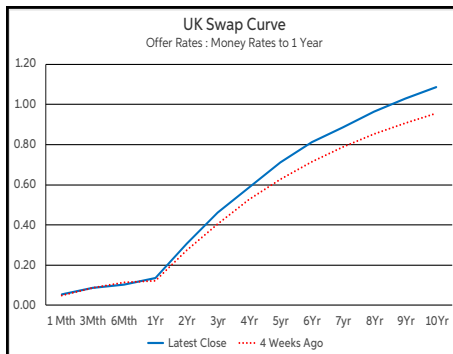
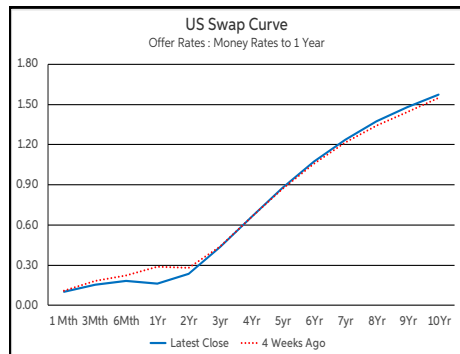
Wednesday 19 May 2021
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.8624	GBP/EUR	1.1591	USD/JPY	108.93
EUR/USD	1.2241	GBP/USD	1.4191	USD/CAD	1.2063
EUR/JPY	133.34	GBP/CAD	1.7118	USD/CHF	0.8972
EUR/SEK	10.1198	GBP/NZD	1.9621	USD/CNY	6.425
EUR/DKK	7.4361	GBP/JPY	154.58	USD/BRL	5.2607
EUR/NOK	10.0563	GBP/SEK	11.7281	USD/RUB	73.684
EUR/CHF	1.0983	GBP/DKK	8.6198	USD/INR	72.955
EUR/AUD	1.5716	GBP/NOK	11.652	AUD/USD	0.7788
EUR/HKD	9.5042	GBP/CHF	1.2731	NZD/USD	0.7232
EUR/CAD	1.4767	GBP/AUD	1.8214		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.64	-1	+7	+72
Germany	-0.11	+1	+15	+47
UK	0.87	+0	+14	+67
Ireland	0.34	+0	+22	+64
Belgium	0.27	+0	+21	+65
France	0.30	+1	+31	+64
Italy	1.11	-0	+32	+59
Spain	0.61	-1	+21	+56
Portugal	0.60	-2	+19	+54
Greece	1.08	-3	+15	+45
5 Year Swap %				
US	0.88	-2	+1	+45
Eurozone	-0.21	+2	+9	+25
UK	0.71	-0	+9	+52
2 Year Swap %				
US	0.24	-1	-2	+4
Eurozone	-0.46	+0	+3	+7
UK	0.31	-0	+4	+28
10 Year Government Bond Spreads to Benchmark bps				
Ireland	45	-0	+7	+18
Belgium	38	-1	+7	+19
France	41	+0	+16	+18
Italy	122	-1	+18	+12
Spain	72	-2	+6	+9
Portugal	71	-3	+4	+8
Greece	119	-3	+1	-2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	68.71	-1.08	+3.21	+32.64
West Texas Oil	65.49	-1.13	+4.60	+35.45
Gold \$	1868.2	+0.11	+5.12	-1.49

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