

## Sterling firmer

There was a generally subdued tone to the action on equity markets yesterday. The S&P 500 was broadly flat on the day, while the Euro Stoxx 50 gained a modest 0.2%. On bond markets, 10 Year UK Gilt yields rose by 6bps, with benchmark Eurozone and US yields edging higher also. Currency-wise, sterling was holding a somewhat firmer tone.

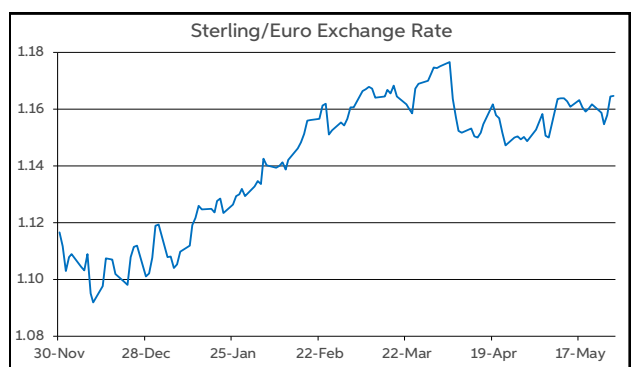
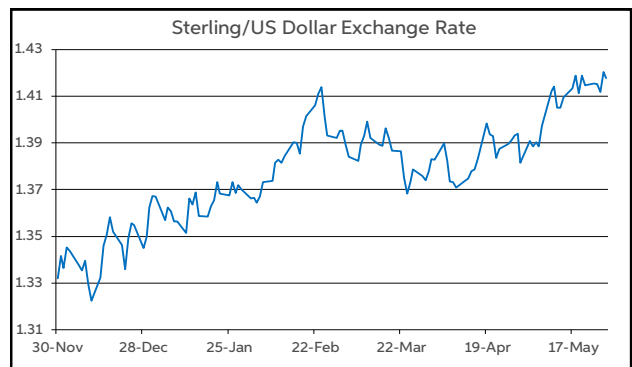
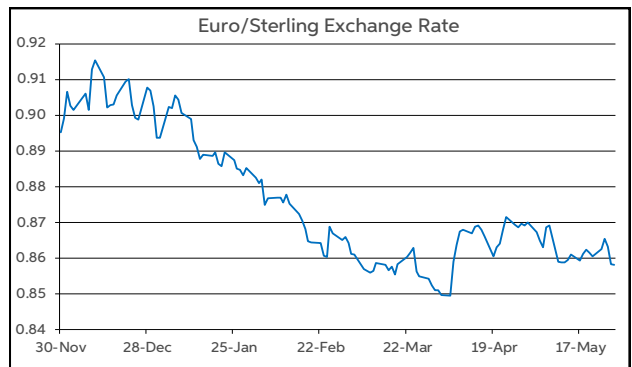
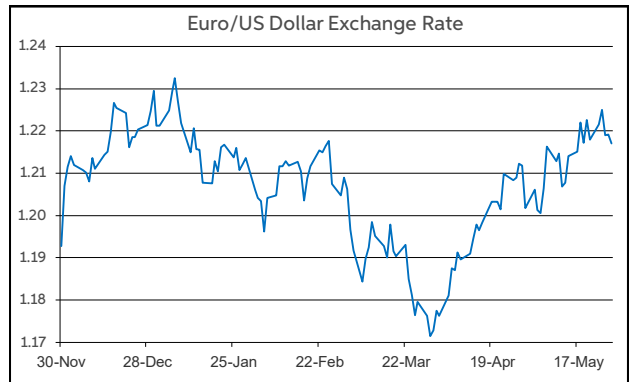
Sterling strengthened after comments made by Bank of England MPC member Vlieghe regarding the potential for raising the Bank rate in 2022. His speech reinforced markets expectations for the BoE to start hiking interest rates at some point next year. Sterling gained against both the euro and dollar following the remarks, and has held onto this firmer tone in overnight trading.

Data-wise yesterday, initial jobless claims in the US beat expectations, falling to 406k from 444k. Elsewhere in the US, durable goods printed below the consensus, declining by 1.3% in April (vs. +0.7% f'cast). However, this was largely due to a drop in motor vehicles, as the ex-transport measure rose by 1% in April, and the March data was revised higher to +3.2% from +1.9%.

As trading gets underway this morning, sterling strength is evidenced by EUR/GBP opening below the 86p mark. Meanwhile, GBP/USD is changing hands in the top half of the \$1.41-1.42 range. Elsewhere, EUR/USD is trading between the \$1.21-1.22 corridor.

Today, the main data highlight of the week, US Core-PCE inflation is due. The index is forecast to jump to 2.9% in April from 1.8%. US consumption is projected to rise by 0.5% as well. In the Eurozone, the EC sentiment indices (May) are all expected to improve, as restrictions continued to be eased across the bloc.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2172	-0.17	-0.34
EUR/GBP	0.8585	-0.63	-3.94
GBP/USD	1.4178	0.46	3.69
GBP/EUR	1.1648	0.63	4.10
USD/JPY	109.86	0.71	6.41
EUR/JPY	133.75	0.55	6.02

\* 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	0.14	0.13	0.24	0.89
EUR	0.00	-0.56	-0.54	-0.50	-0.45	-0.25
GBP	0.10	0.05	0.08	0.14	0.32	0.70

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

Friday 28 May 2021  
07:19 am



## Euro

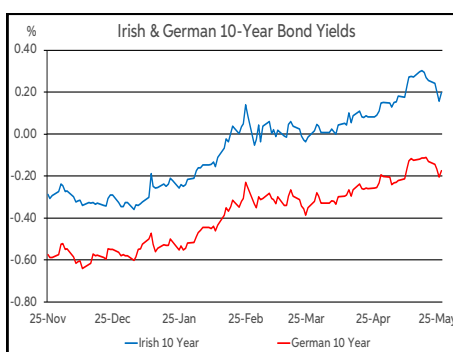
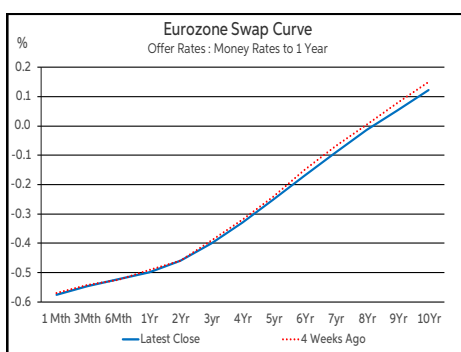
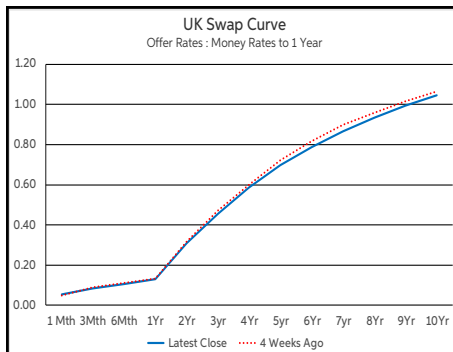
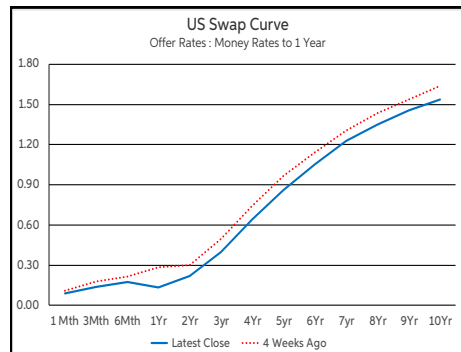
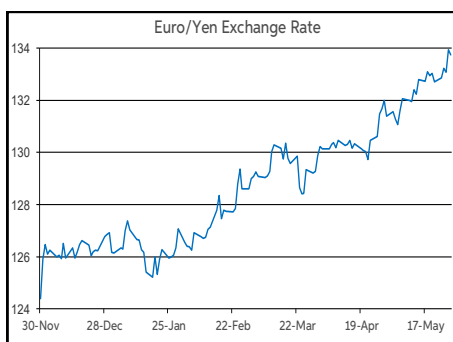
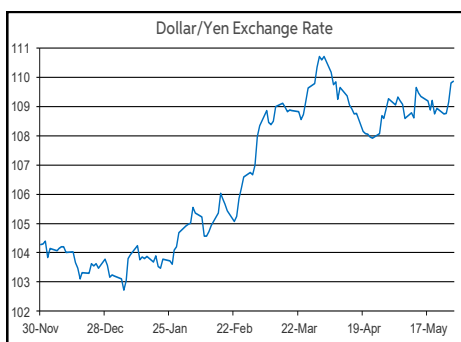
EUR/GBP	0.8585
EUR/USD	1.2172
EUR/JPY	133.75
EUR/SEK	10.0936
EUR/DKK	7.4361
EUR/NOK	10.181
EUR/CHF	1.0943
EUR/AUD	1.5769
EUR/HKD	9.4427
EUR/CAD	1.4719

## Sterling

GBP/EUR	1.1648
GBP/USD	1.4178
GBP/CAD	1.7137
GBP/NZD	1.9567
GBP/JPY	155.76
GBP/SEK	11.753
GBP/DKK	8.6609
GBP/NOK	11.8522
GBP/CHF	1.2744
GBP/AUD	1.8365

## Dollar

USD/JPY	109.86
USD/CAD	1.2092
USD/CHF	0.8988
USD/CNY	6.3745
USD/BRL	5.2392
USD/RUB	73.5798
USD/INR	72.4775
AUD/USD	0.7719
NZD/USD	0.7244



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.61	+3	-4	+69
Germany	-0.17	+3	+2	+40
UK	0.81	+6	-3	+62
<b>5 Year Swap %</b>				
US	0.86	+1	-8	+44
Eurozone	-0.25	+3	+0	+21
UK	0.70	+5	-2	+51
<b>2 Year Swap %</b>				
US	0.22	+2	-5	+3
Eurozone	-0.46	+1	+1	+7
UK	0.31	+3	+0	+28
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	40	+1	+3	+13
Belgium	33	-1	-0	+14
France	36	+0	+1	+12
Italy	111	-2	+4	+1
Spain	66	+0	-1	+3
Portugal	66	-0	-2	+2
Greece	105	-2	-12	-15

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	69.46	+0.86	+1.31	+34.09
West Texas Oil	66.87	+0.69	+2.88	+38.30
Gold \$	1896.1	-0.02	+7.05	-0.02

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