

US payrolls very much the focus this week

Relatively narrow range trading, was once again the dominant feature on currency markets last week. Although the yen was a notable underperformer amid on-going 'Covid' concerns. The dollar regained some ground mid-week, following some 'hawkish' talk from Fed official Quarles in relation to QE tapering. This was reflected in EUR/USD moving back from its month's high at \$1.226 to below the \$1.22 threshold.

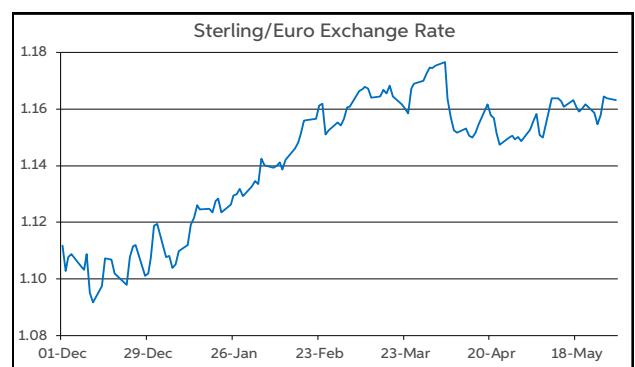
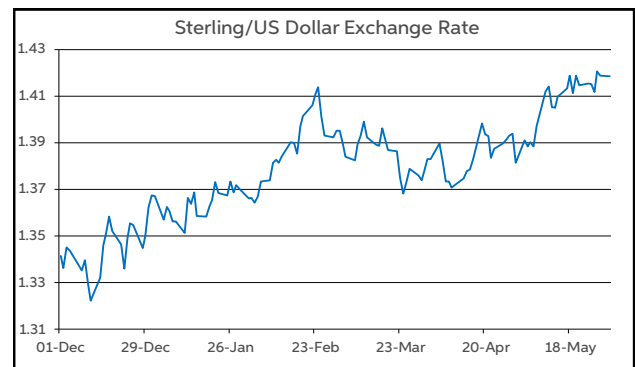
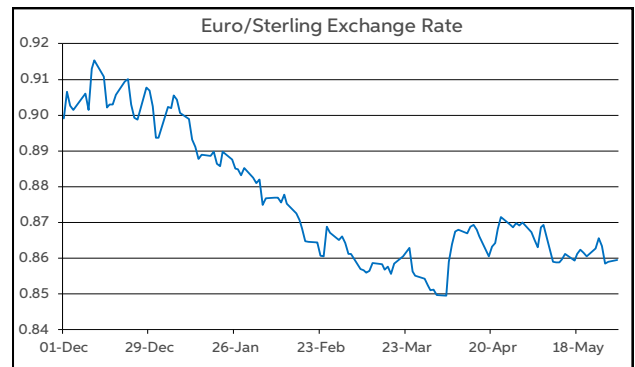
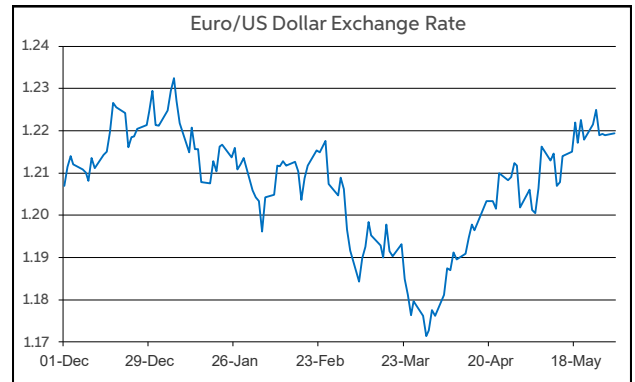
Meanwhile, towards the end of the week, sterling got some upward support from the BoE's Vlieghe remarks regarding the possibility of a rate hike in 2022. These comments helped sterling to regain some momentum against the euro. EUR/GBP moved back down from near the midpoint of 86-87p to around 86p.

As trading gets under this morning, the EUR/USD cross starts the week just below the \$1.22 level. Meanwhile, EUR/GBP is changing hands near to 86p. Elsewhere, GBP/USD is operating in the upper half of the \$1.41-1.42 band.

This week, the main focus of markets and data highlight is the release of the US non-farm payrolls report for May, on Friday. The April number disappointed very much to the downside (biggest miss on record), with a reading of just +266k (vs. f'cast for 1m). The dollar came under pressure in the aftermath of the release.

There is some two-way risk for the dollar from the May print. If it comes in better than expected (f'cast is for +650k), it could push the dollar higher, amid increased expectations of US rate hikes in 2022. However, if it disappoints again, it could raise concerns over the ability of employers to entice workers back and thus growth prospects, resulting in some downward pressure on the dollar.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2193	0.06	-0.16
EUR/GBP	0.8594	0.12	-3.84
GBP/USD	1.4185	-0.06	3.74
GBP/EUR	1.1633	-0.12	3.99
USD/JPY	109.73	-0.10	6.29
EUR/JPY	133.8	-0.05	6.06

* 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	0.13	0.13	0.23	0.87
EUR	0.00	-0.56	-0.54	-0.52	-0.45	-0.23
GBP	0.10	0.05	0.08	0.14	0.32	0.69

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

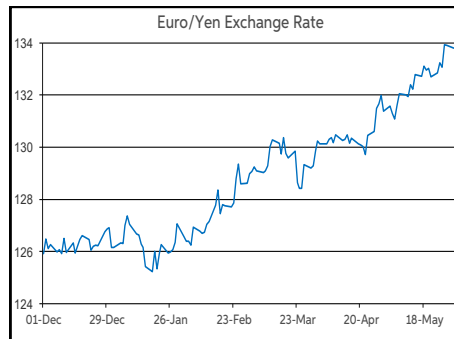
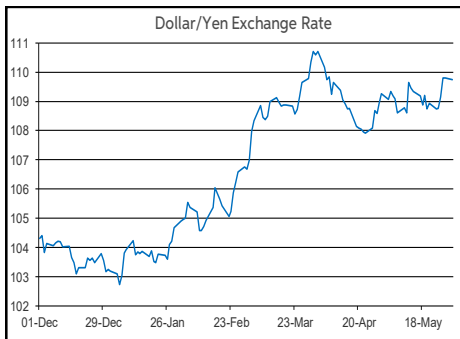
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

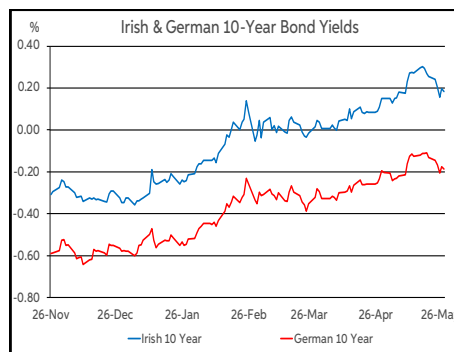
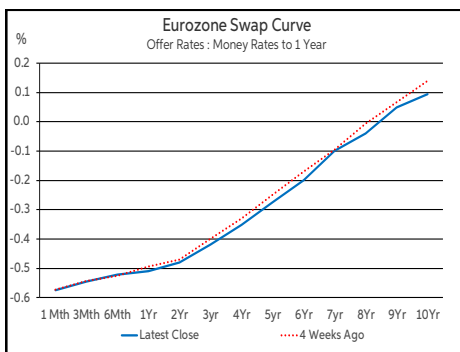
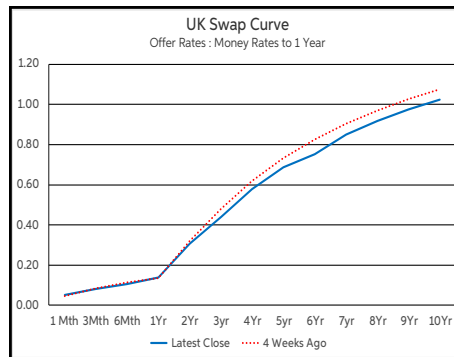
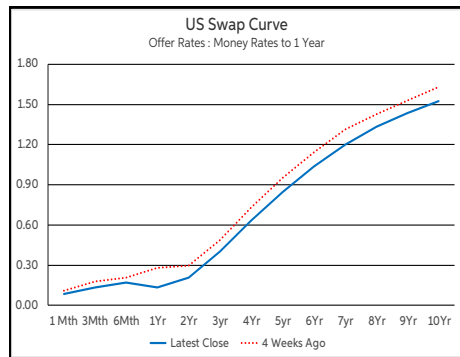
Monday 31 May 2021
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8594	GBP/EUR	1.1633	USD/JPY	109.73
EUR/USD	1.2193	GBP/USD	1.4185	USD/CAD	1.2075
EUR/JPY	133.8	GBP/CAD	1.713	USD/CHF	0.8997
EUR/SEK	10.1342	GBP/NZD	1.9552	USD/CNY	6.3688
EUR/DKK	7.4363	GBP/JPY	155.65	USD/BRL	5.2244
EUR/NOK	10.1935	GBP/SEK	11.7874	USD/RUB	73.2348
EUR/CHF	1.0972	GBP/DKK	8.6518	USD/INR	72.493
EUR/AUD	1.5779	GBP/NOK	11.8551	AUD/USD	0.7727
EUR/HKD	9.4622	GBP/CHF	1.2765	NZD/USD	0.7253
EUR/CAD	1.4723	GBP/AUD	1.8353		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.58	-3	-5	+66
Germany	-0.18	-1	+2	+39
UK	0.80	-2	-5	+60
Ireland				
Ireland	0.22	-1	+3	+52
Belgium	0.15	-1	+2	+53
France	0.18	-1	+2	+52
Italy	0.92	-2	+6	+39
Spain	0.48	-1	+0	+43
Portugal	0.47	-2	-2	+41
Greece	0.85	-3	-14	+22
5 Year Swap %				
US	0.85	-2	-7	+43
Eurozone	-0.27	-2	-1	+19
UK	0.69	-1	-4	+50
2 Year Swap %				
US	0.21	-1	-6	+1
Eurozone	-0.48	-2	-0	+5
UK	0.31	-0	-0	+28
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-0	+2	+13
Belgium	33	+0	-0	+14
France	36	+0	+0	+13
Italy	110	-1	+4	+0
Spain	66	+1	-1	+3
Portugal	65	-0	-3	+2
Greece	103	-2	-16	-17



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	69.63	+0.24	+3.54	+34.42
West Texas Oil	66.31	-0.84	+4.43	+37.15
Gold \$	1902.6	+0.35	+7.58	+0.32

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