

Dollar edges higher

There was a subdued tone to investor sentiment yesterday. The Eurostoxx 50 was broadly flat on the day, while across the Atlantic, the S&P 500 gained 0.2%. Currency-wise, the dollar edged higher. Meanwhile, a firmer tone to sterling saw EUR/GBP fall below 89p.

Data-wise, Eurozone industrial production rose by 2.5% (vs +0.2% f'cast) in November. Although, the release did not impact the single currency. On the monetary policy front, ECB President Lagarde stated that the central bank will be "extremely attentive" to the exchange rates impact on prices, which at the margin, proved to be unhelpful for the euro.

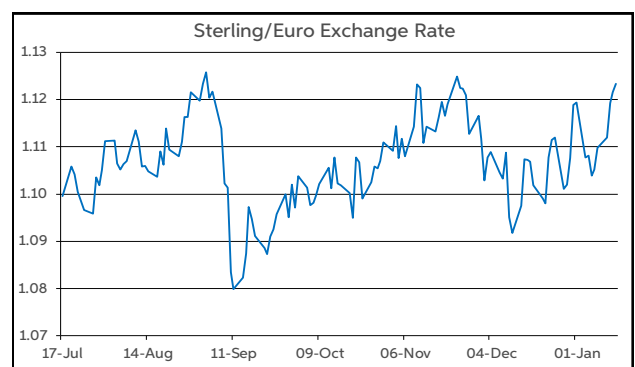
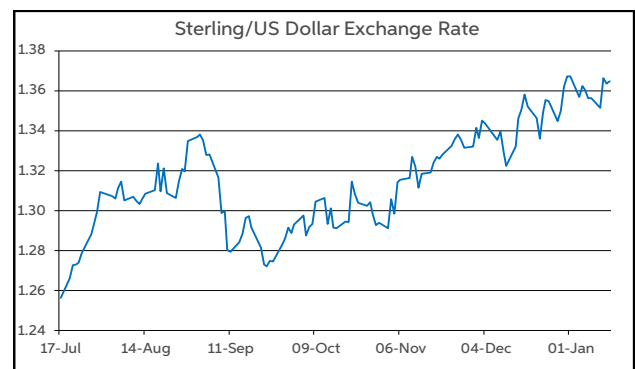
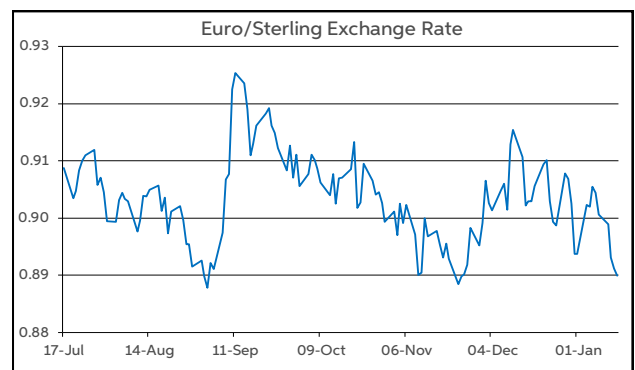
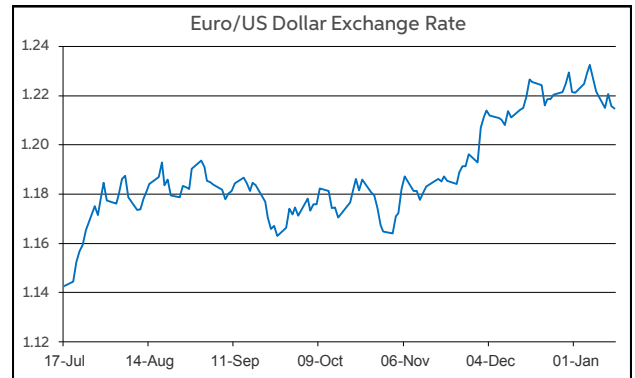
In the US, headline CPI inflation rose to 1.4% from 1.2%, boosted by a jump in fuel prices. However, the core rate remained unchanged at 1.6%, as inflation remains subdued.

In level terms, the firmer dollar sees EUR/USD open this morning below the midpoint of \$1.21-1.22. EUR/GBP is changing hands at the 89p mark. Meantime, GBP/USD is trading near the halfway point of the \$1.36-1.37 band.

Today, the first reading of German GDP for 2020 is expected to show that the economy contracted by 5.1% in the year. Meanwhile initial jobless claims are forecast to remain elevated at 780k, as the labour market recovery in the US continues to falter.

Elsewhere, President-elect Biden is to outline his Covid relief plan later today. The proposals are likely to include increased direct payments to most Americans, as well as money for state and local government. For the euro, the minutes from the ECB monetary policy meeting in December may impact the currency.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2145	-0.52	-0.56
EUR/GBP	0.8898	-0.29	-0.44
GBP/USD	1.3644	-0.23	-0.21
GBP/EUR	1.1231	0.29	0.44
USD/JPY	104.03	0.34	0.77
EUR/JPY	126.35	-0.17	0.15

* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.13	0.23	0.19	0.23	0.57
EUR	0.00	-0.55	-0.55	-0.54	-0.52	-0.44
GBP	0.10	0.03	0.03	0.01	0.10	0.28

All rates quoted are indicative market rates

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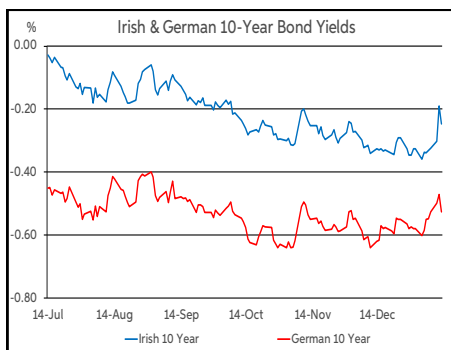
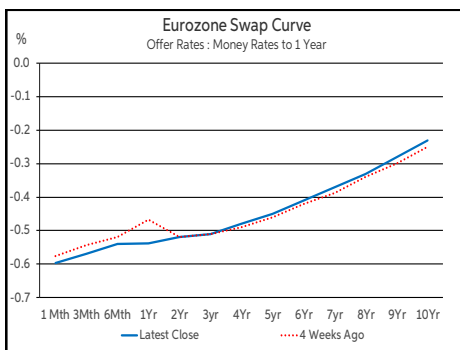
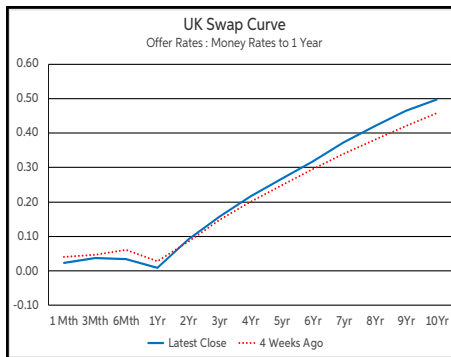
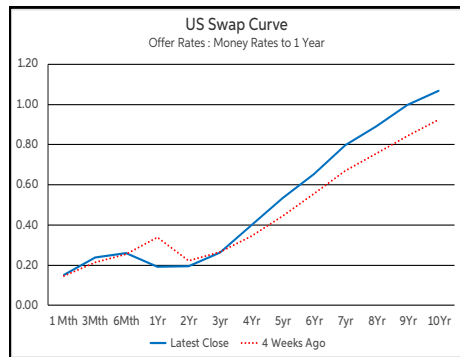
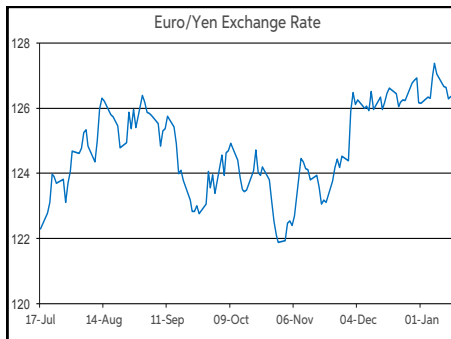
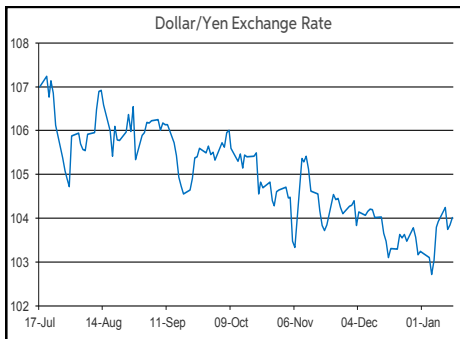
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AIB Customer Treasury Services business.treasury@aib.ie aib.corporatetreasury@aib.ie aib.ie/fxcentre	Customer Treasury Services GB treasury.gb@aib.ie aibgb.co.uk/fxcentre	Customer Treasury Services NI TreasuryNI@aib.ie firsttrustbank.co.uk/fxcentre

Opening Levels

Thursday 14 January 2021
07:43 am



Euro		Sterling		Dollar	
EUR/GBP	0.8899	GBP/EUR	1.1232	USD/JPY	104.03
EUR/USD	1.2146	GBP/USD	1.3645	USD/CAD	1.2683
EUR/JPY	126.35	GBP/CAD	1.7308	USD/CHF	0.8875
EUR/SEK	10.123	GBP/NZD	1.8962	USD/CNY	6.4676
EUR/DKK	7.4387	GBP/JPY	141.95	USD/BRL	5.299
EUR/NOK	10.2896	GBP/SEK	11.3695	USD/RUB	73.88
EUR/CHF	1.078	GBP/DKK	8.3558	USD/INR	73.095
EUR/AUD	1.5659	GBP/NOK	11.555	AUD/USD	0.7756
EUR/HKD	9.4156	GBP/CHF	1.2112	NZD/USD	0.7196
EUR/CAD	1.5404	GBP/AUD	1.7593		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.09	-4	+17	+18
Germany	-0.52	-6	+4	+5
UK	0.31	-5	+4	+11
Ireland	-0.23	-6	+6	+8
Belgium	-0.36	-5	+2	+3
France	-0.31	-5	+2	+3
Italy	0.56	-8	+5	+4
Spain	0.07	-5	+4	+1
Portugal	0.01	-5	+1	-6
Greece	0.71	+2	+12	+8
5 Year Swap %				
US	0.53	-3	+12	+11
Eurozone	-0.45	-2	+2	+1
UK	0.27	-2	+2	+8
2 Year Swap %				
US	0.19	-1	+1	+0
Eurozone	-0.52	+0	+1	+1
UK	0.09	-1	+2	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	-0	+2	+3
Belgium	17	+0	-3	-2
France	21	+0	-3	-2
Italy	108	-3	+1	-2
Spain	59	+0	-0	-4
Portugal	53	+1	-4	-11
Greece	123	+7	+8	+3

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	56.06	-0.92	+9.75	+8.22
West Texas Oil	52.81	-0.51	+10.34	+9.22
Gold \$	1843.4	-0.66	-1.11	-2.80

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