

Cautious mood on markets

Markets were in a cautious mood yesterday. A sparse macro calendar provided little in the way of new direction. The S&P 500 closed flat for the day, while in Europe, the Eurostoxx 50 was down 0.2%. On bond markets, yields on benchmark European bonds continued to rise, with some spill-over effect from rising US Treasury yields impacting the market. On the currency front, there was a firmer tone to sterling and slight dollar weakness.

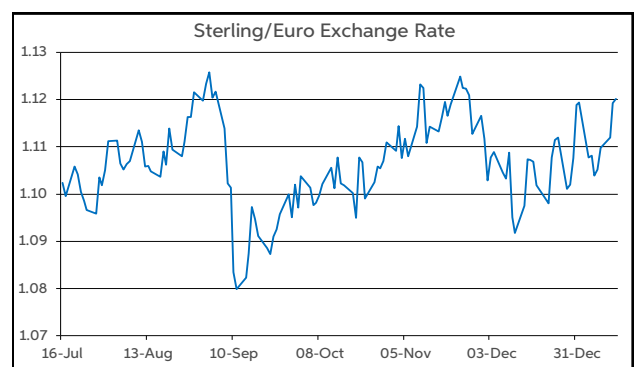
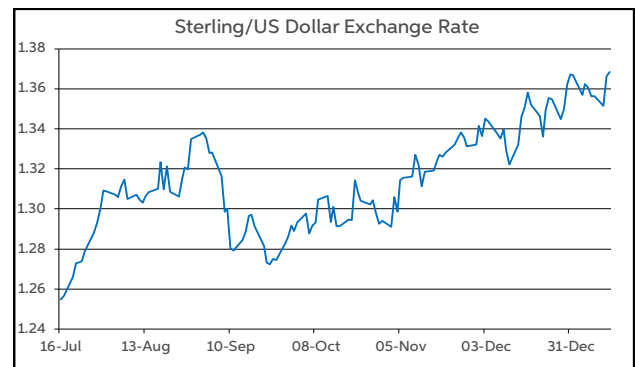
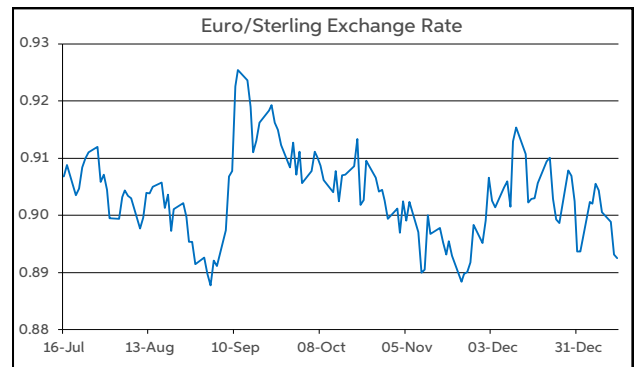
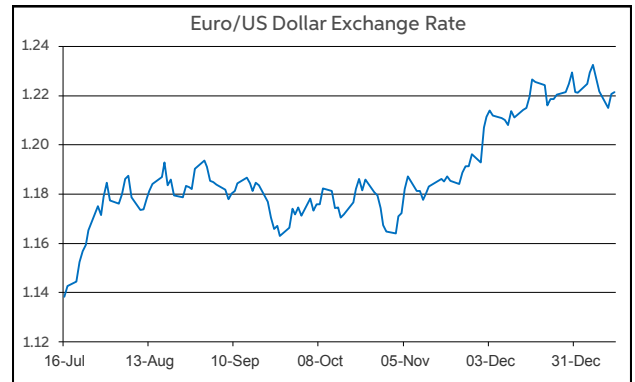
The gains for sterling coincided with comments from BoE Governor Bailey that suggest he is not in favour of implementing negative interest rates. The markets expectation of a 10bps cut were pushed back until December following his comments also.

The firmer tone to sterling sees EUR/GBP open this morning back towards 89p. Meanwhile, GBP/USD is changing hands in the top half of the £1.36-1.37 range. Elsewhere, EUR/USD has regained \$1.22 amid a slightly softer dollar tone.

Today, Eurozone industrial production is forecast to have increased by 0.2% in November. Output is expected to rise despite tighter restrictions, as construction and manufacturing activities were allowed to remain open. Although, despite this rise output would still be 3.3% below its pre-pandemic levels. However, barring any surprises the release may not impact the euro. Elsewhere, ECB President Lagarde is speaking which may be of interest for euro watchers.

In the US, CPI Inflation for December is expected to rise to 1.3% from 1.2%. The core rate of CPI is projected to remain unchanged at 1.6% as weak demand for certain goods (e.g. Airplane tickets), and lower oil prices continue to keep inflation subdued.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2218	0.54	0.04
EUR/GBP	0.8924	-0.52	-0.15
GBP/USD	1.3686	1.06	0.10
GBP/EUR	1.12	0.53	0.15
USD/JPY	103.64	-0.57	0.39
EUR/JPY	126.62	-0.03	0.36

* 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	0.13	0.22	0.18	0.22	0.56
EUR	0.00	-0.55	-0.55	-0.53	-0.50	-0.42
GBP	0.10	0.03	0.03	0.01	0.11	0.29

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

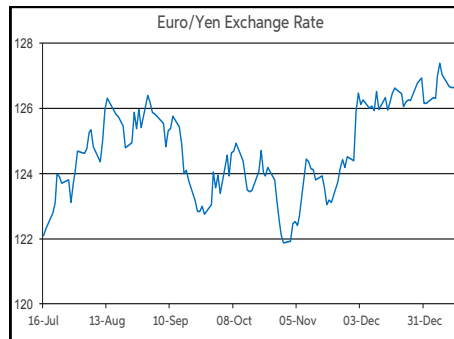
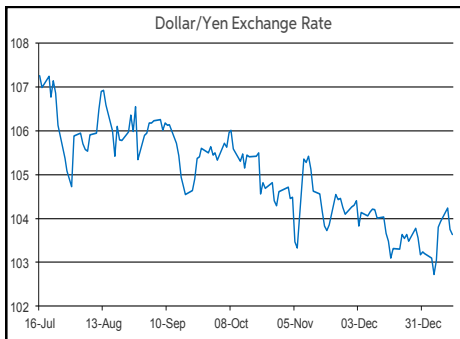
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Opening Levels

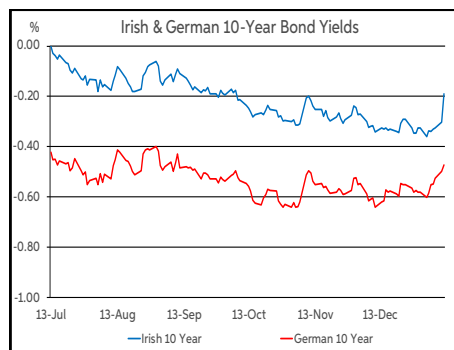
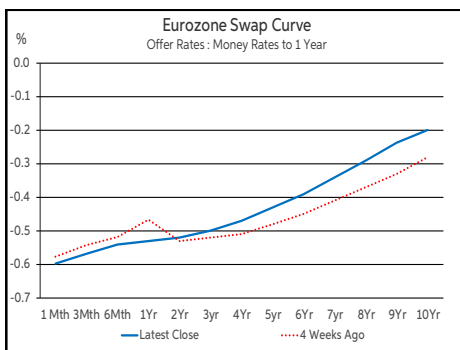
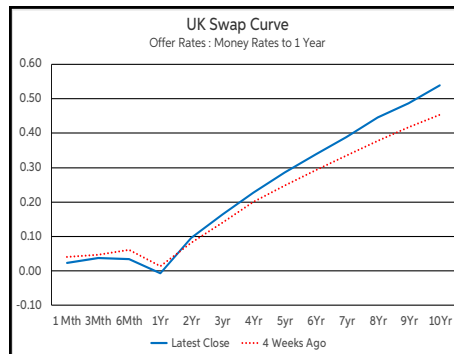
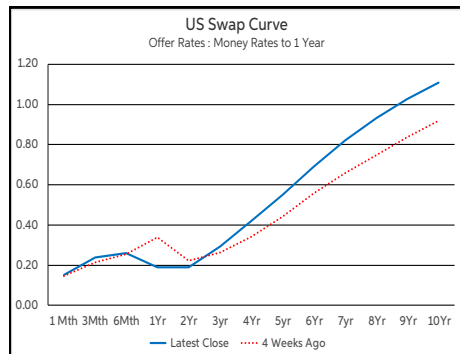
Wednesday 13 January 2021
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8924	GBP/EUR	1.12	USD/JPY	103.64
EUR/USD	1.2218	GBP/USD	1.3686	USD/CAD	1.271
EUR/JPY	126.62	GBP/CAD	1.7403	USD/CHF	0.8854
EUR/SEK	10.0702	GBP/NZD	1.8931	USD/CNY	6.455
EUR/DKK	7.4389	GBP/JPY	141.84	USD/BRL	5.3226
EUR/NOK	10.3017	GBP/SEK	11.2832	USD/RUB	73.5225
EUR/CHF	1.0818	GBP/DKK	8.3315	USD/INR	73.115
EUR/AUD	1.5716	GBP/NOK	11.536	AUD/USD	0.7773
EUR/HKD	9.4724	GBP/CHF	1.212	NZD/USD	0.7226
EUR/CAD	1.5534	GBP/AUD	1.7606		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.13	-2	+22	+21
Germany	-0.47	+2	+14	+11
UK	0.36	+4	+9	+16
5 Year Swap %				
US	0.55	-0	+14	+13
Eurozone	-0.43	+1	+6	+3
UK	0.29	+4	+4	+10
2 Year Swap %				
US	0.19	-2	+1	-0
Eurozone	-0.52	+0	+2	+1
UK	0.10	+3	+3	+7
10 Year Government Bond Spreads to Benchmark bps				
Ireland	30	+7	-1	+3
Belgium	16	+1	-3	-3
France	21	+1	-3	-2
Italy	111	+8	+2	+1
Spain	59	+3	-1	-4
Portugal	52	+5	-3	-11
Greece	116	+1	-2	-5



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	56.58	+1.65	+11.47	+9.23
West Texas Oil	53.08	+1.78	+11.56	+9.78
Gold \$	1855.6	+0.59	+0.12	-2.15

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