

Euro loses ground

Equity markets remained buoyant on both sides of the Atlantic yesterday, as the S&P 500 moved 1.5% higher and the Eurostoxx 50 gained 0.3%. On currency markets, the dollar regained some ground yesterday having reached strong technical support levels against the euro and the yen.

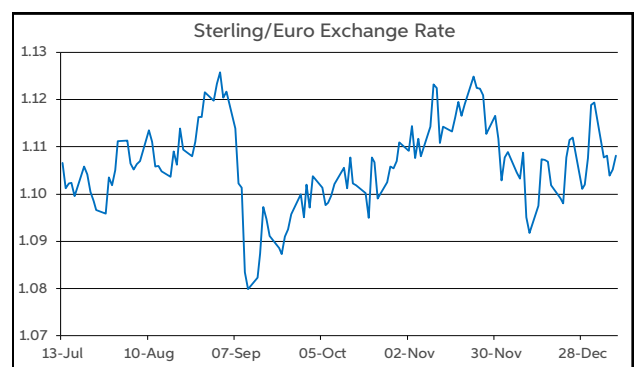
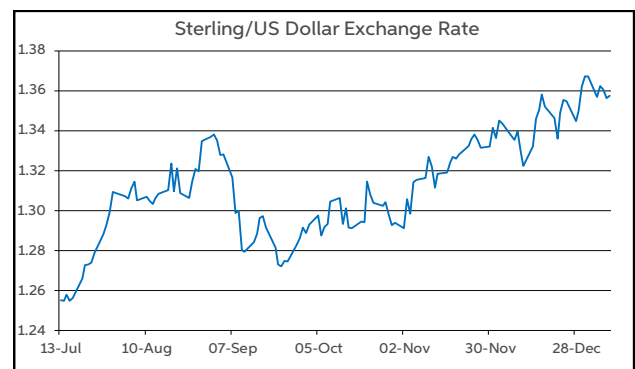
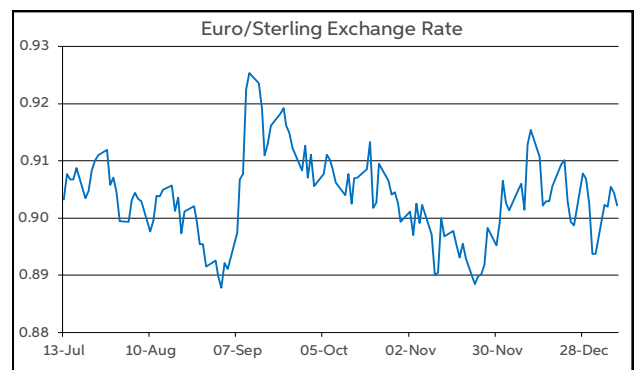
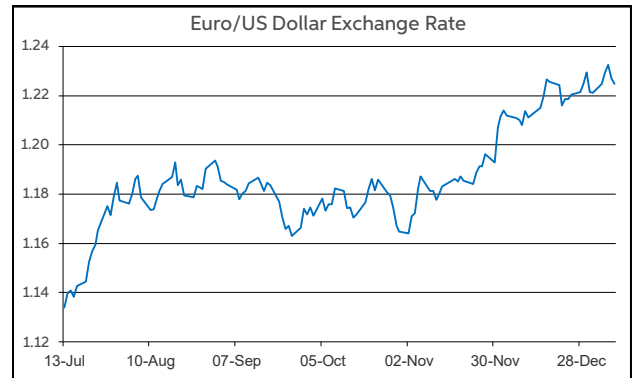
Data-wise, Eurozone inflation was unchanged at -0.3% in December as price pressures remain subdued. Euro area retail sales fell by more than expected in November, down by 6.1% m/m as increased restrictions dampened activity. The releases coincided with a weaker tone to the euro throughout the day.

In the US, the non-manufacturing ISM beat expectations rising to 57.2 from 55.9 in December. Initial jobless claims also edged lower to 787k, slightly below the forecast of 800k. However, neither release impacted the dollar.

Currency-wise, EUR/USD got close to the midpoint of the \$1.23-1.24 range before the dollar found some support. This saw the pair grind lower to \$1.225 throughout yesterday. This morning, EUR/USD starts the day just below \$1.225. Cable (GBP/USD) is operating in the top half of the \$1.35-1.36 range. Meanwhile, EUR/GBP is trading back down towards the 90p mark.

Today, US non-farm payrolls are forecast to rise by just 71k in December, although the risks are to the downside for the release. This would be the lowest monthly increase since the economy started to re-open. It would suggest that the jobs market recovery is stalling. The unemployment rate is projected to edge higher, to 6.8% from 6.7%. Meanwhile, in the Eurozone, the unemployment rate is expected to creep up in November to 8.5% from 8.4%.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2246	-0.54	0.27
EUR/GBP	0.9019	-0.47	0.92
GBP/USD	1.3577	-0.05	-0.70
GBP/EUR	1.1083	0.48	-0.91
USD/JPY	103.91	0.68	0.65
EUR/JPY	127.26	0.15	0.87

* 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	0.23	0.18	0.22	0.55
EUR	0.00	-0.57	-0.56	-0.53	-0.52	-0.45
GBP	0.10	0.03	0.03	-0.01	0.08	0.24

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

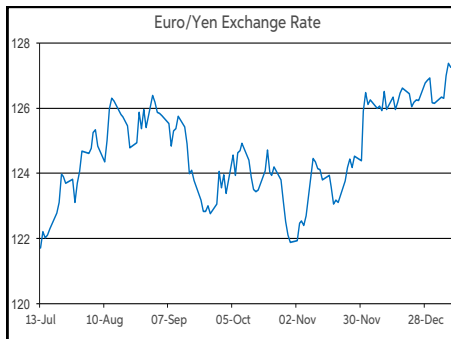
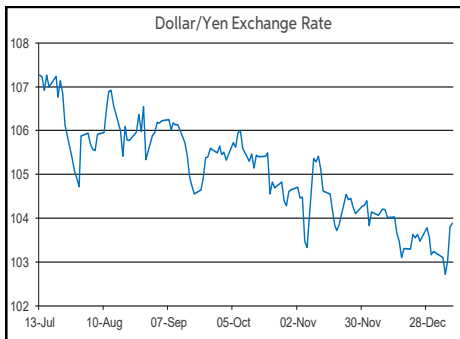
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

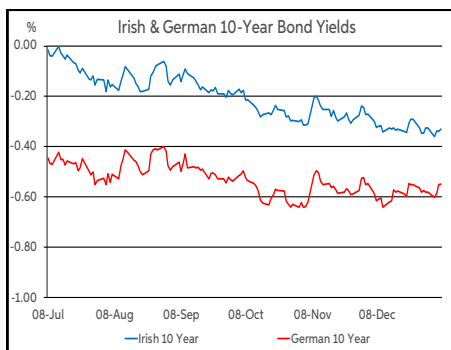
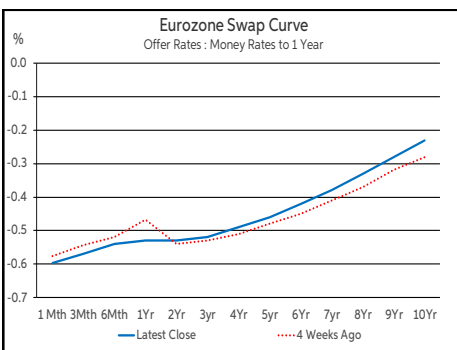
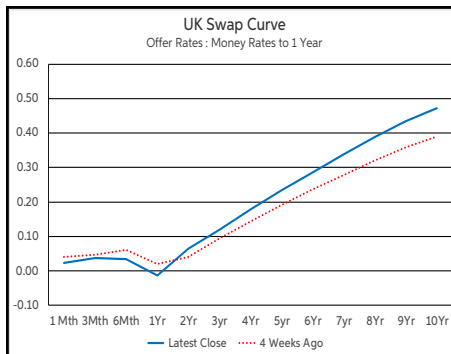
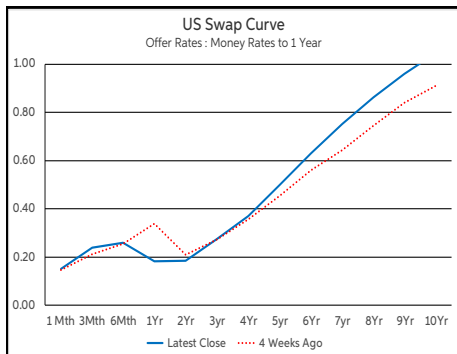
Friday 08 January 2021
07:43 am



Euro		Sterling		Dollar	
EUR/GBP	0.9019	GBP/EUR	1.1083	USD/JPY	103.91
EUR/USD	1.2246	GBP/USD	1.3577	USD/CAD	1.2688
EUR/JPY	127.26	GBP/CAD	1.7229	USD/CHF	0.886
EUR/SEK	10.0454	GBP/NZD	1.8689	USD/CNY	6.4638
EUR/DKK	7.4381	GBP/JPY	141.08	USD/BRL	5.4101
EUR/NOK	10.3251	GBP/SEK	11.1342	USD/RUB	74.1275
EUR/CHF	1.0853	GBP/DKK	8.2447	USD/INR	73.3775
EUR/AUD	1.5745	GBP/NOK	11.447	AUD/USD	0.7776
EUR/HKD	9.4943	GBP/CHF	1.2028	NZD/USD	0.7264
EUR/CAD	1.554	GBP/AUD	1.7454		



	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.08	+4	+17	+16
Germany	-0.55	+0	+6	+3
UK	0.29	+4	+8	+9
Ireland	-0.29	+1	+0	+1
Belgium	-0.36	-0	+4	+2
France	-0.31	+0	+4	+3
Italy	0.53	-1	+0	+1
Spain	0.05	-0	+2	-1
Portugal	0.02	-1	+3	-4
Greece	0.62	-1	-0	-1
5 Year Swap %				
US	0.50	+3	+9	+8
Eurozone	-0.46	+1	+3	+0
UK	0.23	+3	+5	+4
2 Year Swap %				
US	0.18	-1	-2	-1
Eurozone	-0.53	+1	+2	-0
UK	0.06	+1	+3	+4
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	+1	-5	-1
Belgium	18	-0	-2	-1
France	23	+0	-1	-0
Italy	108	-1	-5	-2
Spain	60	-0	-3	-3
Portugal	56	-1	-2	-7
Greece	117	-1	-6	-4



	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	54.38	+0.15	+8.22	+4.98
West Texas Oil	50.63	+0.36	+8.28	+4.72
Gold \$	1912.5	-0.33	+4.21	+0.84

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