

Dollar stays supported

There was a risk averse tone to investor sentiment yesterday, as Covid numbers continued to surge in many advanced economies. Equity markets on both sides of the Atlantic lost close to 0.7%. Currency-wise, the dollar continued to be supported, while sterling also made some modest gains.

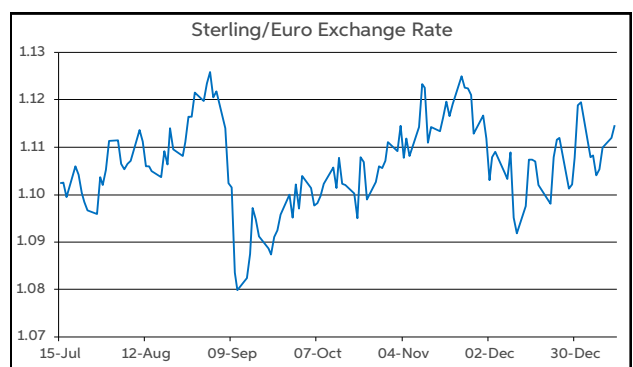
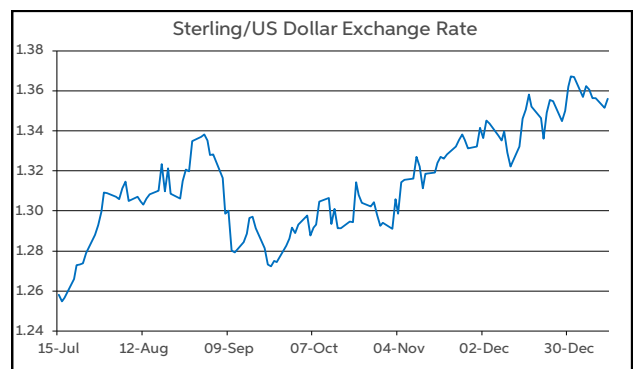
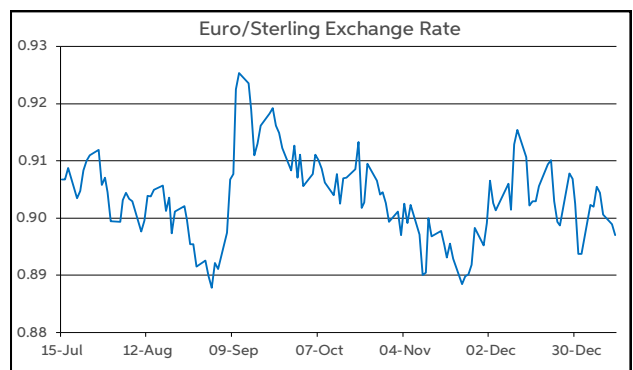
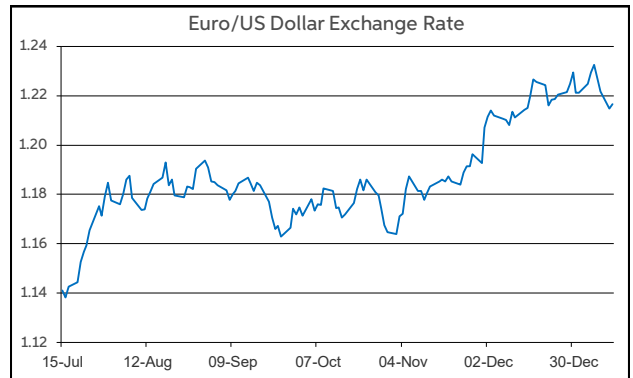
There have been a number of recent supports for the dollar. The pessimistic mood on markets to start the week acted as a further boon for the currency yesterday. Meanwhile, the chances of more fiscal stimulus in the US are seen as having increased, as the Democrats now have full control of the government. This has resulted in a rise in inflation expectations, which has pushed up yields.

Lastly, the latest weekly IMM positioning data, shows that the market was the shortest it has been against the dollar since the end of September 2020. As a result, there may have been some unwinding of short dollar positions over the last number of days. Overall the gains over the last week for the greenback have been in the order of around 1.0% against the euro and sterling.

In level terms, the dollar momentum sees EUR/USD opens around the middle of the \$1.21-1.22 band. Cable (GBP/USD) is trading close to the midpoint of the \$1.35-1.36 range. Meanwhile, EUR/GBP is back below the 90p mark.

Data-wise, another sparse data schedule suggests that we may be in for another quiet day on FX markets. Thus, developments regarding Covid-19 are likely to remain the main source of direction for the main currency pairs.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2166	-0.12	-0.38
EUR/GBP	0.8972	-0.54	0.39
GBP/USD	1.3561	0.45	-0.82
GBP/EUR	1.1144	0.55	-0.39
USD/JPY	104.13	-0.05	0.86
EUR/JPY	126.68	-0.17	0.41

* v Previous Day's European Open

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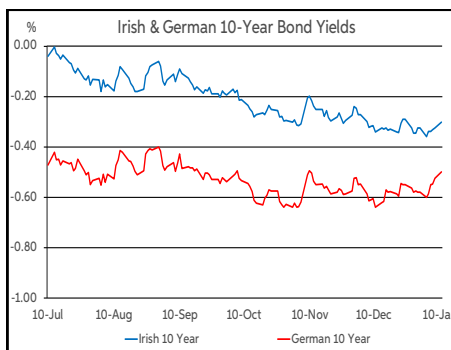
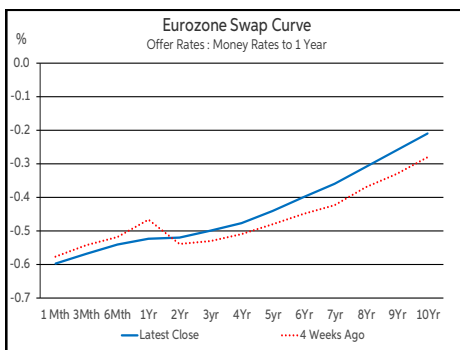
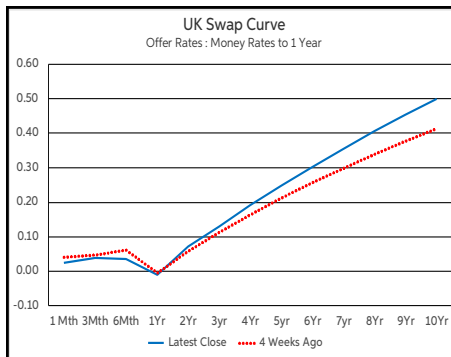
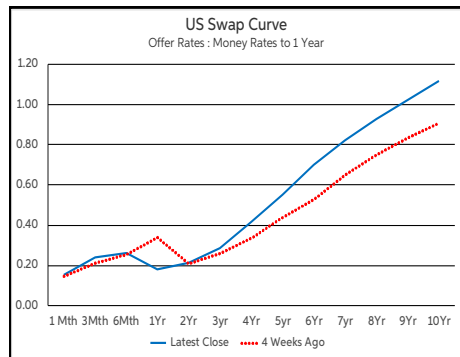
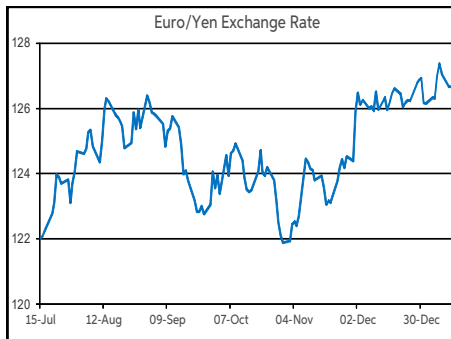
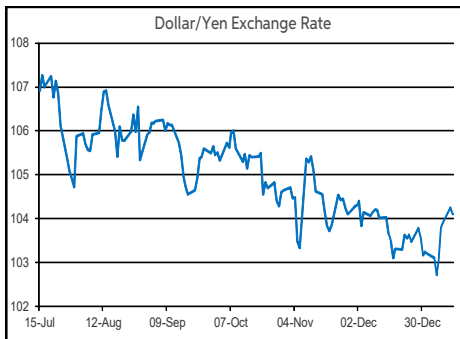
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.13	0.22	0.18	0.22	0.60
EUR	0.00	-0.56	-0.55	-0.53	-0.51	-0.42
GBP	0.10	0.03	0.03	-0.01	0.08	0.25

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				

Euro		Sterling		Dollar	
EUR/GBP	0.8971	GBP/EUR	1.1144	USD/JPY	104.13
EUR/USD	1.2166	GBP/USD	1.3561	USD/CAD	1.274
EUR/JPY	126.68	GBP/CAD	1.728	USD/CHF	0.89
EUR/SEK	10.0739	GBP/NZD	1.8854	USD/CNY	6.4628
EUR/DKK	7.4369	GBP/JPY	141.21	USD/BRL	5.489
EUR/NOK	10.3276	GBP/SEK	11.2228	USD/RUB	74.1823
EUR/CHF	1.0829	GBP/DKK	8.2873	USD/INR	73.277
EUR/AUD	1.5752	GBP/NOK	11.5104	AUD/USD	0.7722
EUR/HKD	9.4331	GBP/CHF	1.2066	NZD/USD	0.7188
EUR/CAD	1.5498	GBP/AUD	1.7554		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.14	+3	+25	+23
Germany	-0.49	+3	+13	+8
UK	0.31	+2	+9	+12
Ireland	-0.26	+2	+5	+4
Belgium	-0.33	+3	+9	+5
France	-0.29	+3	+9	+5
Italy	0.54	+4	+3	+2
Spain	0.07	+2	+6	+1
Portugal	-0.02	-4	+1	-8
Greece	0.65	+6	+5	+2
5 Year Swap %				
US	0.55	+1	+15	+13
Eurozone	-0.44	+1	+5	+2
UK	0.25	+1	+4	+6
2 Year Swap %				
US	0.21	+1	+3	+2
Eurozone	-0.52	+1	+3	+1
UK	0.07	+1	+2	+4
10 Year Government Bond Spreads to Benchmark bps				
Ireland	23	-1	-8	-4
Belgium	16	+0	-4	-3
France	20	+0	-4	-3
Italy	103	+2	-10	-7
Spain	56	-0	-7	-7
Portugal	47	-6	-12	-17
Greece	114	+3	-8	-6

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	55.66	-0.59	+10.68	+7.45
West Texas Oil	52.15	+0.02	+10.91	+7.86
Gold \$	1844.7	-0.19	+0.96	-2.73

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