

## EUR/GBP below 89p

There was a mixed mood to market sentiment yesterday. The Eurostoxx 50 gained 0.7%, while on Wall Street, the S&P 500 lost 0.4%. On FX markets, the action remained relatively muted. The dollar lost some momentum, while the euro continued to edge lower. Political uncertainty in Italy proved unhelpful for the single currency, and Italian bonds underperformed also, with the yield on the 10Yr BTP rising by 5bps.

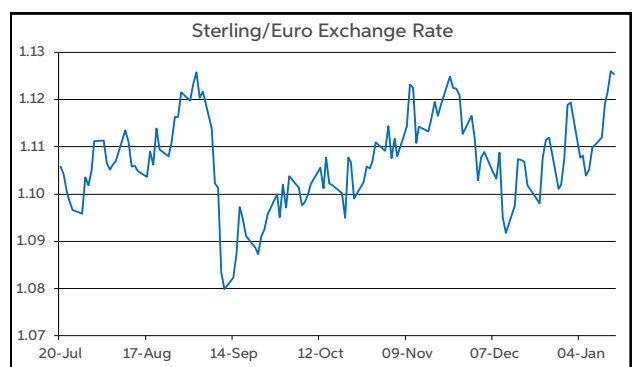
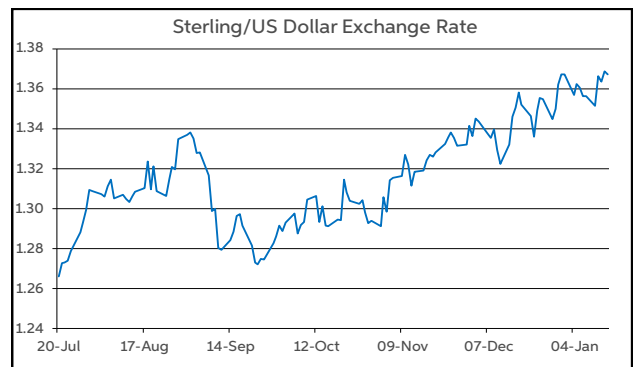
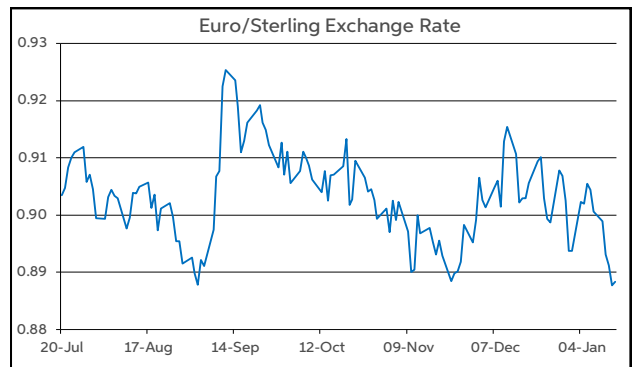
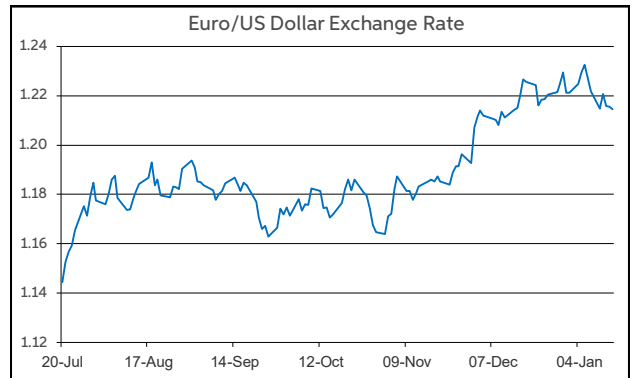
Last night, President-elect Biden outlined his Covid relief plan which is valued at \$1.9 trillion. The proposals include enhanced unemployment supports, which will be welcomed by many, as initial jobless claims rose to 965k yesterday in the US, its highest level since the end of August.

Elsewhere, Fed Chair Powell stated that it was too early to think about tapering the central banks asset purchase programme. His comments reinforce the view that monetary policy will remain highly accommodative for some time.

Currency-wise, a softer tone to the euro is reflected in EUR/GBP changing hands just below the 89p level. Meanwhile, EUR/USD is operating at midpoint of \$1.21-1.22. Elsewhere, GBP/USD opens above the half way mark of the \$1.36-1.37 band.

Already this morning, UK GDP has printed at -2.6% in November. Although, this was not as weak as had been expected (-5.7% f'cast), this puts GDP at around 9% below its pre-Covid level. Later today, US industrial production for December is projected to rise by 0.5%. Retail sales are also due in the US. The forecast is for sales to remain flat in December, as a resurgence in coronavirus and tighter restrictions dampened activity.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2145	-0.07	-0.56
EUR/GBP	0.8883	-0.31	-0.60
GBP/USD	1.367	0.23	-0.02
GBP/EUR	1.1253	0.32	0.61
USD/JPY	103.67	-0.30	0.42
EUR/JPY	125.9	-0.38	-0.21

\* 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	0.24	0.18	0.22	0.54
EUR	0.00	-0.56	-0.55	-0.53	-0.52	-0.45
GBP	0.10	0.03	0.03	0.00	0.09	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

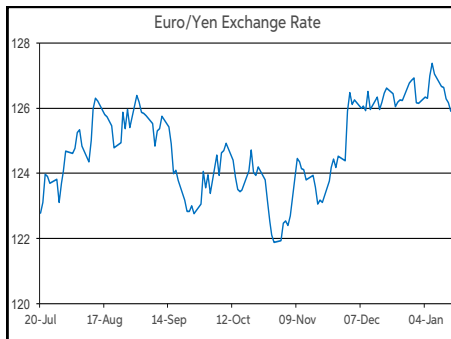
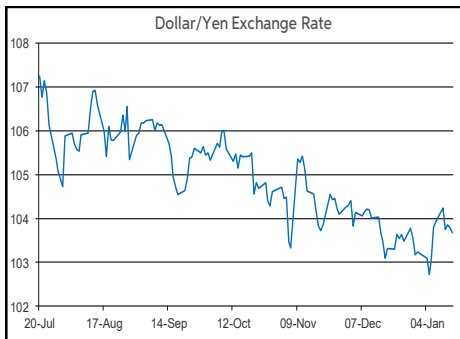
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

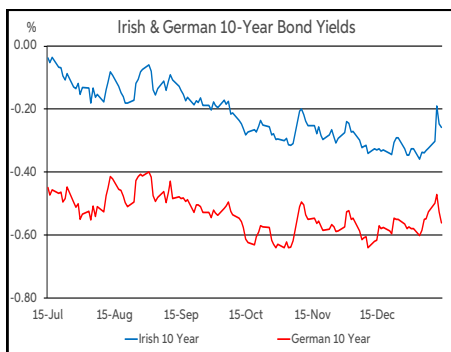
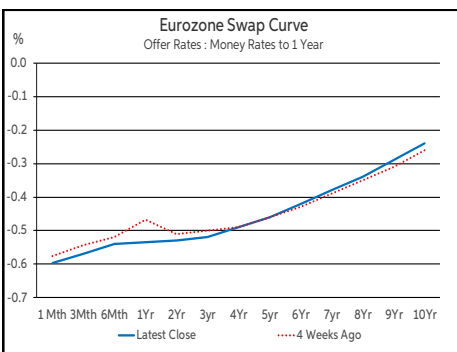
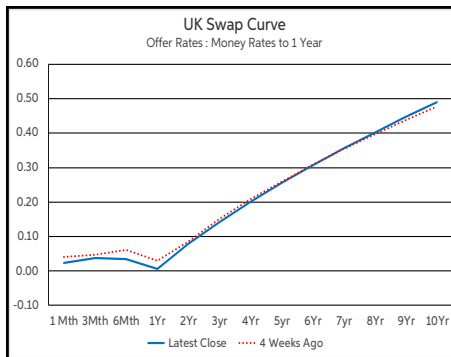
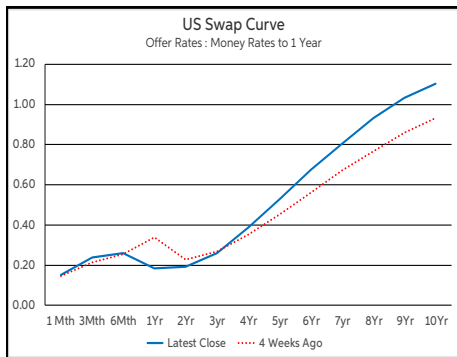
Friday 15 January 2021  
07:37 am



Euro		Sterling		Dollar	
EUR/GBP	0.8883	GBP/EUR	1.1253	USD/JPY	103.67
EUR/USD	1.2145	GBP/USD	1.367	USD/CAD	1.2665
EUR/JPY	125.9	GBP/CAD	1.7314	USD/CHF	0.8875
EUR/SEK	10.1057	GBP/NZD	1.8987	USD/CNY	6.4655
EUR/DKK	7.4391	GBP/JPY	141.72	USD/BRL	5.1967
EUR/NOK	10.316	GBP/SEK	11.3719	USD/RUB	73.5
EUR/CHF	1.0783	GBP/DKK	8.3719	USD/INR	73.0525
EUR/AUD	1.5658	GBP/NOK	11.6116	AUD/USD	0.7754
EUR/HKD	9.4148	GBP/CHF	1.2135	NZD/USD	0.7199
EUR/CAD	1.5385	GBP/AUD	1.7625		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.13	+4	+19	+21
Germany	-0.55	-2	+3	+3
UK	0.29	-2	+1	+10
Ireland	-0.24	-1	+4	+7
Belgium	-0.38	-2	+0	+1
France	-0.33	-2	+1	+1
Italy	0.61	+5	+10	+9
Spain	0.06	-0	+3	+1
Portugal	0.02	+1	+1	-5
Greece	0.69	-2	+10	+6
<b>5 Year Swap %</b>				
US	0.53	-0	+11	+11
Eurozone	-0.46	-1	+1	+0
UK	0.26	-1	+0	+7
<b>2 Year Swap %</b>				
US	0.19	-1	+0	-0
Eurozone	-0.53	-1	-1	-0
UK	0.08	-1	+0	+5
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	31	+1	+1	+4
Belgium	17	+1	-2	-2
France	22	+1	-2	-1
Italy	116	+8	+7	+6
Spain	61	+2	+0	-2
Portugal	56	+3	-2	-7
Greece	124	+1	+7	+3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	56.42	+0.64	+9.55	+8.92
West Texas Oil	53.47	+1.25	+10.61	+10.59
Gold \$	1846.4	+0.16	-2.09	-2.64

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