

Dollar slightly firmer

There was a positive tone to proceedings on markets to start the week yesterday, despite ongoing concerns regarding the pace of vaccine rollouts and supplies. This was reflected on equity markets. The Eurostoxx 50 gained 1.4%, while on Wall Street, the S&P 500 was up 1.6%. Currency-wise, the main pairs remained range bound, although, the dollar was slightly firmer across the board.

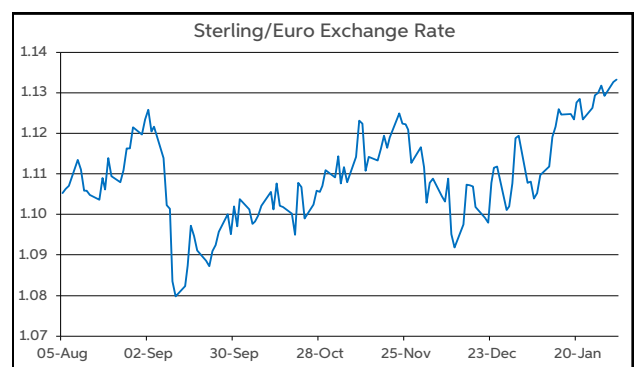
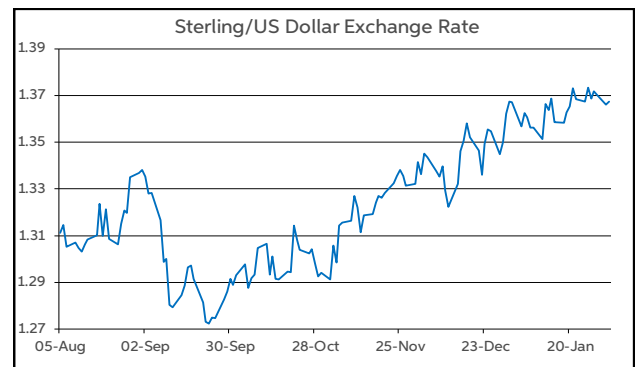
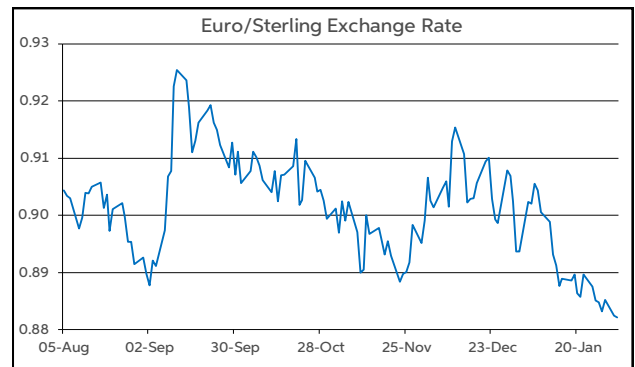
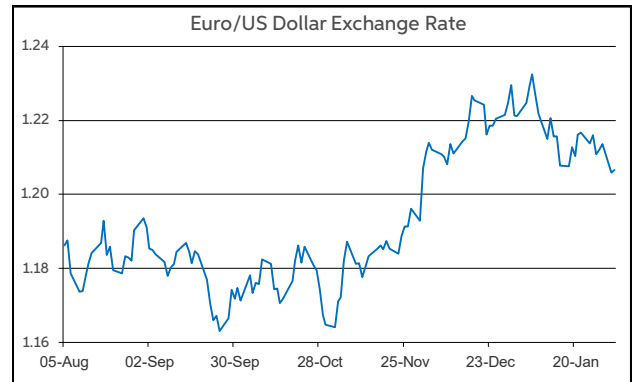
Data-wise, the Eurozone unemployment rate remained unchanged at 8.3% in December, as government labour market schemes continue to shelter the jobs market. Elsewhere, German retail sales fell by a record 9.6% m/m in December. Meanwhile, in the US, the manufacturing ISM moved lower to 58.7 from 60.7 in January. However, the data releases did not coincide with any major currency market moves.

In level terms, the modestly firmer tone to the dollar sees EUR/USD open this morning back below the \$1.21 threshold. GBP/USD is changing hands back in the top half of the \$1.36-1.37 range. EUR/GBP is trading just above the 88p handle.

Turning to the day ahead, the first reading of Eurozone GDP for Q4 is due. The consensus view is that output contracted by 1% in the final three months of last year, despite varying degrees of restrictions across the bloc. This is less than was initially feared, although, it would still mean GDP fell by 5.4% in 2020. However, as GDP is a lagging indicator, barring any substantial surprises, it may not impact on the euro.

Elsewhere, negotiations regarding further fiscal stimulus in the US may impact market sentiment, as the Biden administration seeks to gather bipartisan support for its first big piece of legislative.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2064	-0.54	-1.22
EUR/GBP	0.8822	0.00	-1.29
GBP/USD	1.3671	-0.54	-0.01
GBP/EUR	1.1331	0.00	1.30
USD/JPY	105	0.32	1.70
EUR/JPY	126.68	-0.21	0.41

* v Previous Day's European Open
See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.12	0.20	0.16	0.19	0.55
EUR	0.00	-0.57	-0.55	-0.54	-0.52	-0.43
GBP	0.10	0.03	0.04	0.01	0.10	0.29

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

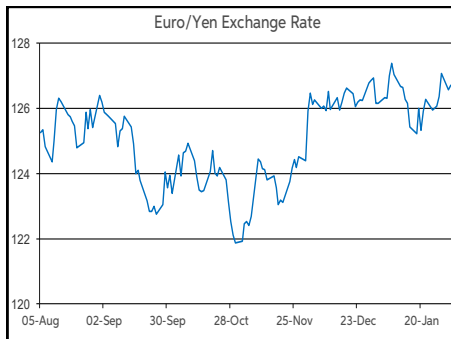
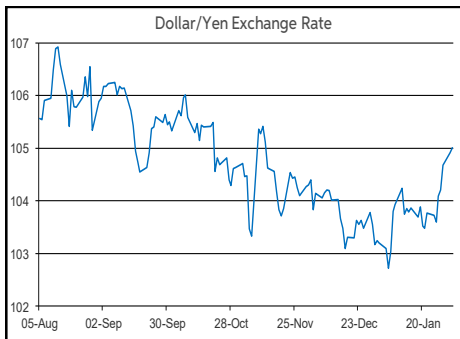
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

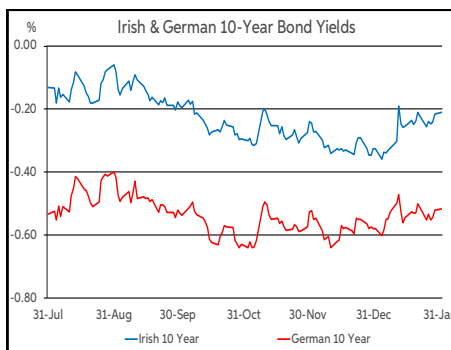
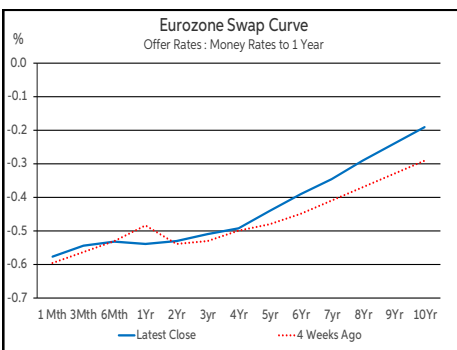
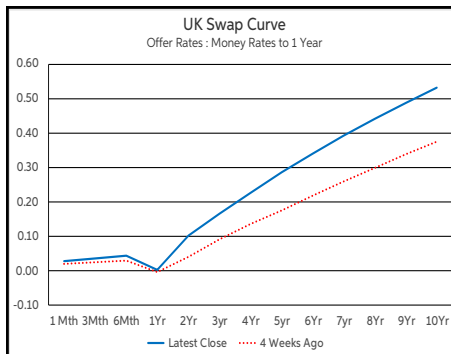
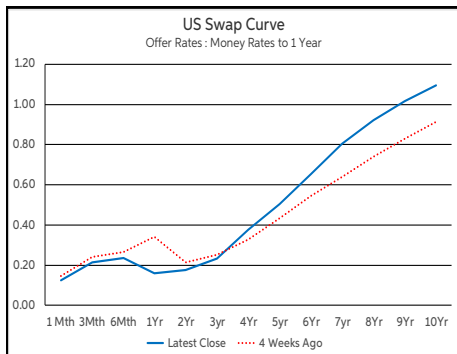
Tuesday 02 February 2021
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8822	GBP/EUR	1.1331	USD/JPY	105
EUR/USD	1.2064	GBP/USD	1.3671	USD/CAD	1.2831
EUR/JPY	126.68	GBP/CAD	1.7541	USD/CHF	0.8971
EUR/SEK	10.1671	GBP/NZD	1.907	USD/CNY	6.4584
EUR/DKK	7.4369	GBP/JPY	143.55	USD/BRL	5.4322
EUR/NOK	10.353	GBP/SEK	11.5206	USD/RUB	76.044
EUR/CHF	1.0825	GBP/DKK	8.4259	USD/INR	72.985
EUR/AUD	1.5864	GBP/NOK	11.7286	AUD/USD	0.7604
EUR/HKD	9.3521	GBP/CHF	1.2263	NZD/USD	0.7168
EUR/CAD	1.5478	GBP/AUD	1.7976		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.08	+1	+16	+16
Germany	-0.51	+1	+9	+6
UK	0.32	-1	+15	+13
Ireland	-0.19	+1	+13	+12
Belgium	-0.33	+1	+9	+6
France	-0.25	+1	+11	+9
Italy	0.62	-2	+10	+10
Spain	0.10	-0	+7	+4
Portugal	0.04	-1	+2	-2
Greece	0.68	-1	+5	+5
5 Year Swap %				
US	0.51	+0	+11	+8
Eurozone	-0.44	+0	+5	+2
UK	0.29	+0	+12	+10
2 Year Swap %				
US	0.18	+1	+0	-2
Eurozone	-0.53	+1	+2	-0
UK	0.10	+1	+7	+8
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+0	+4	+6
Belgium	19	+0	-0	-0
France	26	+0	+3	+3
Italy	114	-3	+2	+4
Spain	61	-1	-1	-2
Portugal	55	-1	-7	-8
Greece	119	-1	-4	-1



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	56.35	+0.84	+10.30	+8.78
West Texas Oil	53.55	+2.66	+12.81	+10.75
Gold \$	1860.2	+0.76	-4.23	-1.92

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