

Bank of England meeting today

Yesterday was a relatively quiet day on markets. Investor sentiment was mixed, as the Eurostoxx 50 gained 0.5%, while across the Atlantic, the S&P 500 closed flat. On the currency front, the action was confined to narrow ranges amongst the main pairs throughout the day. Of the limited moves to register, both the euro and sterling edged slightly lower versus the dollar.

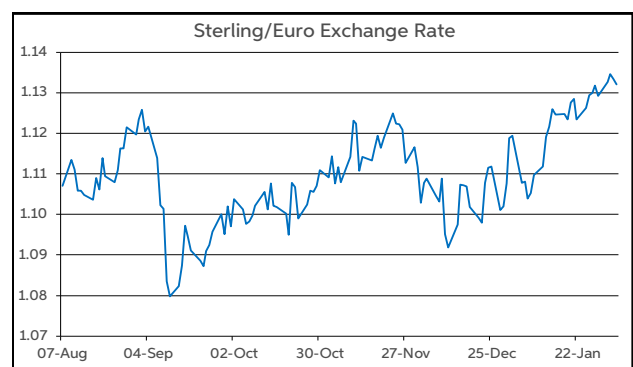
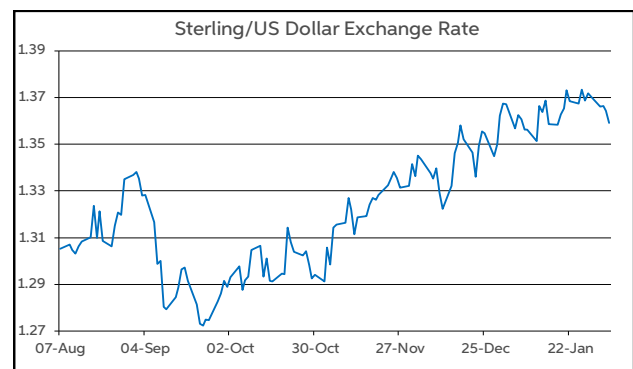
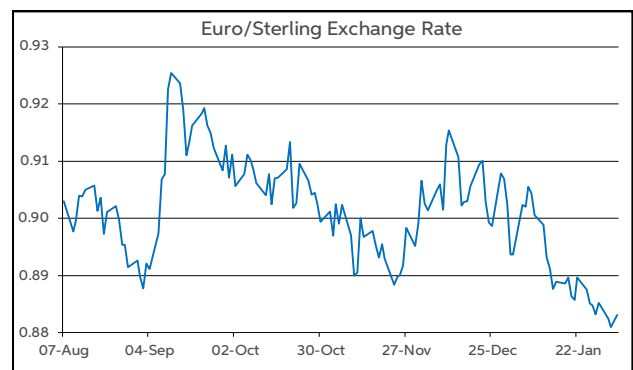
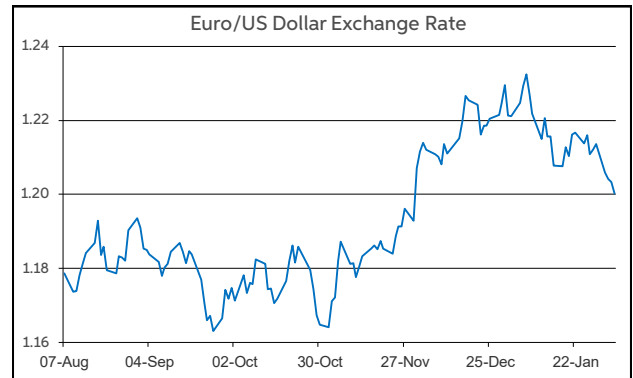
Meanwhile, in terms of macro data, Eurozone inflation surged to 0.9% from -0.3% in January, as the recent cut to VAT in Germany ended in December, and as winter sales across the Euro-area were postponed. In the US, the non-manufacturing ISM beat expectations rising to 58.7 from 57.7 in January despite restrictions remaining in the opening month of the year. The ADP employment report for January also surprised to the upside.

The modest gains for the dollar over the past 24hrs are reflected in EUR/USD edging down to the \$1.20 handle. Cable (GBP/USD) is changing hands just below the \$1.36 mark. Meanwhile, EUR/GBP opens this morning in the bottom half of the 88-89p range.

Today, the main highlight will be the first Bank of England meeting of 2021, although, the MPC is expected to keep policy on hold. The BoE will also publish its latest economic growth forecasts, and may release the results from its recent consultation with financial institutions regarding negative rates, which may impact sterling.

Elsewhere, Eurozone retail sales are forecast to rise by 1.6% in December. Meanwhile, in the US, durable good for December and the latest initial jobless claims data are due. However, barring any surprises the releases may not have much influence on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2007	-0.30	-1.69
EUR/GBP	0.8829	0.17	-1.21
GBP/USD	1.3595	-0.48	-0.57
GBP/EUR	1.132	-0.17	1.22
USD/JPY	105.22	0.21	1.92
EUR/JPY	126.33	-0.10	0.13

* 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	0.12	0.19	0.17	0.22	0.59
EUR	0.00	-0.56	-0.54	-0.53	-0.51	-0.40
GBP	0.10	0.03	0.04	0.01	0.12	0.32

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

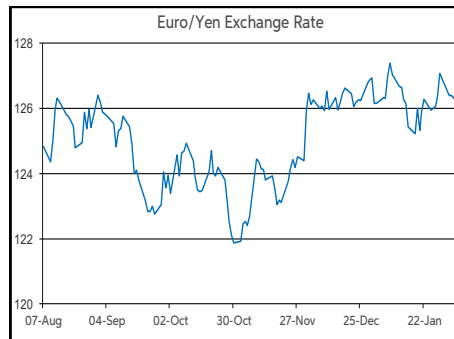
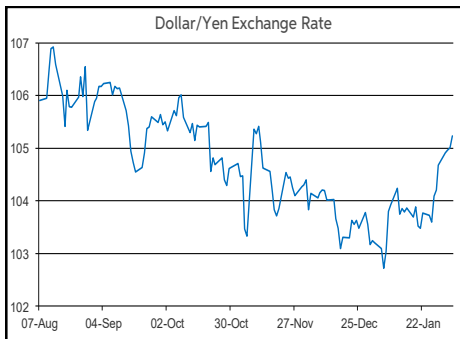
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

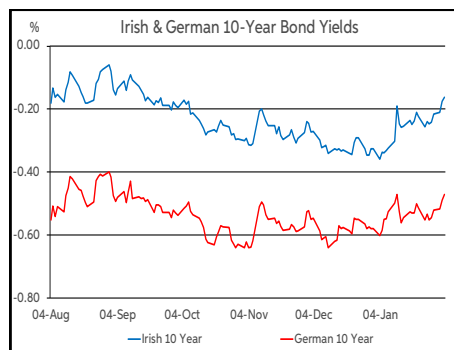
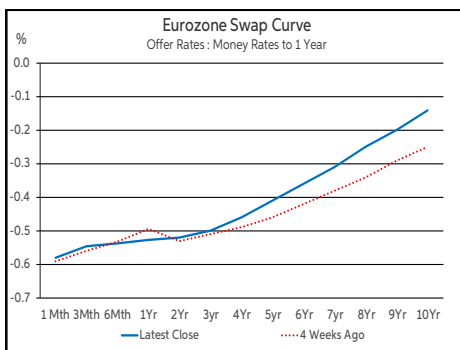
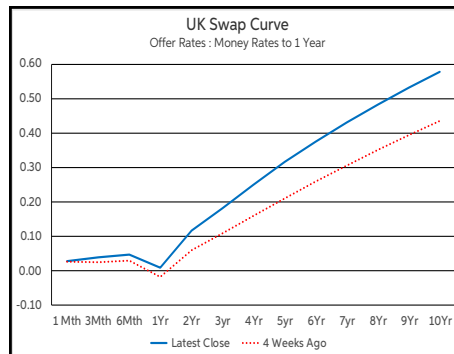
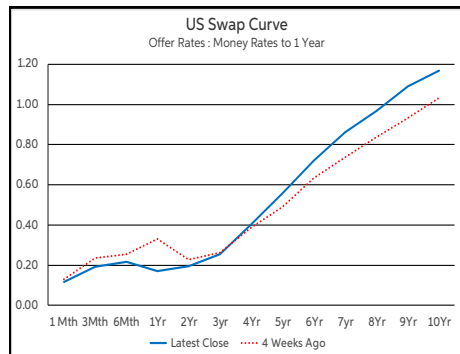
Thursday 04 February 2021
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8829	GBP/EUR	1.132	USD/JPY	105.22
EUR/USD	1.2007	GBP/USD	1.3595	USD/CAD	1.2795
EUR/JPY	126.33	GBP/CAD	1.7388	USD/CHF	0.9005
EUR/SEK	10.1147	GBP/NZD	1.8878	USD/CNY	6.4604
EUR/DKK	7.4385	GBP/JPY	143.05	USD/BRL	5.3534
EUR/NOK	10.3331	GBP/SEK	11.4486	USD/RUB	75.756
EUR/CHF	1.0815	GBP/DKK	8.4216	USD/INR	72.903
EUR/AUD	1.5736	GBP/NOK	11.6964	AUD/USD	0.7628
EUR/HKD	9.3073	GBP/CHF	1.2245	NZD/USD	0.7199
EUR/CAD	1.5363	GBP/AUD	1.7812		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.14	+4	+10	+22
Germany	-0.47	+2	+8	+11
UK	0.37	+2	+12	+17
Ireland	-0.14	+2	+16	+16
Belgium	-0.29	+1	+7	+9
France	-0.24	-1	+8	+10
Italy	0.59	-7	+4	+6
Spain	0.13	+1	+7	+7
Portugal	0.06	+0	+3	-1
Greece	0.65	-3	+2	+2
5 Year Swap %				
US	0.56	+3	+9	+14
Eurozone	-0.41	+2	+6	+5
UK	0.32	+2	+11	+13
2 Year Swap %				
US	0.19	+2	-0	+0
Eurozone	-0.52	+1	+2	+1
UK	0.12	+1	+7	+9
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	-0	+8	+6
Belgium	17	-1	-1	-2
France	23	-3	-0	-1
Italy	105	-9	-3	-4
Spain	59	-2	-1	-4
Portugal	52	-2	-5	-11
Greece	111	-5	-6	-9



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	58.46	+1.74	+7.66	+12.86
West Texas Oil	55.67	+1.64	+10.35	+15.14
Gold \$	1833.8	-0.20	-4.43	-3.31

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