

Post-BoE boost for sterling, EUR/GBP below 88p

On the currency front yesterday, sterling had a firmer tone. The moves higher came in the aftermath of the first BoE policy setting meeting for 2021. The meeting concluded as expected with no changes to policy. However, the overall tone from the BoE, including its latest Monetary Policy Report was less dovish than some had been anticipating.

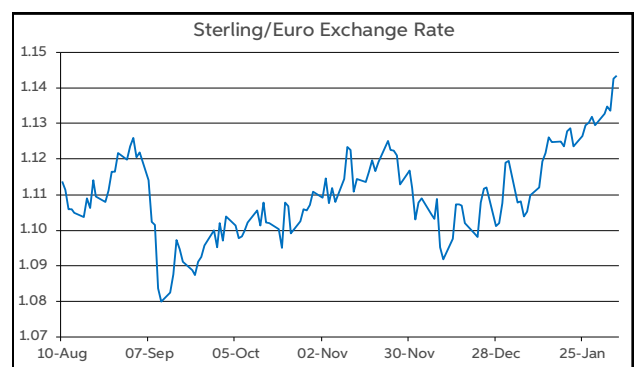
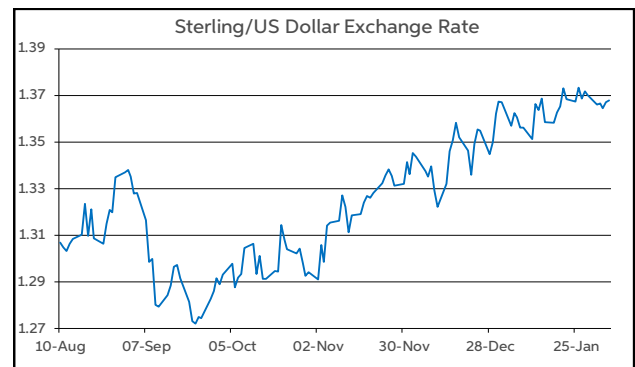
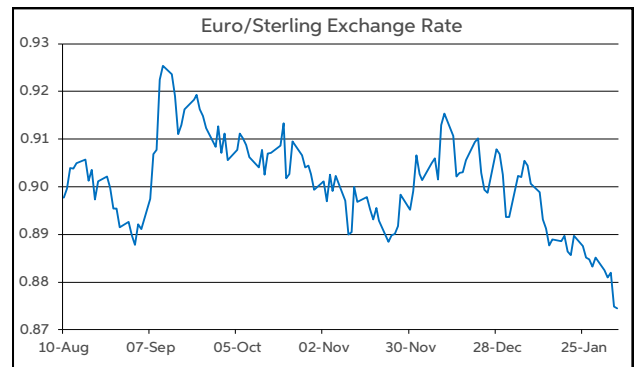
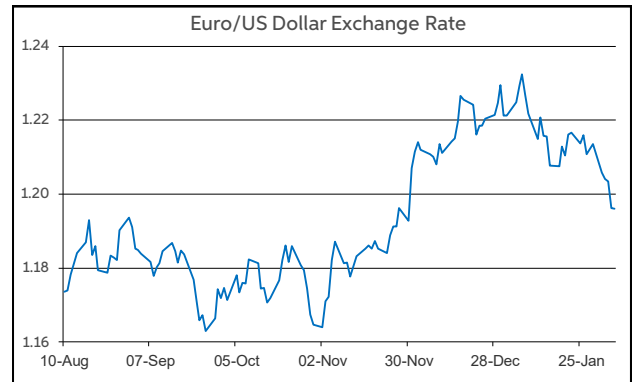
This included the BoE appearing to rule out any move to negative interest rates in the near term. In this regard, futures contracts indicate that the market is no longer pricing in the possibility of the Bank Rate moving below zero. The BoE also struck a cautiously optimistic tone on the UK's economic outlook, as well as implying that the pace of weekly QE purchases may slow.

Elsewhere on currency markets, the euro found itself on the defensive. This resulted in some euro pairs falling below key support levels. The currency has not been helped recently by the issues surrounding the rollout of Covid-19 vaccines in the region.

In level terms, the firmer tone to sterling and softer euro over the past 24 hours is reflected in EUR/GBP opening this morning below the important 88p threshold, near to the midpoint of 87-88p. Meanwhile, GBP/USD is in the upper half of \$1.36-1.37. Elsewhere, EUR/USD has fallen below the key \$1.20 support level.

Ahead today, we get a batch of US labour market updates for January, including the key payrolls number. The consensus view is for a 50k increase in payrolls, with the risks to this forecast probably tilted to the upside given the trend from other employment indicators in the last few days. Currency-wise though, the data may not have any major impact on the dollar.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1963	-0.44	-2.05
EUR/GBP	0.8743	-1.00	-2.17
GBP/USD	1.3681	0.57	0.06
GBP/EUR	1.1433	1.01	2.22
USD/JPY	105.5	0.34	2.19
EUR/JPY	126.21	-0.09	0.04

* 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	0.57
EUR	0.00	-0.57	-0.55	-0.53	-0.52	-0.41
GBP	0.10	0.03	0.04	0.04	0.16	0.38

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

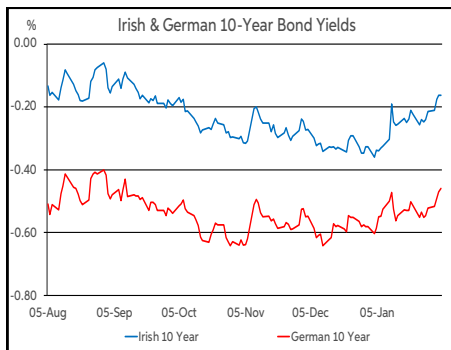
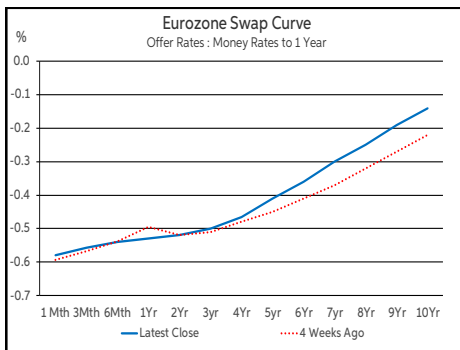
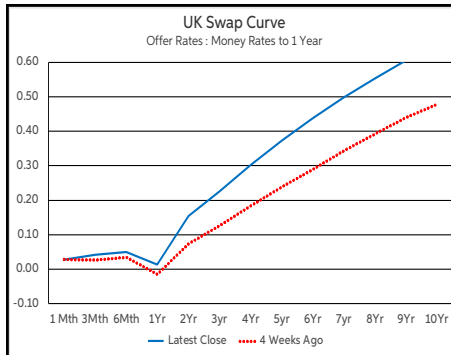
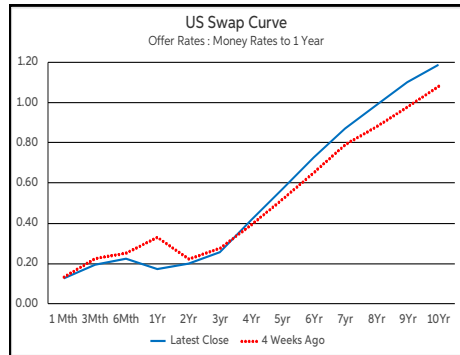
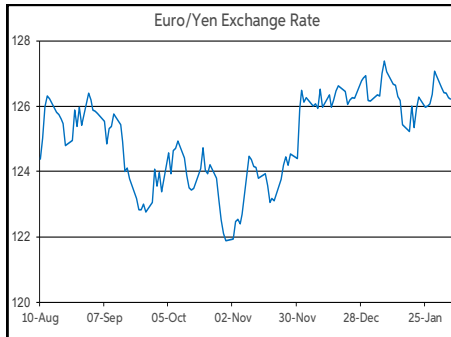
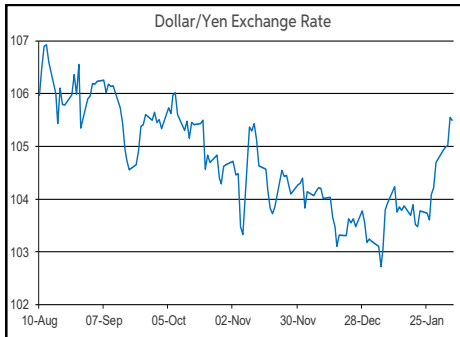
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		Equity Options	Gary Luff				

Opening Levels

Friday 05 February 2021
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8743	GBP/EUR	1.1433	USD/JPY	105.5
EUR/USD	1.1963	GBP/USD	1.3681	USD/CAD	1.2812
EUR/JPY	126.21	GBP/CAD	1.7528	USD/CHF	0.9035
EUR/SEK	10.1273	GBP/NZD	1.9104	USD/CNY	6.4742
EUR/DKK	7.4363	GBP/JPY	144.33	USD/BRL	5.4266
EUR/NOK	10.322	GBP/SEK	11.5763	USD/RUB	75.1602
EUR/CHF	1.0811	GBP/DKK	8.5031	USD/INR	72.923
EUR/AUD	1.5729	GBP/NOK	11.8002	AUD/USD	0.7605
EUR/HKD	9.273	GBP/CHF	1.236	NZD/USD	0.7159
EUR/CAD	1.5328	GBP/AUD	1.7987		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.14	-0	+5	+22
Germany	-0.46	+1	+9	+12
UK	0.44	+7	+16	+25
Ireland	-0.14	+0	+15	+16
Belgium	-0.29	+1	+7	+10
France	-0.24	+0	+8	+10
Italy	0.55	-4	+2	+3
Spain	0.13	-0	+8	+7
Portugal	0.06	+1	+4	+0
Greece	0.65	+1	+3	+2
5 Year Swap %				
US	0.57	+1	+5	+15
Eurozone	-0.41	-0	+5	+5
UK	0.37	+6	+14	+18
2 Year Swap %				
US	0.20	+3	+0	+0
Eurozone	-0.52	+0	+1	+1
UK	0.15	+4	+9	+13
10 Year Government Bond Spreads to Benchmark bps				
Ireland	32	-1	+6	+5
Belgium	17	-1	-2	-2
France	22	-1	-1	-1
Italy	100	-5	-7	-9
Spain	58	-1	-1	-5
Portugal	52	-1	-5	-12
Greece	111	-1	-6	-10

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	58.84	+0.65	+8.20	+13.59
West Texas Oil	56.19	+0.93	+10.98	+16.22
Gold \$	1792.3	-2.26	-6.29	-5.50

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