

Dollar retains softer tone

There was a more cautious tone to investor sentiment yesterday. This followed the previous day's record highs for many of the major equity markets. These indices spent yesterday trading sideways for much of the day. At the close on Wall Street, the S&P 500 was very modestly lower.

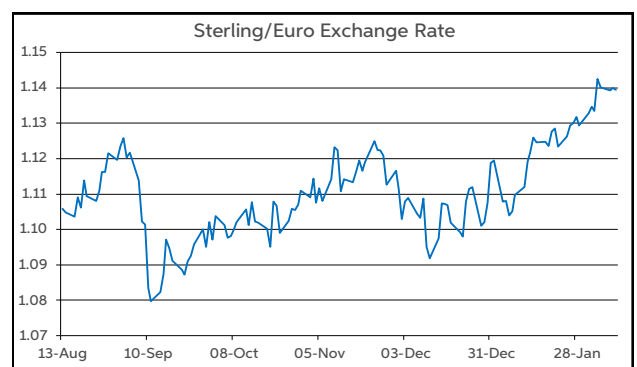
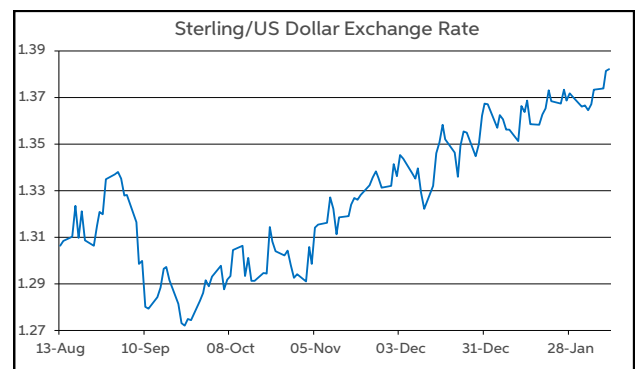
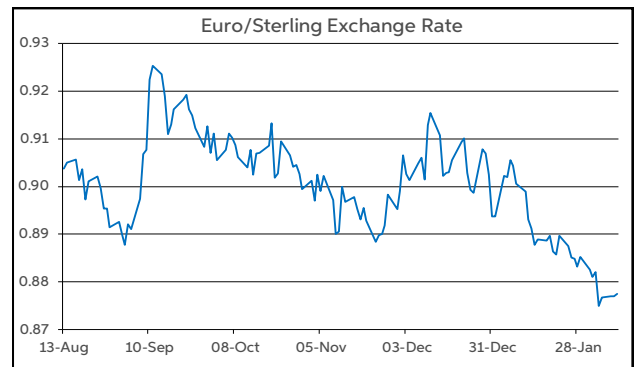
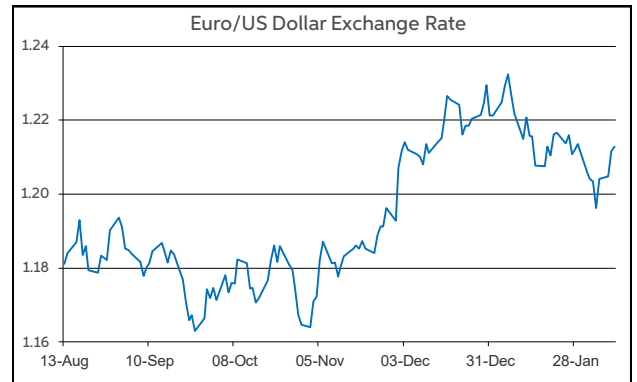
Meanwhile, benchmark sovereign bond yields were also slightly lower. This compared to Monday's action where US Treasury yields rose, testing some key support levels in the process, amid the ongoing reflation theme to markets. This included the 10 year yield rising to its highest level since March'20. Yesterday, saw the 10-year Treasury yield edge back around 2bps.

On currency markets, of the moves to register, the dollar found itself remaining under some downward pressure. Data-wise, the sparse highlights were Italian industrial output (Dec) and US small business optimism (Jan). Both of these metrics missed to the downside of expectations. However, as anticipated, the releases had no impact on the respective currencies.

So as forex trading gets underway this morning, the retention of the softer dollar tone is reflected in EUR/USD regaining the \$1.21 threshold. The weaker dollar is also evident in cable (GBP/USD) moving up into \$1.38 territory. Elsewhere on the currency front, EUR/GBP remains pinned down for a fourth straight day below the 88p level.

Looking ahead to today, there is no top tier data scheduled to be of much interest/influence to FX markets. However, speeches from the ECB President Lagarde's, BoE Governor Bailey and Fed Chair Powell may receive some attention.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2127	0.42	-0.70
EUR/GBP	0.8774	0.15	-1.82
GBP/USD	1.3818	0.27	1.06
GBP/EUR	1.1393	-0.15	1.86
USD/JPY	104.53	-0.33	1.25
EUR/JPY	126.78	0.08	0.49

* 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	0.20	0.17	0.22	0.60
EUR	0.00	-0.55	-0.54	-0.52	-0.51	-0.40
GBP	0.10	0.03	0.05	0.05	0.17	0.40

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

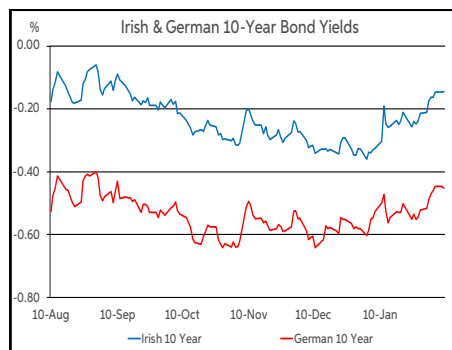
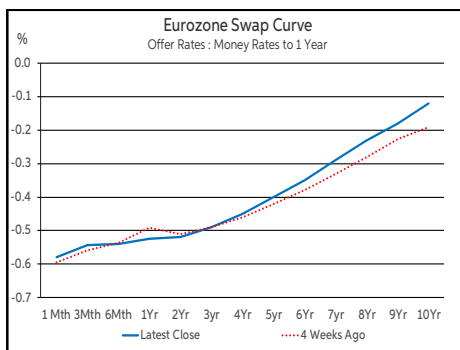
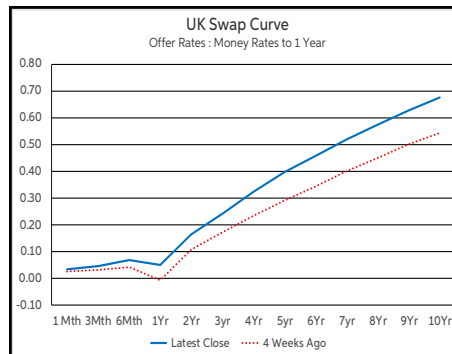
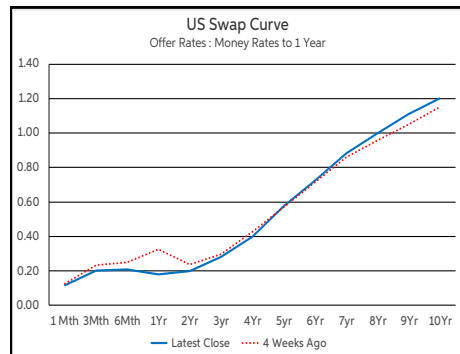
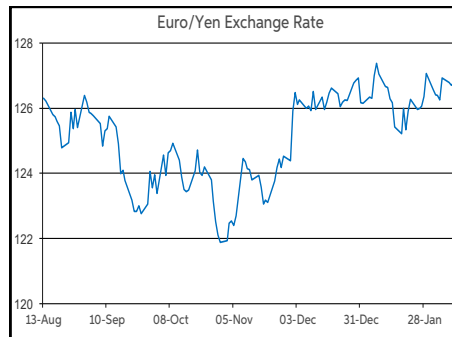
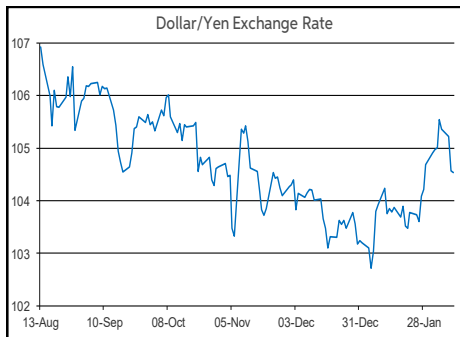
EUR/GBP	0.8774
EUR/USD	1.2127
EUR/JPY	126.78
EUR/SEK	10.084
EUR/DKK	7.4365
EUR/NOK	10.2251
EUR/CHF	1.0808
EUR/AUD	1.5658
EUR/HKD	9.4023
EUR/CAD	1.539

Sterling

GBP/EUR	1.1393
GBP/USD	1.3818
GBP/CAD	1.7536
GBP/NZD	1.9093
GBP/JPY	144.44
GBP/SEK	11.4869
GBP/DKK	8.4728
GBP/NOK	11.6515
GBP/CHF	1.2312
GBP/AUD	1.7843

Dollar

USD/JPY	104.53
USD/CAD	1.269
USD/CHF	0.8911
USD/CNY	6.4373
USD/BRL	5.3781
USD/RUB	73.82
USD/INR	72.862
AUD/USD	0.7745
NZD/USD	0.7236



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.16	-2	+3	+24
Germany	-0.45	-1	+2	+13
UK	0.46	-1	+11	+27
Ireland				
Ireland	-0.12	+0	+5	+18
Belgium	-0.27	+0	+3	+11
France	-0.22	+0	+3	+12
Italy	0.52	+1	-12	-0
Spain	0.13	+0	+2	+8
Portugal	0.06	+0	+1	+0
Greece	0.78	+10	+9	+15
5 Year Swap %				
US	0.58	+1	+1	+15
Eurozone	-0.40	+0	+3	+6
UK	0.40	-1	+11	+21
2 Year Swap %				
US	0.20	+2	-1	+1
Eurozone	-0.52	-1	+0	+1
UK	0.16	-0	+7	+14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+1	+2	+5
Belgium	18	+1	+1	-2
France	23	+1	+1	-1
Italy	97	+1	-14	-13
Spain	58	+1	-1	-5
Portugal	51	+1	-1	-12
Greece	122	+11	+7	+2

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	61.09	+0.88	+7.97	+17.93
West Texas Oil	58.34	+0.67	+9.91	+20.66
Gold \$	1837.1	+0.38	-1.00	-3.13

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.