

## Slightly softer tone to sterling

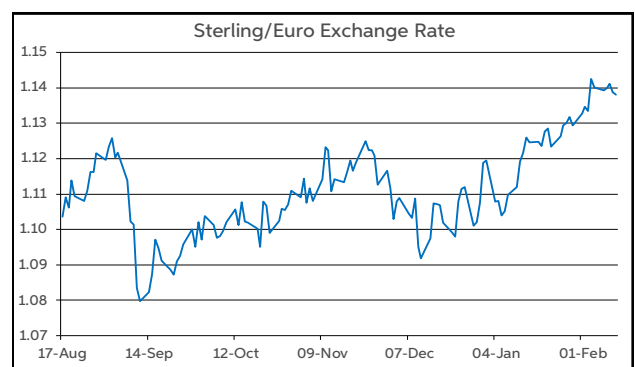
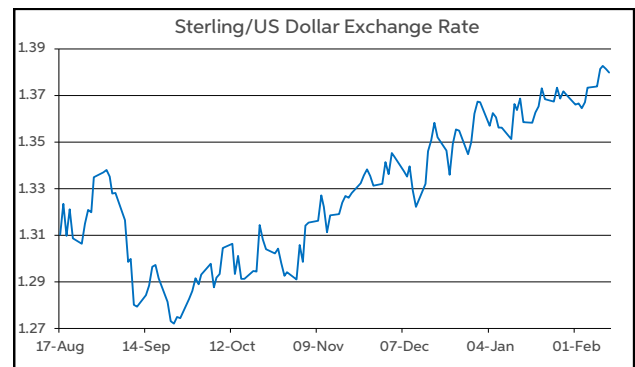
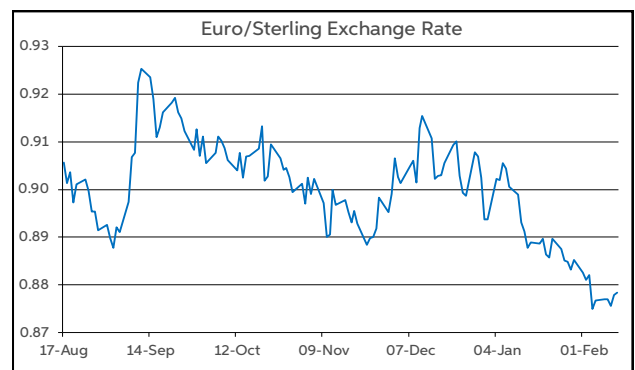
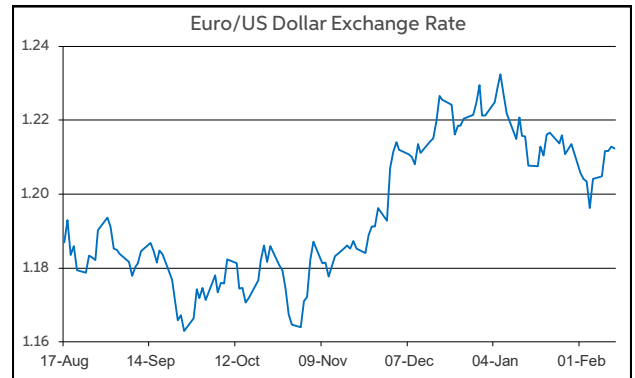
The action across financial markets remained relatively subdued yesterday. The Eurostoxx 50 finished the day up 0.6%, while across the Atlantic the S&P 500 edged slightly higher also, up 0.2%. On bond markets, Italian BTPs continued to outperform, as the spread between 10Yr BTPs and Bunds moved tighter. Currency-wise, the main pairs remained range bound, although, sterling gave back some ground against the euro and the dollar.

Data-wise, the only release of note were US jobless claims data. Initial claims fell to 793k from an upwardly revised figure of 812k the week before. Although, this was above the consensus forecast of 760k, and remained much higher than the worst reading following the 2008 recession, of 665k. On Wednesday, Fed Chair Powell reiterated that the labour market recovery still had a long way to run in the US. Yesterdays claims data is the latest in a slew of jobs market indicators to give credence to this view. However, the release did not impact the dollar.

In level terms, the slightly softer tone to sterling is reflected in EUR/GBP moving up towards the 88p handle. Cable (GBP/USD) has also edged back below the \$1.38 threshold. Meanwhile, EUR/USD remains tightly range bound, continuing to operate in the bottom half of the \$1.21-1.22 band.

Already this morning, UK Q4 GDP has beat expectations, rising by 1% in the quarter. However, this means that output fell by a record 9.9% overall in 2020. As GDP is a lagging indicator though, the release has not impacted sterling so far in early trading. The only other noteworthy release today is the University of Michigan measure of US consumer sentiment for February. The forecast is for the index to edge higher but remain at a subdued level.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2124	-0.01	-0.73
EUR/GBP	0.8788	0.37	-1.67
GBP/USD	1.3796	-0.35	0.90
GBP/EUR	1.1376	-0.36	1.70
USD/JPY	104.81	0.21	1.52
EUR/JPY	127.08	0.21	0.73

\* 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	0.11	0.20	0.17	0.21	0.59
EUR	0.00	-0.55	-0.54	-0.53	-0.51	-0.40
GBP	0.10	0.03	0.05	0.05	0.17	0.39

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

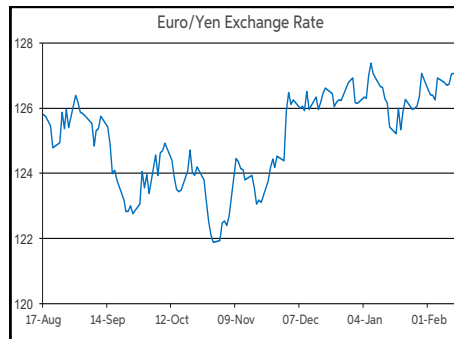
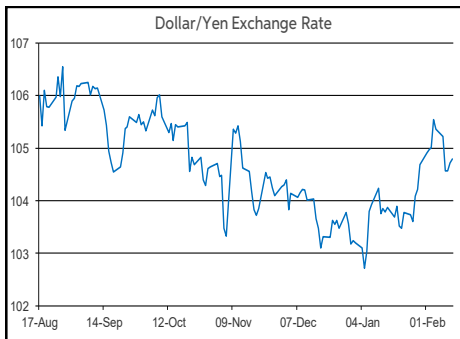
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

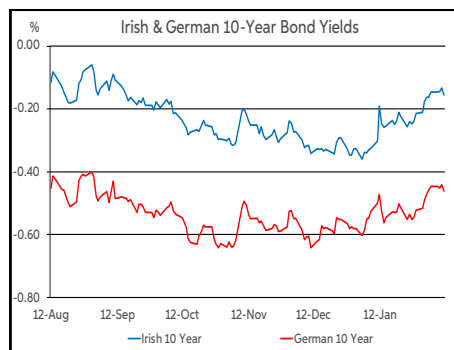
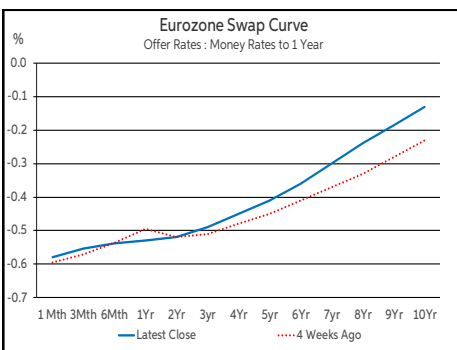
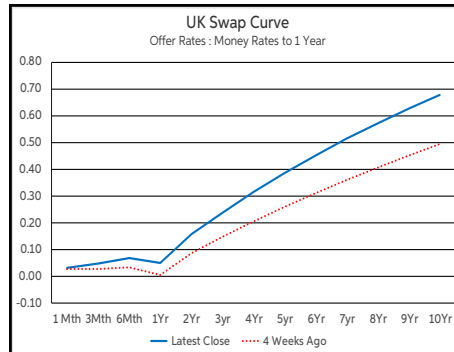
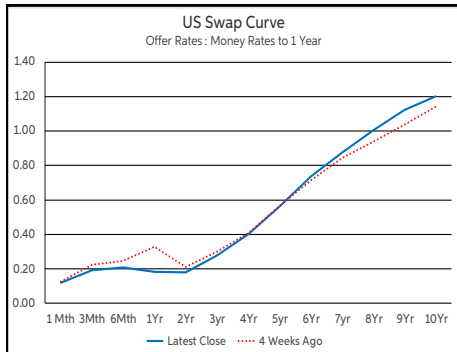
Friday 12 February 2021  
07:05 am



Euro		Sterling		Dollar	
EUR/GBP	0.8788	GBP/EUR	1.1376	USD/JPY	104.81
EUR/USD	1.2124	GBP/USD	1.3796	USD/CAD	1.2726
EUR/JPY	127.08	GBP/CAD	1.7557	USD/CHF	0.8903
EUR/SEK	10.1067	GBP/NZD	1.9123	USD/CNY	6.4542
EUR/DKK	7.4374	GBP/JPY	144.61	USD/BRL	5.3665
EUR/NOK	10.3027	GBP/SEK	11.4978	USD/RUB	73.905
EUR/CHF	1.0796	GBP/DKK	8.4611	USD/INR	72.785
EUR/AUD	1.5658	GBP/NOK	11.7205	AUD/USD	0.7741
EUR/HKD	9.4003	GBP/CHF	1.2282	NZD/USD	0.7211
EUR/CAD	1.5432	GBP/AUD	1.7819		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.16	+4	+4	+25
Germany	-0.46	-2	+9	+12
UK	0.47	-2	+18	+28
<b>5 Year Swap %</b>				
US	0.56	+2	+3	+14
Eurozone	-0.41	-0	+5	+5
UK	0.39	-1	+13	+20
<b>2 Year Swap %</b>				
US	0.18	-1	-3	-1
Eurozone	-0.52	+0	+1	+1
UK	0.16	-1	+8	+13
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	33	-0	+1	+5
Belgium	18	+1	+1	-1
France	23	-0	+1	-1
Italy	91	-3	-25	-18
Spain	58	-1	-3	-5
Portugal	53	+0	-3	-11
Greece	122	-1	-2	+1



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	61.14	-0.54	+8.37	+18.03
West Texas Oil	58.22	-0.80	+8.88	+20.41
Gold \$	1825.4	-0.91	-1.14	-3.75

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