

## Softer tone to the dollar

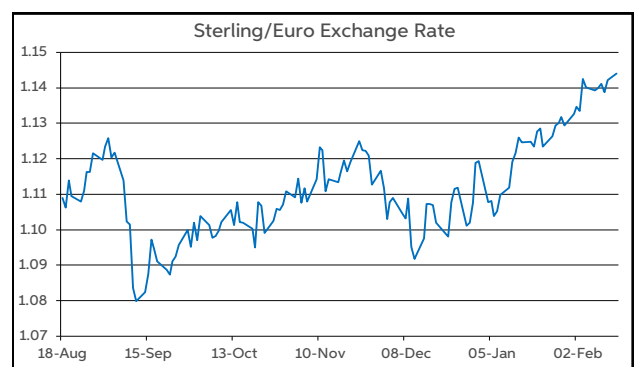
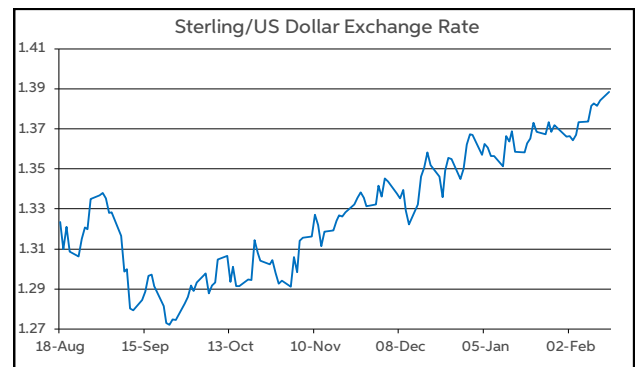
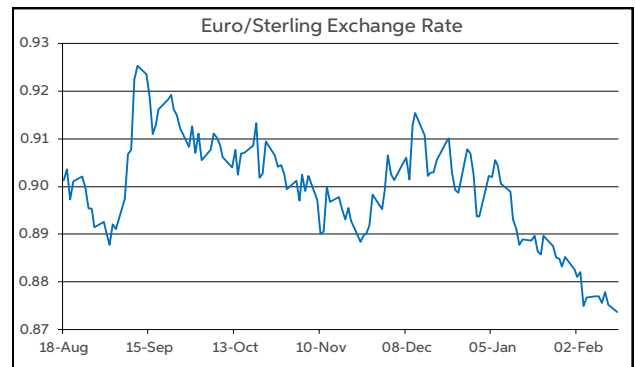
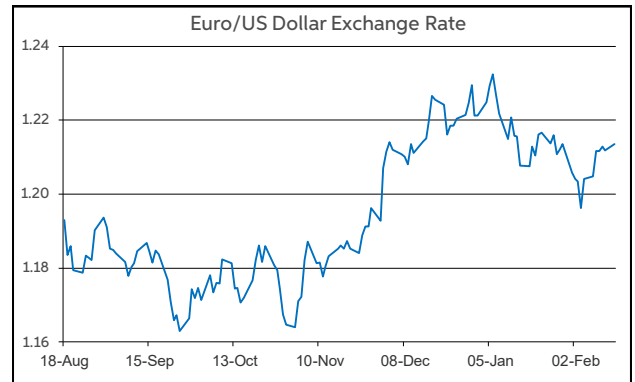
Investor sentiment remained in a generally upbeat mood last week. Some of the main equity indices reached record highs, although the gains were more modest compared to the previous week. At the same time, we also saw bond yields continue to move higher. This included US Treasury yields testing some key support levels. This was against the backdrop of expectations of stronger economic growth and the potential for rising inflationary pressures.

On the currency front, over the course of the week, the dollar came under some downward pressure. This was reflected in the currency losing some ground to the euro and sterling. The weaker tone to the dollar may have in part been due to the market pondering the negative impact of the proposed fiscal stimulus measures on an already sizeable US budget deficit. Meanwhile, sterling continued to be supported by UK vaccination progress.

In level terms, EUR/USD starts this week back above the \$1.21 threshold. Meantime, the combination of a softer dollar and a firmer tone to sterling sees cable (GBP/USD) changing hands in the upper half of the \$1.38-1.39 range. Elsewhere, EUR/GBP opens this morning pinned down below the 88p level, with the pair trading just below the midpoint of 87-88p.

Looking ahead to this week, the main data highlights are the flash PMIs for February from the US, Eurozone and UK. These will provide a timely update on how the economies are adapting to tighter restrictions on activity. US and UK retail sales data for January are also due. Overall though, unless any of the above data surprise significantly versus expectations, the impact on the respective currencies may be relatively limited.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2135	0.04	-0.64
EUR/GBP	0.8738	-0.57	-2.23
GBP/USD	1.3886	0.63	1.56
GBP/EUR	1.144	0.57	2.28
USD/JPY	105.11	0.24	1.81
EUR/JPY	127.55	0.28	1.10

\* 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	0.19	0.17	0.20	0.57
EUR	0.00	-0.55	-0.55	-0.53	-0.51	-0.37
GBP	0.10	0.03	0.05	0.05	0.17	0.42

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

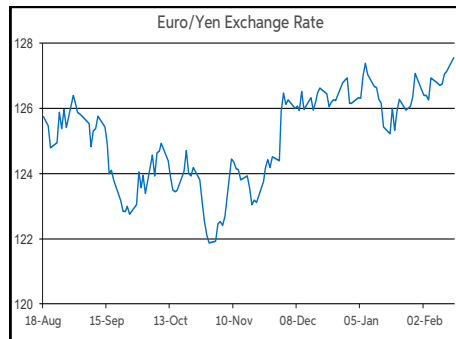
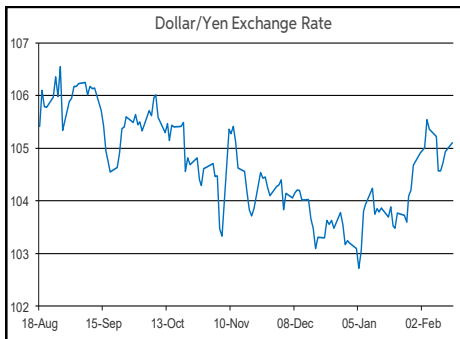
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

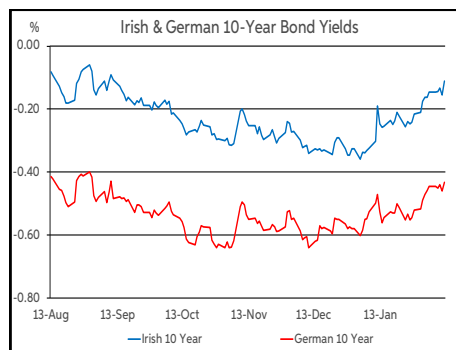
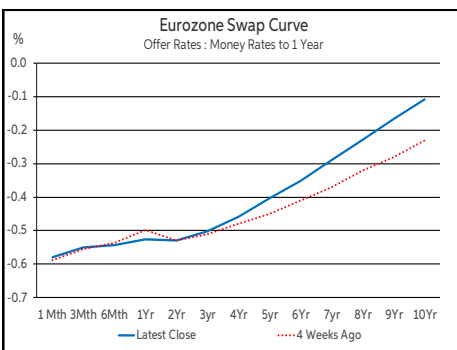
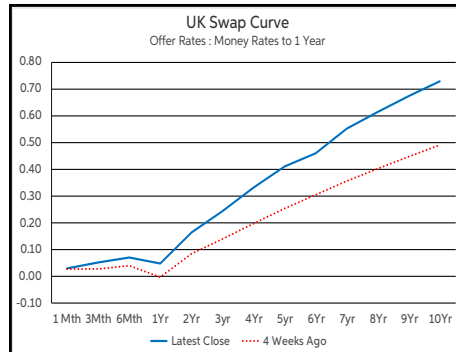
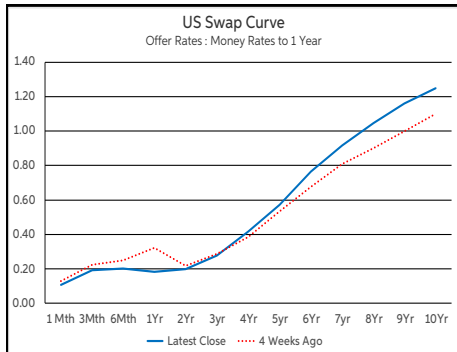
Monday 15 February 2021  
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8739	GBP/EUR	1.144	USD/JPY	105.11
EUR/USD	1.2136	GBP/USD	1.3886	USD/CAD	1.2669
EUR/JPY	127.57	GBP/CAD	1.7592	USD/CHF	0.8909
EUR/SEK	10.0512	GBP/NZD	1.9178	USD/CNY	6.4542
EUR/DKK	7.4368	GBP/JPY	145.96	USD/BRL	5.3698
EUR/NOK	10.2203	GBP/SEK	11.4943	USD/RUB	73.3635
EUR/CHF	1.0814	GBP/DKK	8.5088	USD/INR	72.615
EUR/AUD	1.5601	GBP/NOK	11.694	AUD/USD	0.7776
EUR/HKD	9.4072	GBP/CHF	1.2373	NZD/USD	0.7237
EUR/CAD	1.5378	GBP/AUD	1.785		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.21	+5	+12	+29
Germany	-0.43	+3	+11	+15
UK	0.52	+5	+23	+32
<b>5 Year Swap %</b>				
US	0.57	+1	+8	+15
Eurozone	-0.40	+1	+6	+6
UK	0.41	+2	+16	+22
<b>2 Year Swap %</b>				
US	0.20	+0	+1	+0
Eurozone	-0.53	-1	+1	-0
UK	0.17	+1	+9	+14
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	34	+2	+3	+7
Belgium	30	+12	+12	+11
France	23	+1	+1	-0
Italy	92	+0	-21	-18
Spain	59	+1	-1	-4
Portugal	54	+1	-1	-9
Greece	118	-3	-3	-2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	62.43	+2.11	+13.30	+20.52
West Texas Oil	59.5	+2.20	+13.88	+23.06
Gold \$	1823.5	-0.10	-0.17	-3.85

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