

Risk-on tone to start the week

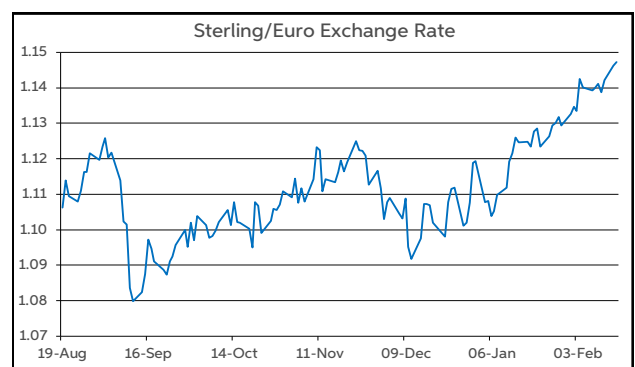
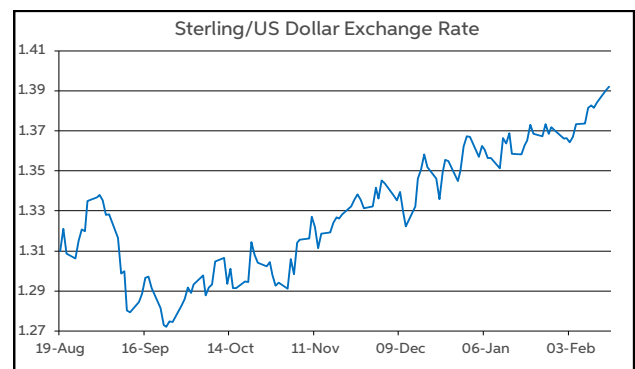
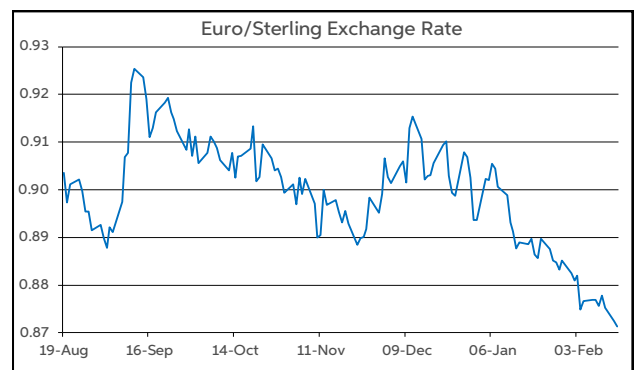
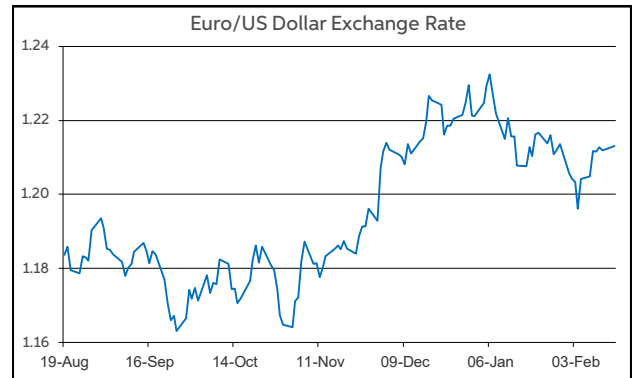
The positive tone to investor sentiment from last week carried over to proceedings on markets yesterday. However, a sparse macro calendar in Europe provided little in the way of new direction for investors, while there was a market holiday in the US also. The upbeat mood stemmed from US coronavirus cases falling to their lowest level since November, the number of people having received a vaccine in the UK rising to 15 million, and better than expected Q4 GDP in Japan over the weekend.

The risk-on tone was evident on bond markets. US Treasury yields continued to rise, with the 10Yr yield breaking above 1.2%, the upper band of its recent trading range. Benchmark European yields were also 4-5bps higher, with the yield on the 10Yr German bund closing above -0.4%, for the first time since last August. Elsewhere, the Eurostoxx 50 closed up 1.2%, while the FTSE 100 outperformed, gaining 2.5%. However, the action on forex markets was muted, with the main pairs remaining tightly range bound.

Of the limited moves to note, sterling continued to hold the upper hand against both the euro and the dollar. This is reflected in GBP/USD regaining the \$1.39 threshold for the first time since April 2018. EUR/GBP also edged lower, and opens this morning just above the 87p mark. Meanwhile, EUR/USD is continuing to change hands in the bottom half of the \$1.21-1.22 range.

Turning to the day ahead, the main highlight will be the German ZEW for February. The forecast is for the index to fall from 61.8 to 59.6 as restrictions on activity were extended in the month. In the US, the February reading of the NY Fed manufacturing index will feature. However, barring any major surprises, the releases are unlikely to impact on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2131	-0.04	-0.67
EUR/GBP	0.8715	-0.17	-2.48
GBP/USD	1.3919	0.15	1.80
GBP/EUR	1.1472	0.17	2.55
USD/JPY	105.49	0.43	2.18
EUR/JPY	127.97	0.37	1.43

* 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	0.22	0.64
EUR	0.00	-0.55	-0.55	-0.52	-0.51	-0.37
GBP	0.10	0.03	0.05	0.05	0.17	0.44

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

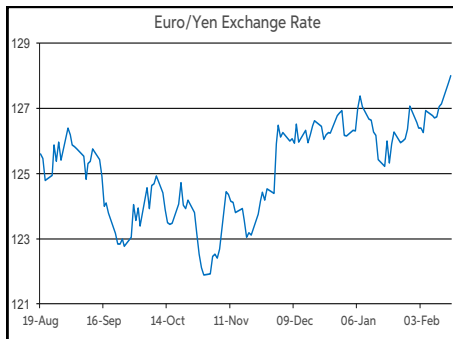
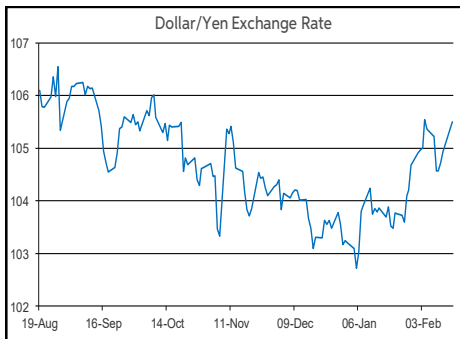
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

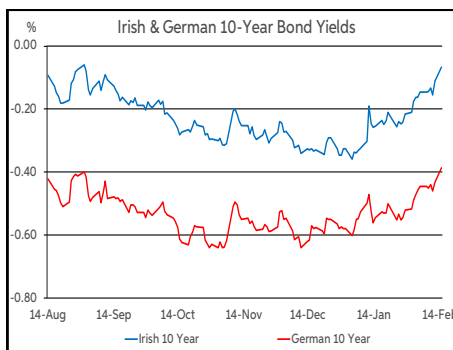
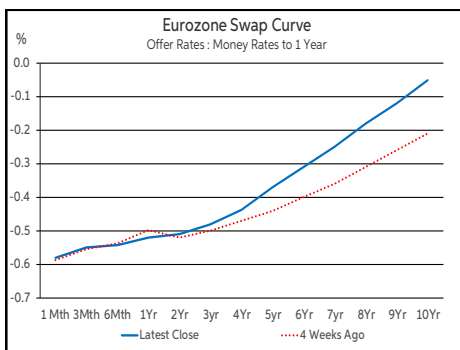
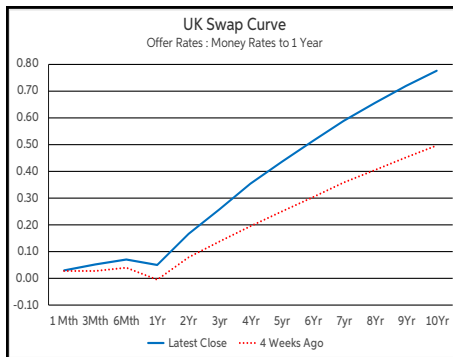
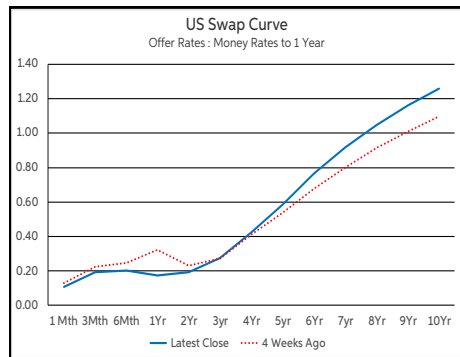
Tuesday 16 February 2021
07:45 am



Euro		Sterling		Dollar	
EUR/GBP	0.8715	GBP/EUR	1.1472	USD/JPY	105.5
EUR/USD	1.213	GBP/USD	1.3919	USD/CAD	1.2639
EUR/JPY	127.96	GBP/CAD	1.7593	USD/CHF	0.8898
EUR/SEK	10.0459	GBP/NZD	1.921	USD/CNY	6.4542
EUR/DKK	7.4362	GBP/JPY	146.85	USD/BRL	5.3698
EUR/NOK	10.168	GBP/SEK	11.5277	USD/RUB	73.38
EUR/CHF	1.0793	GBP/DKK	8.5313	USD/INR	72.76
EUR/AUD	1.5597	GBP/NOK	11.6625	AUD/USD	0.7775
EUR/HKD	9.4029	GBP/CHF	1.2385	NZD/USD	0.7243
EUR/CAD	1.5333	GBP/AUD	1.7895		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.21	+5	+12	+29
Germany	-0.38	+5	+14	+19
UK	0.57	+5	+28	+38
Ireland	-0.05	+4	+16	+25
Belgium	-0.08	+5	+27	+30
France	-0.15	+4	+15	+19
Italy	0.53	+4	-8	+1
Spain	0.20	+4	+12	+15
Portugal	0.16	+5	+13	+10
Greece	0.77	+2	+7	+15
5 Year Swap %				
US	0.59	+1	+8	+16
Eurozone	-0.37	+3	+8	+9
UK	0.44	+3	+19	+25
2 Year Swap %				
US	0.19	+2	-1	+0
Eurozone	-0.51	+1	+2	+2
UK	0.17	+1	+10	+14
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	-1	+2	+6
Belgium	30	+0	+13	+11
France	23	-0	+1	-0
Italy	91	-0	-22	-18
Spain	59	-0	-2	-4
Portugal	54	+0	-2	-9
Greece	116	-2	-7	-5



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	63.3	+1.39	+15.62	+22.20
West Texas Oil	59.5	+2.20	+13.88	+23.06
Gold \$	1818.5	-0.27	-1.00	-4.11

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