

Rising US yields, dollar firms

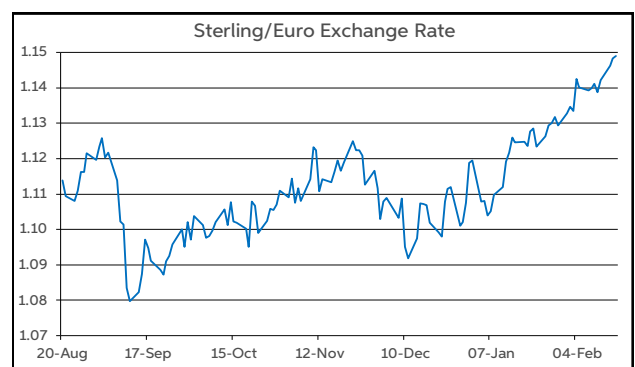
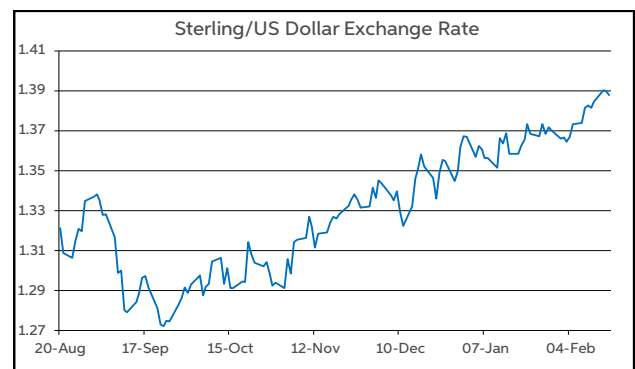
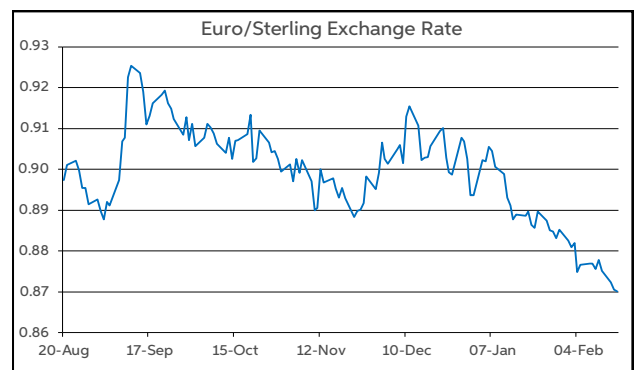
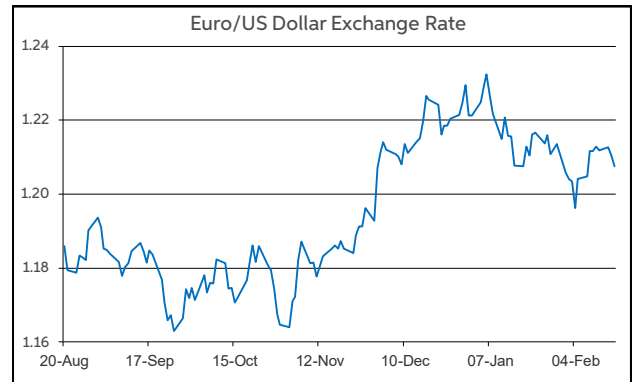
There was some notable action on bond markets yesterday, with yields continuing to move higher further out along the maturity curve. Some of the standout action in this regard came in US Treasuries. The ten year US yield rose above 1.3%, hitting a one-year high and is up around 40bps year to date. Meanwhile the 30-year yield rose further above the 2% mark. The rising US yields coincided with some upward moves in the dollar. Elsewhere, the action on equity markets was muted yesterday.

Data-wise, the calendar did not warrant much attention. In the Eurozone, the second reading of Q4 GDP was revised slightly higher to -0.6% q/q (was -0.7%). Meanwhile, there was an upside surprise from the German ZEW survey of investor sentiment for February (71.2 vs. f'cast for 59.6). The only US release of note was the Empire/NY Fed manufacturing survey for February which also printed ahead of expectations. As expected none of these releases generated any reaction amongst the respective currencies.

As trading gets underway this morning, the opening levels for the key dollar pairs reflect the firmer tone to the currency over the past 24 hours. The EUR/USD pair has been unable to hold onto the \$1.21 threshold and is trading in the upper half of \$1.20-1.21. Meantime, GBP/USD has edged back below the \$1.39 mark. Elsewhere, EUR/GBP is hovering down at the 87p level.

Today's macro diary features a broad range of indicators for the US economy. This includes retail sales and industrial production (both Jan) as well as homebuilder sentiment (Feb). The January Fed meeting minutes are also due (after close in Europe). However, barring any major surprises from the schedule, the impact on the dollar could be limited.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2074	-0.51	-1.14
EUR/GBP	0.8699	-0.10	-2.66
GBP/USD	1.3878	-0.39	1.50
GBP/EUR	1.1491	0.10	2.74
USD/JPY	106.04	0.57	2.71
EUR/JPY	128.05	0.06	1.50

* 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	0.23	0.71
EUR	0.00	-0.55	-0.55	-0.52	-0.50	-0.34
GBP	0.10	0.04	0.06	0.06	0.19	0.47

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

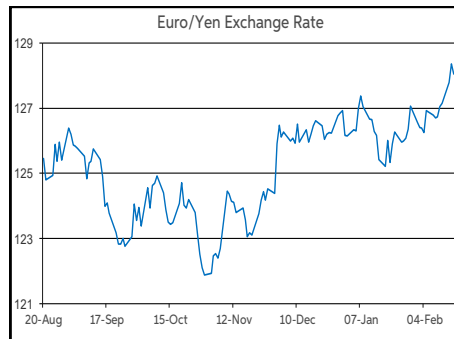
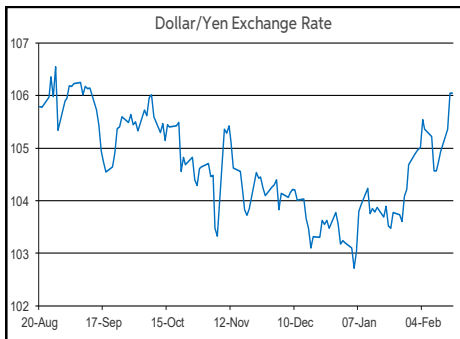
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

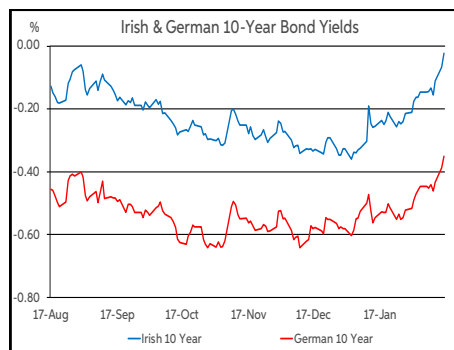
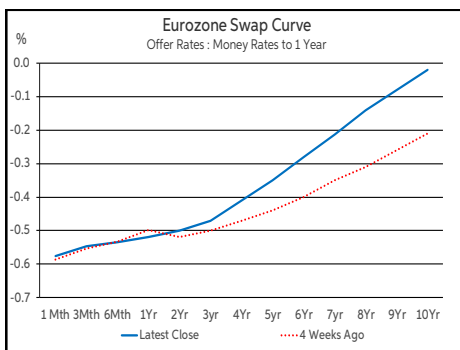
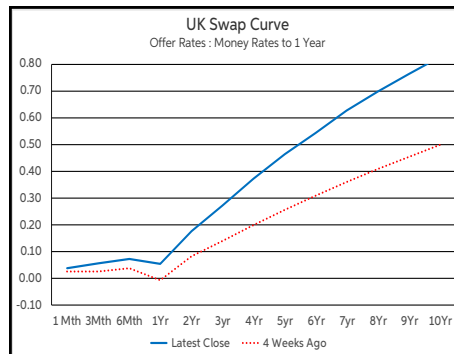
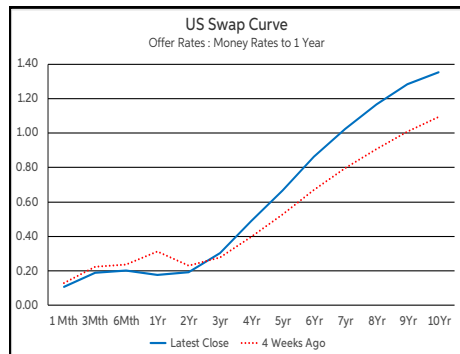
Wednesday 17 February 2021
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8699	GBP/EUR	1.1491	USD/JPY	106.04
EUR/USD	1.2074	GBP/USD	1.3878	USD/CAD	1.2702
EUR/JPY	128.05	GBP/CAD	1.763	USD/CHF	0.894
EUR/SEK	10.0431	GBP/NZD	1.9306	USD/CNY	6.4542
EUR/DKK	7.4366	GBP/JPY	147.16	USD/BRL	5.3695
EUR/NOK	10.232	GBP/SEK	11.5396	USD/RUB	73.74
EUR/CHF	1.0797	GBP/DKK	8.5455	USD/INR	72.861
EUR/AUD	1.5583	GBP/NOK	11.7575	AUD/USD	0.7747
EUR/HKD	9.3601	GBP/CHF	1.2409	NZD/USD	0.7185
EUR/CAD	1.534	GBP/AUD	1.7905		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.31	+10	+22	+39
Germany	-0.35	+4	+18	+23
UK	0.62	+5	+33	+43
Ireland				
Ireland	0.00	+5	+22	+30
Belgium	-0.05	+3	+30	+33
France	-0.12	+3	+18	+22
Italy	0.57	+4	+1	+5
Spain	0.24	+3	+16	+18
Portugal	0.19	+3	+17	+13
Greece	0.77	-0	+9	+14
5 Year Swap %				
US	0.67	+8	+17	+25
Eurozone	-0.35	+2	+10	+11
UK	0.46	+3	+21	+27
2 Year Swap %				
US	0.19	-0	-1	-0
Eurozone	-0.50	+1	+3	+3
UK	0.18	+1	+10	+15
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	+1	+4	+8
Belgium	30	-0	+12	+11
France	23	-0	+1	-1
Italy	92	+1	-17	-18
Spain	58	-0	-1	-5
Portugal	54	-1	-0	-10
Greece	112	-4	-9	-8



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	63.35	+0.08	+13.33	+22.30
West Texas Oil	60.07	+0.96	+13.62	+24.24
Gold \$	1794.3	-1.33	-2.45	-5.39

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