

## Dollar continues to edge higher

Investor sentiment was in a cautious mood yesterday. This was evident in most of the main equity indices moving sideways for much of the day. The recent sell-off/rising yields on bond markets took a pause yesterday, with yields generally down 3-5bps. However, on the currency front, the dollar continued to grind higher against the euro and sterling.

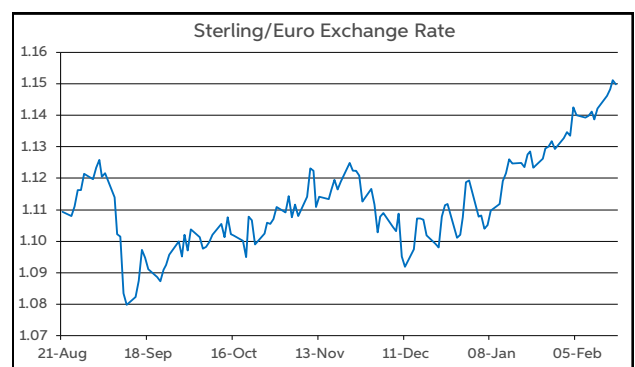
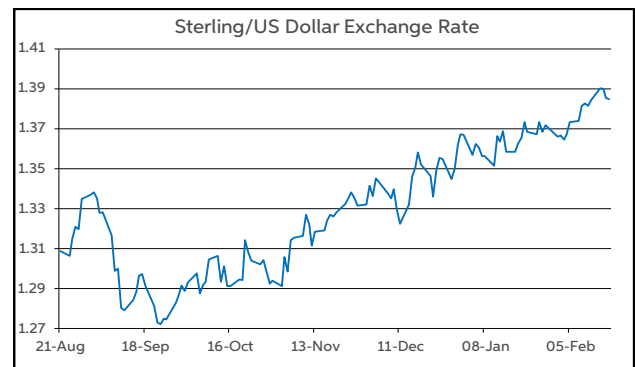
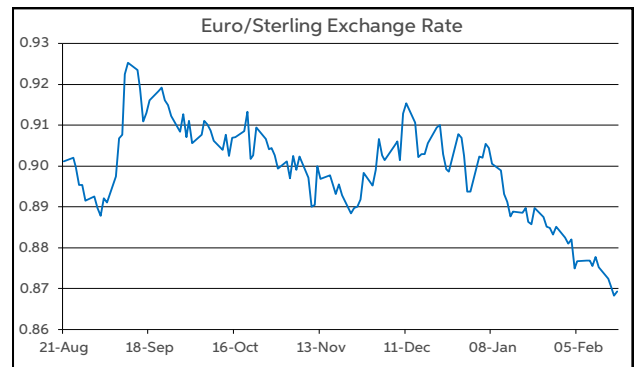
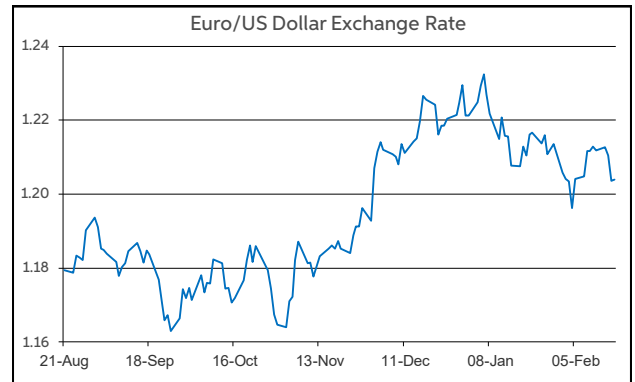
Data-wise, the focus was centred on the US economy with a raft of data out. The standout release was retail sales for January. Sales well exceeded consensus forecasts with a sharp 5.3% rise in the month (f'cast was for +1.1%), boosted by purchases of 'big ticket' items. Industrial production (Jan) and homebuilder sentiment (Feb) also printed ahead of expectations.

Meanwhile, in keeping with the recent 'reflation' theme on markets, there was a jump in core producer price inflation in January. Overall, from a currency viewpoint, yesterday's US releases created a supportive backdrop for the dollar, helping it to build on its gains from the previous day.

The gains for the dollar are reflected in EUR/USD opening this morning back down in the lower half of \$1.20-1.21 and GBP/USD trading at the midpoint of \$1.38-1.39. Elsewhere, EUR/GBP starts the European session below the 87p threshold, having traded as low as 86.8p yesterday.

Looking ahead to today, from a euro perspective, the main releases of interest are the ECB meeting account (Jan) and the flash reading of EC consumer confidence (Feb). Meanwhile, for the dollar, the key highlights are housing starts (Jan), Philly Fed survey (Feb) and weekly jobless claims figures.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2041	-0.42	-1.41
EUR/GBP	0.8695	-0.10	-2.71
GBP/USD	1.3849	-0.30	1.29
GBP/EUR	1.1499	0.10	2.78
USD/JPY	105.87	0.02	2.55
EUR/JPY	127.49	-0.41	1.05

\* 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	0.18	0.16	0.21	0.69
EUR	0.00	-0.55	-0.54	-0.52	-0.50	-0.36
GBP	0.10	0.04	0.06	0.06	0.18	0.44

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

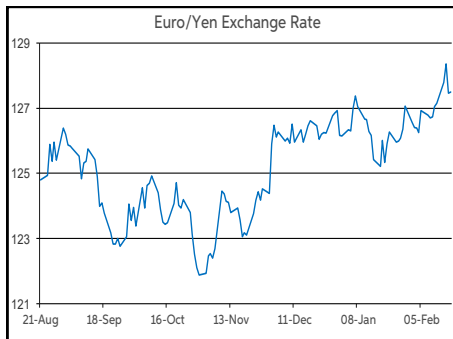
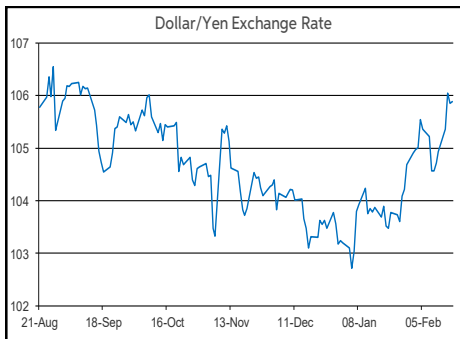
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

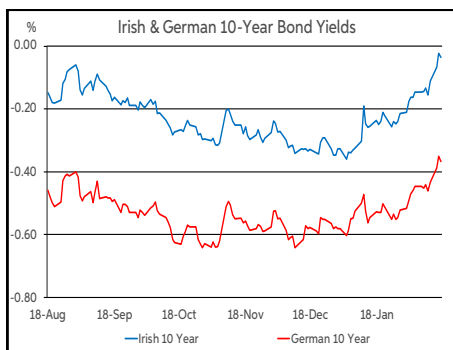
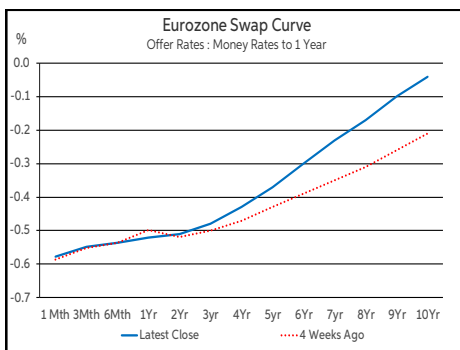
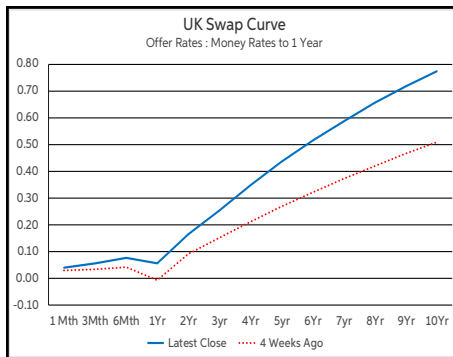
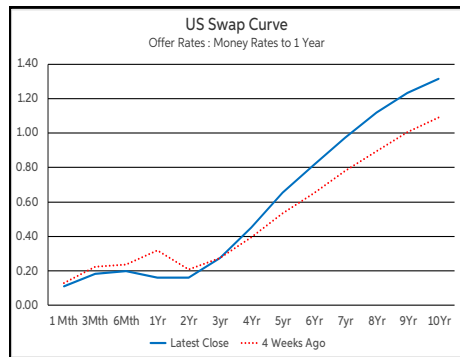
Thursday 18 February 2021  
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8695	GBP/EUR	1.1499	USD/JPY	105.87
EUR/USD	1.2041	GBP/USD	1.3849	USD/CAD	1.2709
EUR/JPY	127.49	GBP/CAD	1.7593	USD/CHF	0.899
EUR/SEK	10.03	GBP/NZD	1.9276	USD/CNY	6.4595
EUR/DKK	7.4364	GBP/JPY	146.62	USD/BRL	5.4105
EUR/NOK	10.2446	GBP/SEK	11.5301	USD/RUB	73.803
EUR/CHF	1.0827	GBP/DKK	8.5506	USD/INR	72.749
EUR/AUD	1.5531	GBP/NOK	11.7759	AUD/USD	0.7753
EUR/HKD	9.3361	GBP/CHF	1.245	NZD/USD	0.7184
EUR/CAD	1.5302	GBP/AUD	1.7861		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.28	-3	+21	+37
Germany	-0.36	-1	+17	+21
UK	0.57	-5	+27	+38
<b>5 Year Swap %</b>				
US	0.65	+0	+16	+23
Eurozone	-0.37	-2	+7	+9
UK	0.44	-3	+17	+25
<b>2 Year Swap %</b>				
US	0.16	-4	-4	-3
Eurozone	-0.51	-1	+2	+2
UK	0.17	-1	+8	+14
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	35	+0	+4	+8
Belgium	30	+0	+12	+11
France	23	+0	+0	-0
Italy	95	+3	-17	-15
Spain	65	+7	+4	+2
Portugal	56	+2	-1	-8
Greece	118	+6	-1	-2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	64.34	+1.56	+14.73	+24.21
West Texas Oil	61.09	+1.70	+14.92	+26.35
Gold \$	1776.3	-1.01	-5.06	-6.34

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