

Sterling continues to gain ground

There was a more cautious tone to risk appetite last week. This was reflected in some of the main equity indices registering modest losses over the period. The more notable action continued to come from bond markets, with yields maintaining their upward trend.

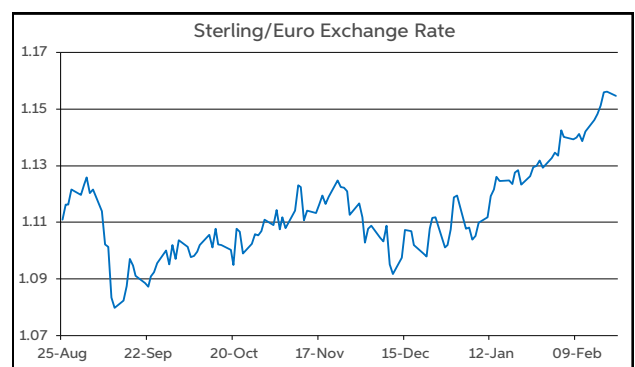
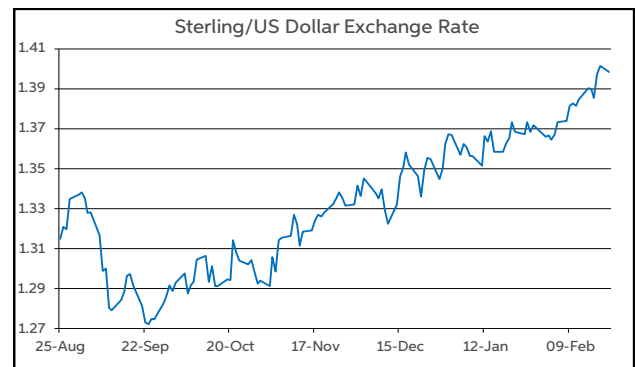
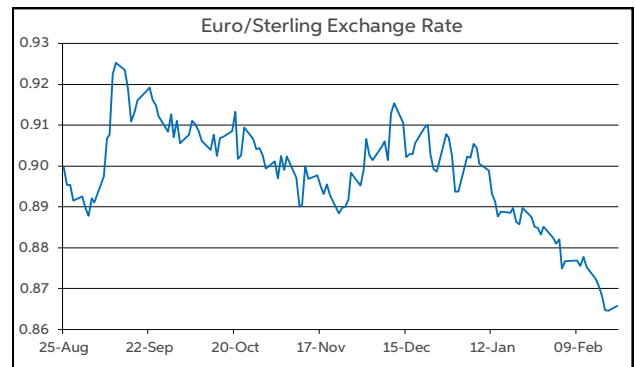
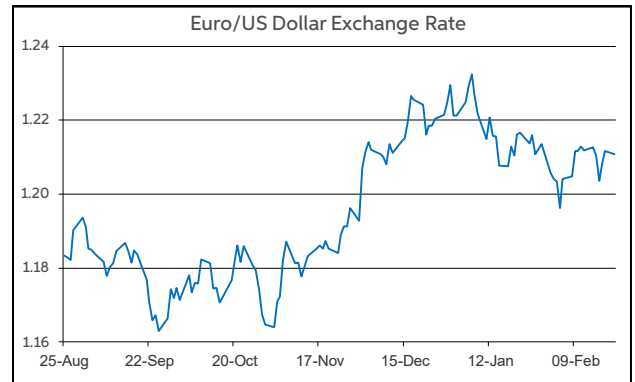
This 'reflation' theme on expectations of stronger growth and risks of rising inflationary pressures saw the US 10 year Treasury yield moving up through the 1.2% level to above the 1.3% mark. Overall, ten year sovereign benchmark yields were up 10-20bps on the week, with some spread widening noticeable in the Eurozone.

Meanwhile, on currency markets, sterling gathered some further upward momentum. This was evident in the gains it registered against both the euro and the dollar. In level terms, EUR/GBP moved down below the 87p mark. At the same time, GBP/USD tested above \$1.40. Elsewhere on the currency front, the EUR/USD pair traded in a narrow range around the \$1.21 level.

Looking ahead to this week, the main Euro-related data releases are the German Ifo and EC sentiment indices for February. For sterling, there is a raft of labour market data for December. Meantime, from a dollar viewpoint, a busy flow of data due include durable goods orders, new home sales, personal income/spending, core PCE inflation (all Jan) as well as consumer confidence (Feb).

However, of more interest may be Fed Chair Powell's semi-annual testimony to Congress, which poses some event risk for the dollar. His comments will be carefully scrutinized for the Fed's views on the economic and inflationary outlook.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2106	0.10	-0.88
EUR/GBP	0.8656	0.02	-3.14
GBP/USD	1.3982	0.07	2.26
GBP/EUR	1.1548	-0.02	3.25
USD/JPY	105.71	0.13	2.39
EUR/JPY	127.97	0.22	1.43

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.12	0.18	0.16	0.22	0.75
EUR	0.00	-0.55	-0.54	-0.53	-0.49	-0.31
GBP	0.10	0.04	0.06	0.07	0.20	0.53

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 22 February 2021
07:21 am



Euro

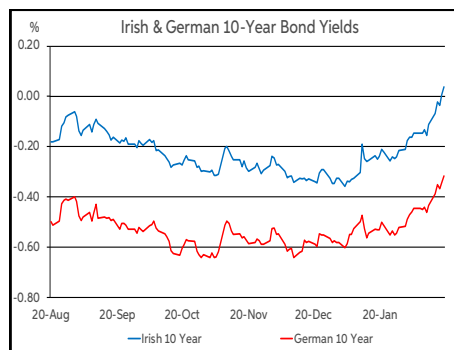
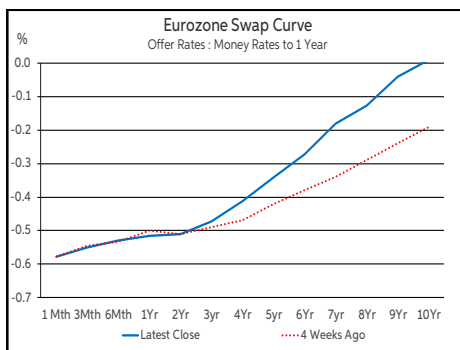
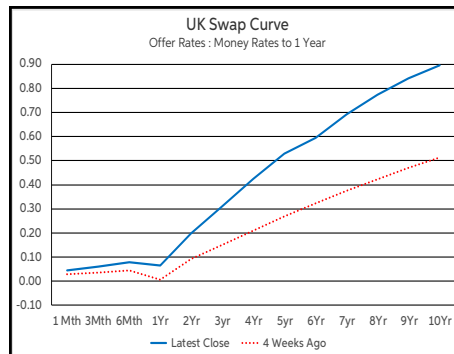
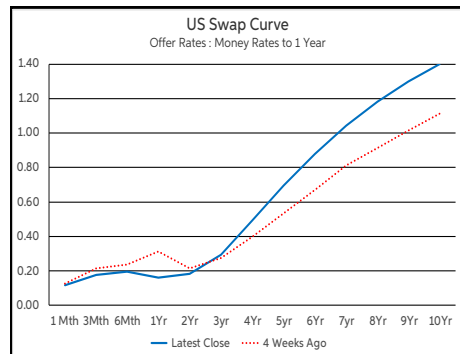
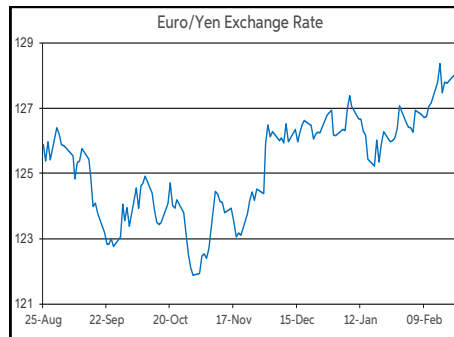
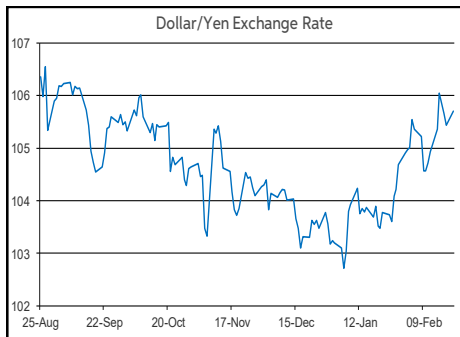
EUR/GBP	0.8656
EUR/USD	1.2106
EUR/JPY	127.97
EUR/SEK	10.038
EUR/DKK	7.4363
EUR/NOK	10.2829
EUR/CHF	1.088
EUR/AUD	1.5394
EUR/HKD	9.385
EUR/CAD	1.529

Sterling

GBP/EUR	1.1548
GBP/USD	1.3982
GBP/CAD	1.7657
GBP/NZD	1.9173
GBP/JPY	147.8
GBP/SEK	11.589
GBP/DKK	8.5877
GBP/NOK	11.8719
GBP/CHF	1.2566
GBP/AUD	1.7779

Dollar

USD/JPY	105.71
USD/CAD	1.2629
USD/CHF	0.8986
USD/CNY	6.4652
USD/BRL	5.3823
USD/RUB	74.4377
USD/INR	72.469
AUD/USD	0.7862
NZD/USD	0.7288



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.34	+4	+25	+42
Germany	-0.31	+3	+20	+26
UK	0.70	+8	+40	+50
Ireland				
Ireland	0.06	+3	+25	+36
Belgium	0.00	+2	+33	+39
France	-0.06	+2	+22	+28
Italy	0.63	-3	-9	+10
Spain	0.36	+2	+24	+31
Portugal	0.25	+0	+17	+19
Greece	0.89	+2	+20	+26
5 Year Swap %				
US	0.70	+5	+19	+27
Eurozone	-0.34	+1	+9	+12
UK	0.53	+5	+26	+34
2 Year Swap %				
US	0.18	+1	-0	-1
Eurozone	-0.51	-1	+1	+2
UK	0.20	+1	+12	+17
10 Year Government Bond Spreads to Benchmark bps				
Ireland	37	+0	+5	+10
Belgium	32	-1	+13	+13
France	25	-1	+2	+2
Italy	94	-6	-29	-16
Spain	68	-1	+4	+5
Portugal	56	-3	-3	-7
Greece	121	-1	-1	+0

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	62.91	-1.60	+13.54	+21.45
West Texas Oil	59.12	-2.12	+13.08	+22.28
Gold \$	1782.3	+0.38	-3.79	-6.02

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