

Sterling edges lower

There was a positive tone to investor sentiment yesterday, as US regulators stated that the Johnson & Johnson Covid-19 vaccine is safe and effective. The vaccine is expected to be given emergency authorisation in the US on Friday, making it the first one shot vaccine to be approved for use. At the close on Wall Street last night the S&P 500 was up 1.1%, while in Europe, the Eurostoxx 50 gained 0.5%. Currency-wise, sterling edged back from its recent highs, losing ground against the euro and the dollar.

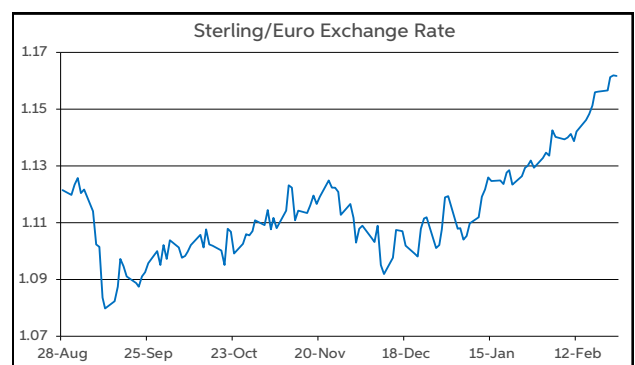
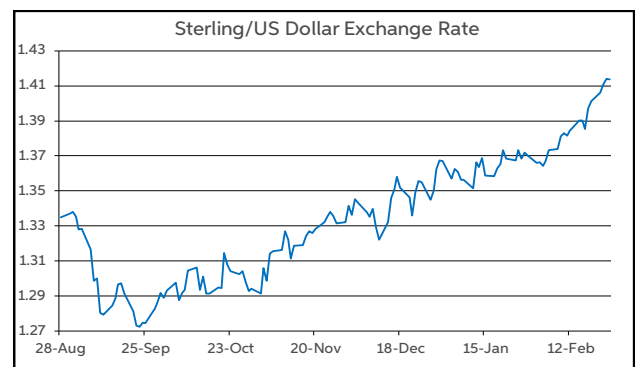
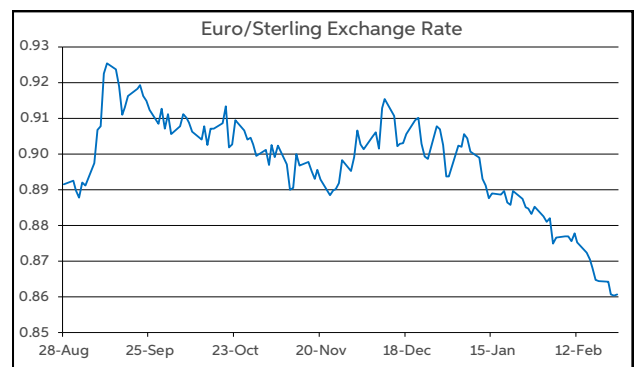
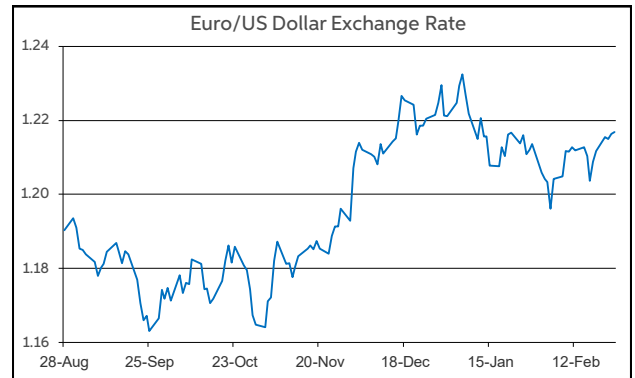
Meanwhile, on bond markets yields continued to rise at the long end of the maturity curve. In the US, 30Yr Treasury yields moved above 2.2%. The recent rise in bond yields globally is in response to expectations of a strong recovery taking hold later this year, as vaccines allow economies to open with fewer/no restrictions, while monetary and fiscal policy remains loose.

On forex markets, the softer tone to sterling is reflected in EUR/GBP opening back above the 86p handle. Cable (GBP/USD) has also moved lower, falling below the halfway mark of \$1.41-1.42. Meanwhile, EUR/USD is operating in the top half of \$1.21-1.22.

Data-wise, in the Eurozone, the EC sentiment indices for February are the main highlight today. The headline index is expected to move higher. Meanwhile, the services and industrial sentiment indices are forecast to continue their recent respective trends, with the former expected to fall, while the later is projected to rise.

Across the Atlantic, the second reading of Q4 GDP in the US is projected to be revised slightly higher to 4.2% from 4%. The more timely, January durable goods reading and the latest initial jobless claims data are also due.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2169	0.20	-0.36
EUR/GBP	0.8608	0.38	-3.68
GBP/USD	1.4136	-0.19	3.39
GBP/EUR	1.1614	-0.38	3.82
USD/JPY	106	0.45	2.67
EUR/JPY	129.01	0.65	2.26

* 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	0.12	0.19	0.17	0.22	0.75
EUR	0.00	-0.55	-0.54	-0.51	-0.49	-0.32
GBP	0.10	0.04	0.06	0.08	0.22	0.54

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				

Euro

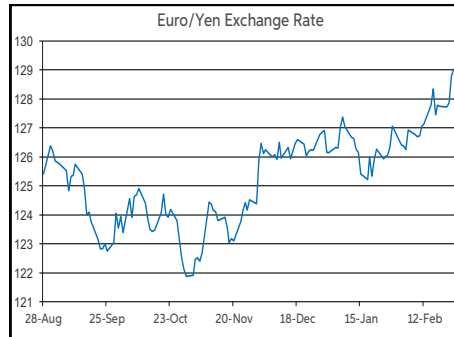
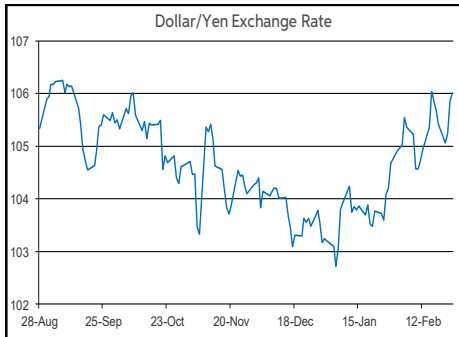
EUR/GBP	0.8608
EUR/USD	1.2169
EUR/JPY	129.01
EUR/SEK	10.0642
EUR/DKK	7.4362
EUR/NOK	10.1903
EUR/CHF	1.1027
EUR/AUD	1.5256
EUR/HKD	9.436
EUR/CAD	1.522

Sterling

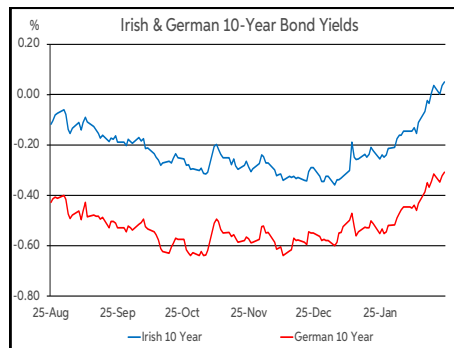
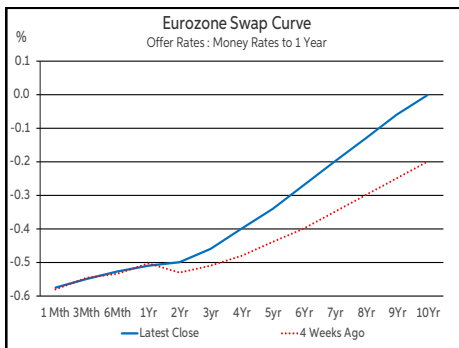
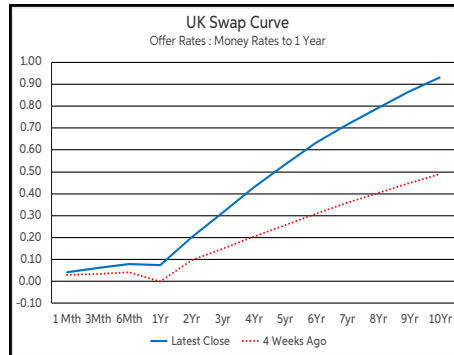
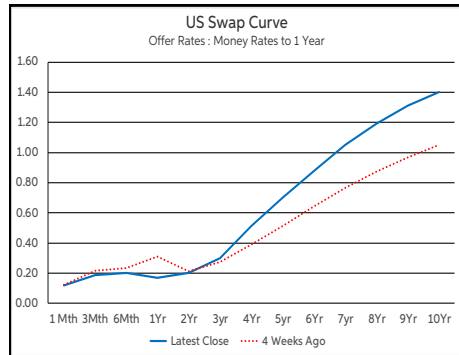
GBP/EUR	1.1614
GBP/USD	1.4136
GBP/CAD	1.7682
GBP/NZD	1.902
GBP/JPY	149.86
GBP/SEK	11.6915
GBP/DKK	8.6379
GBP/NOK	11.833
GBP/CHF	1.2811
GBP/AUD	1.7722

Dollar

USD/JPY	106
USD/CAD	1.2507
USD/CHF	0.9062
USD/CNY	6.4528
USD/BRL	5.4062
USD/RUB	73.5325
USD/INR	72.463
AUD/USD	0.7974
NZD/USD	0.7428



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.37	+3	+36	+46
Germany	-0.30	+2	+25	+27
UK	0.73	+2	+47	+54
5 Year Swap %				
US	0.70	+2	+23	+28
Eurozone	-0.34	+0	+11	+12
UK	0.53	+1	+28	+34
2 Year Swap %				
US	0.20	+2	+3	+1
Eurozone	-0.50	+0	+4	+3
UK	0.20	+0	+11	+17
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	-0	+5	+11
Belgium	33	+2	+14	+14
France	26	+1	+2	+3
Italy	100	+4	-17	-10
Spain	70	+2	+8	+7
Portugal	59	+1	+1	-5
Greece	132	+7	+9	+11



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	67.04	+2.55	+20.12	+29.42
West Texas Oil	63.21	+2.51	+19.69	+30.73
Gold \$	1804.4	-0.04	-2.15	-4.86

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