

Dollar under pressure

The mood on stock markets remained mixed yesterday, as investors continue to assess the roll out of vaccines around the globe against the backdrop of tighter and extended lockdowns in the West. At the closing bell on Wall Street, the S&P 500 was up 0.7%, while in Europe, the Eurostoxx 50 fell by 0.5%. Elsewhere, oil prices rose by almost 6%, as Saudi Arabia agreed to cut supply.

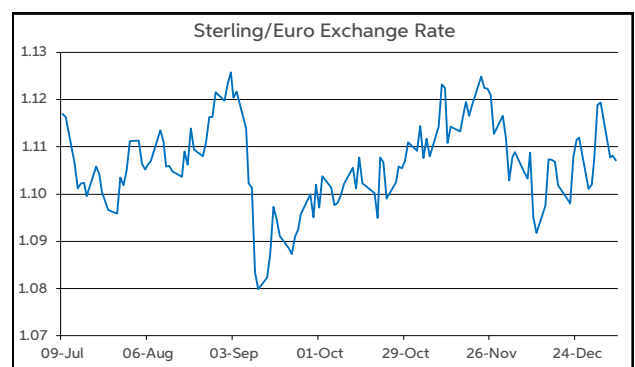
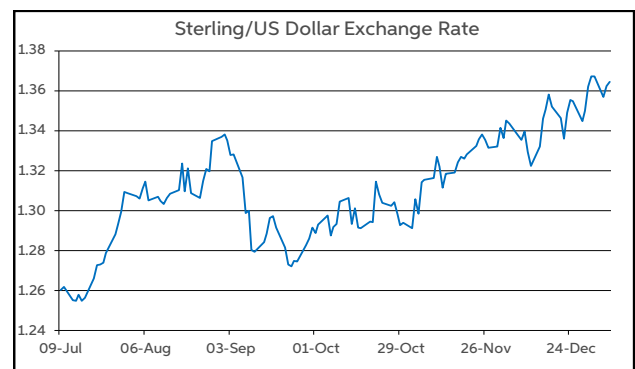
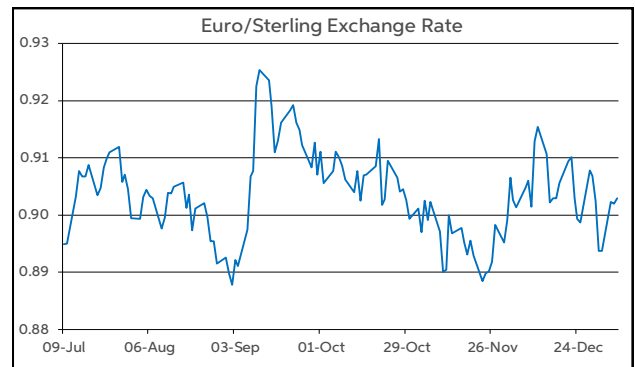
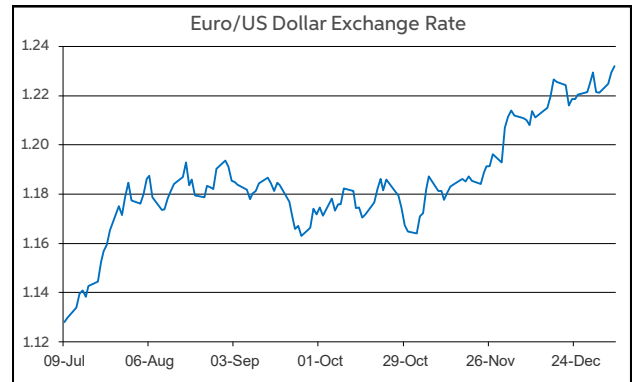
In the UK, further supports totalling £4.6bn were announced for businesses as the country entered its third national lockdown, with the economy likely to contract again in Q1 2021. Data-wise, the US manufacturing ISM for December rose to 60.7 from 57.5, reaching its highest level since August 2018.

Elsewhere, early indications are that the Democrats seem likely to win both seats in the Georgia Senate runoffs, and with them control of the upper house. Full Democrat control of Congress is likely to result in increased fiscal spending and higher corporation taxes for businesses. Overnight, the yield on 10Yr US Treasuries rose to 1%, its highest level since March, while the dollar has also come under some downward pressure. However, neither race has officially been called.

In level terms, EUR/USD opens this morning above the \$1.23 mark. Meanwhile, GBP/USD is operating near the midpoint of the \$1.36-1.37 range. EUR/GBP remains relatively unchanged, starting the day at 90.3p.

Today, inflation in both Germany and France is expected to remain subdued, at -0.6% and 0.2% respectively in December. Elsewhere, the release of the Fed minutes from the latest monetary policy meeting may provide some direction for the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2322	0.42	0.89
EUR/GBP	0.9031	0.09	1.05
GBP/USD	1.3644	0.35	-0.21
GBP/EUR	1.1071	-0.09	-1.04
USD/JPY	102.69	-0.25	-0.53
EUR/JPY	126.55	0.17	0.31

* 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	0.14	0.24	0.18	0.22	0.49
EUR	0.00	-0.57	-0.55	-0.53	-0.52	-0.46
GBP	0.10	0.02	0.03	-0.02	0.05	0.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

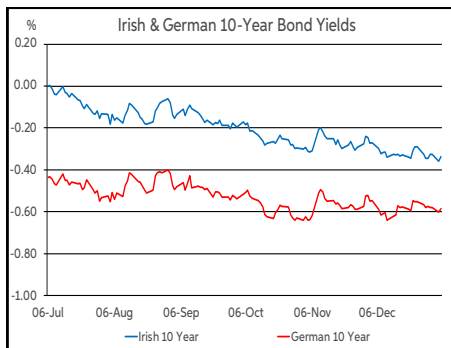
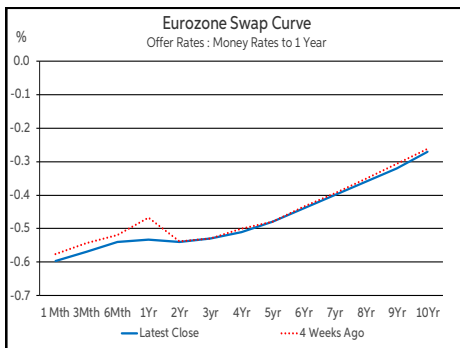
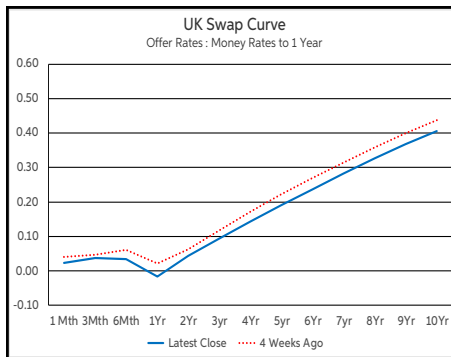
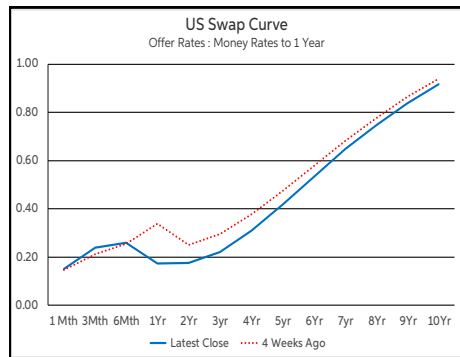
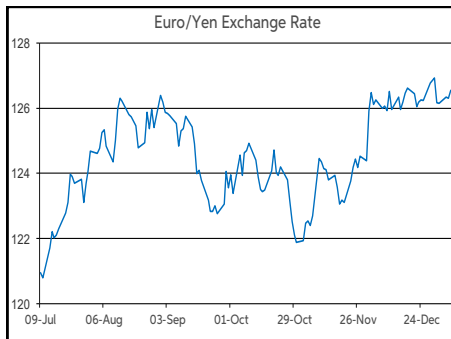
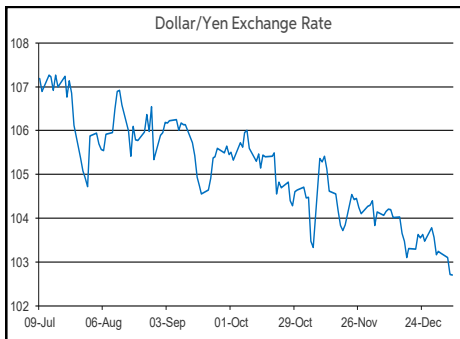
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Wednesday 06 January 2021
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.9031	GBP/EUR	1.1071	USD/JPY	102.69
EUR/USD	1.2322	GBP/USD	1.3644	USD/CAD	1.266
EUR/JPY	126.55	GBP/CAD	1.7275	USD/CHF	0.877
EUR/SEK	10.049	GBP/NZD	1.8745	USD/CNY	6.4575
EUR/DKK	7.4394	GBP/JPY	140.12	USD/BRL	5.2854
EUR/NOK	10.3825	GBP/SEK	11.1181	USD/RUB	73.52
EUR/CHF	1.0808	GBP/DKK	8.2368	USD/INR	73.112
EUR/AUD	1.5816	GBP/NOK	11.4983	AUD/USD	0.7791
EUR/HKD	9.5523	GBP/CHF	1.1965	NZD/USD	0.7277
EUR/CAD	1.5601	GBP/AUD	1.7513		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	0.95	+4	+3	+4
Germany	-0.58	+2	+3	-1
UK	0.21	+4	-5	+2
Ireland	-0.31	+0	-1	-1
Belgium	-0.38	+3	+3	+1
France	-0.33	+3	+3	+1
Italy	0.53	+1	-2	+1
Spain	0.04	+2	+1	-1
Portugal	0.01	-1	+1	-5
Greece	0.62	-1	-2	-0
5 Year Swap %				
US	0.42	+2	-2	-0
Eurozone	-0.48	+1	+1	-2
UK	0.19	+2	-3	+0
2 Year Swap %				
US	0.18	+0	-3	-2
Eurozone	-0.54	+1	+1	-1
UK	0.04	+1	-1	+2
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	-1	-4	+0
Belgium	21	+2	+0	+2
France	25	+2	+0	+2
Italy	112	-0	-5	+2
Spain	63	+0	-2	-0
Portugal	59	-3	-2	-4
Greece	121	-2	-5	+1

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	53.6	+4.91	+9.75	+3.47
West Texas Oil	49.78	+4.87	+9.07	+2.96
Gold \$	1949.4	+0.36	+4.17	+2.79

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