

## Main FX pairs range bound

Yesterday, despite violence in the US on Capitol Hill, financial markets have remained relatively calm. On the currency front, the main pairs remain range bound. Away from the troubles in Washington, Democrats have won both runoff races for the US Senate in Georgia, and with it full control of Congress.

On equity markets, the Eurostoxx 50 gained 1.8%, while on Wall Street, the S&P 500 was 0.6% higher also, boosted by hopes of more fiscal stimulus under a Democrat controlled Senate and EU approval of the use of the Moderna vaccine.

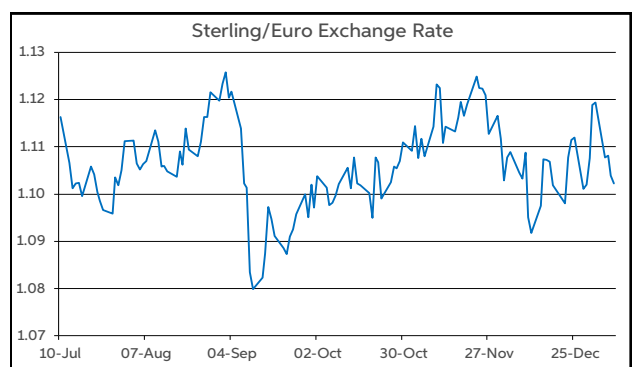
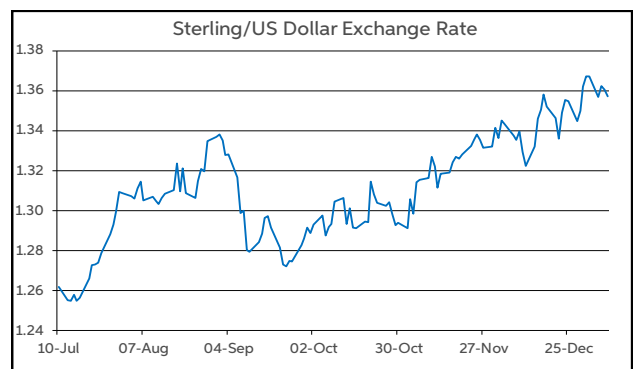
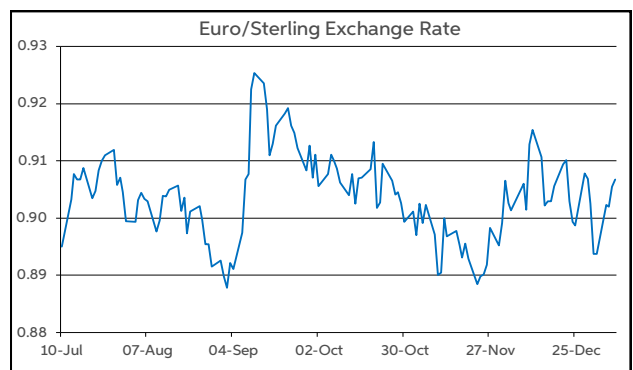
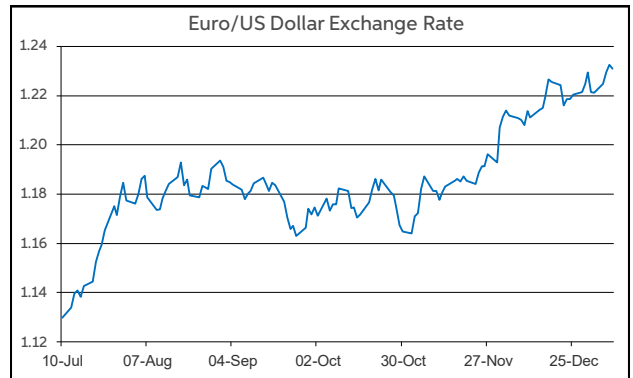
Data-wise yesterday, the Composite PMIs for the US, UK and the Eurozone were all revised slightly lower for December. Inflation in Germany and France also printed below expectations, at -0.7% and 0% respectively. Overnight, the release of the Fed minutes from the December policy meeting did not impact the dollar.

In level terms, EUR/USD starts the day near the \$1.23 handle. Meanwhile, EUR/GBP is operating above the midpoint of 90-91p. GBP/USD is trading in the top half of the \$1.35-1.36 range.

Turning to today, a slew of data from the Eurozone are due. Inflation is expected to print at -0.2% in December, but may be lower. Retail sales are forecast to have fallen by 3.4% in November and the EC sentiment index is expected to have risen to 90 in December from 87.6. However, this remains a subdued level.

Meanwhile, in the US, the non-manufacturing ISM is expected to fall to 54.6 from 55.9 in December. Initial jobless claims are projected to remain elevated at 800K. However, barring any surprises, the releases may not impact the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.231	0.12	0.79
EUR/GBP	0.907	0.45	1.49
GBP/USD	1.3572	-0.31	-0.74
GBP/EUR	1.1022	-0.45	-1.47
USD/JPY	103.34	0.54	0.10
EUR/JPY	127.23	0.68	0.85

\* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.13	0.24	0.18	0.23	0.51
EUR	0.00	-0.57	-0.55	-0.53	-0.52	-0.45
GBP	0.10	0.03	0.03	-0.01	0.06	0.21

All rates quoted are indicative market rates

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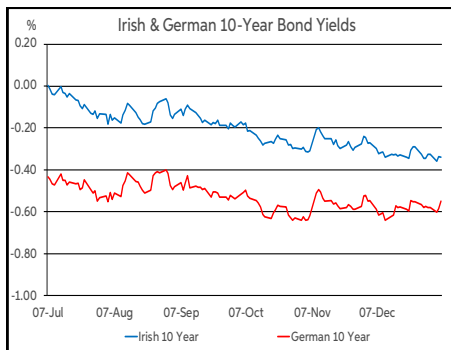
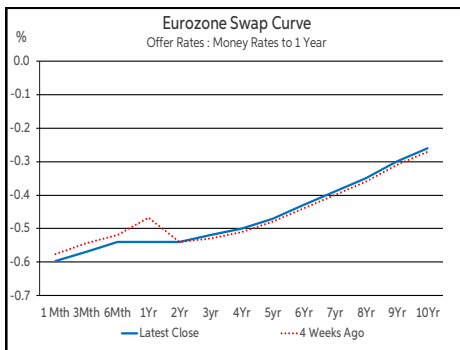
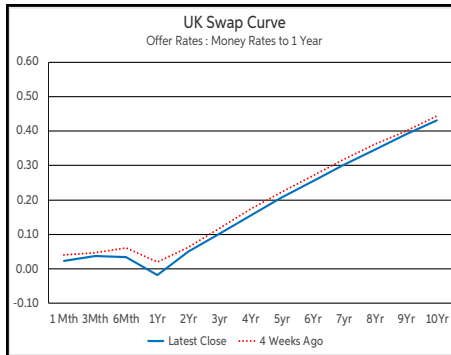
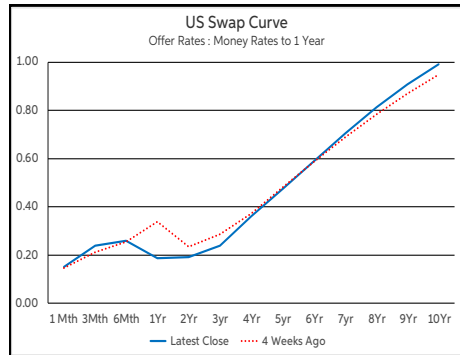
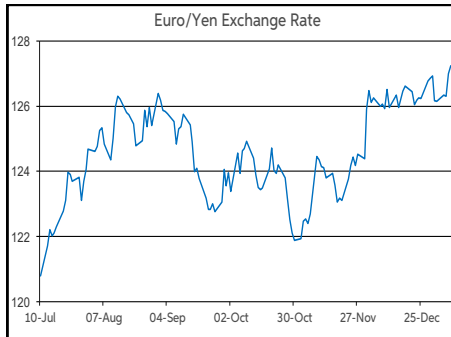
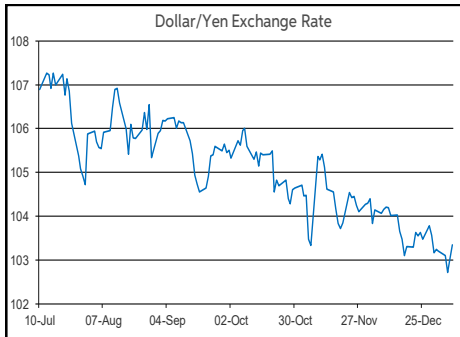
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Thursday 07 January 2021  
07:55 am



Euro		Sterling		Dollar	
EUR/GBP	0.9068	GBP/EUR	1.1021	USD/JPY	103.34
EUR/USD	1.231	GBP/USD	1.3571	USD/CAD	1.2676
EUR/JPY	127.22	GBP/CAD	1.7205	USD/CHF	0.8801
EUR/SEK	10.0652	GBP/NZD	1.8636	USD/CNY	6.4582
EUR/DKK	7.439	GBP/JPY	140.24	USD/BRL	5.3139
EUR/NOK	10.3521	GBP/SEK	11.0933	USD/RUB	73.7237
EUR/CHF	1.0836	GBP/DKK	8.1998	USD/INR	73.175
EUR/AUD	1.5803	GBP/NOK	11.4141	AUD/USD	0.7789
EUR/HKD	9.5431	GBP/CHF	1.1946	NZD/USD	0.728
EUR/CAD	1.5605	GBP/AUD	1.7418		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.04	+8	+10	+12
Germany	-0.55	+4	+6	+3
UK	0.25	+3	-2	+5
Ireland	-0.30	+1	+0	+1
Belgium	-0.36	+2	+4	+2
France	-0.32	+1	+4	+2
Italy	0.54	+1	-0	+2
Spain	0.05	+1	+3	-0
Portugal	0.03	+2	+4	-3
Greece	0.63	+1	+1	+0
<b>5 Year Swap %</b>				
US	0.47	+6	+3	+5
Eurozone	-0.47	+1	+2	-1
UK	0.21	+2	-1	+2
<b>2 Year Swap %</b>				
US	0.19	+1	-1	-0
Eurozone	-0.54	+0	+1	-1
UK	0.05	+1	-0	+2
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	25	-3	-6	-2
Belgium	18	-2	-2	-1
France	23	-2	-2	-1
Italy	109	-3	-6	-1
Spain	60	-3	-3	-3
Portugal	58	-2	-1	-6
Greece	118	-3	-5	-3

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	54.3	+1.31	+11.13	+4.83
West Texas Oil	50.45	+1.35	+10.93	+4.34
Gold \$	1918.8	-1.57	+4.33	+1.18

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