

## Muted action on markets

There was a quiet start to the week on markets as a sparse macro calendar provided little in the way of direction for investors. A market holiday in the US also contributed to the lack lustre moves, as trading volumes remained light.

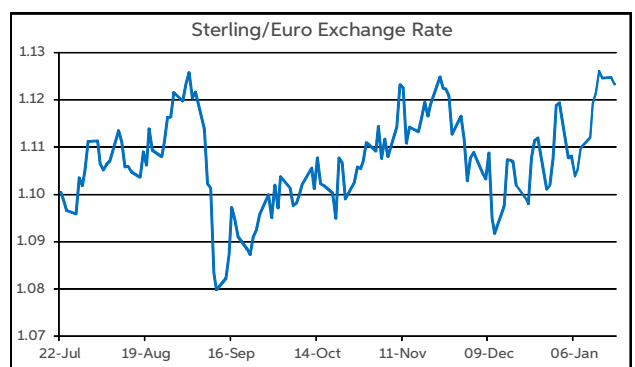
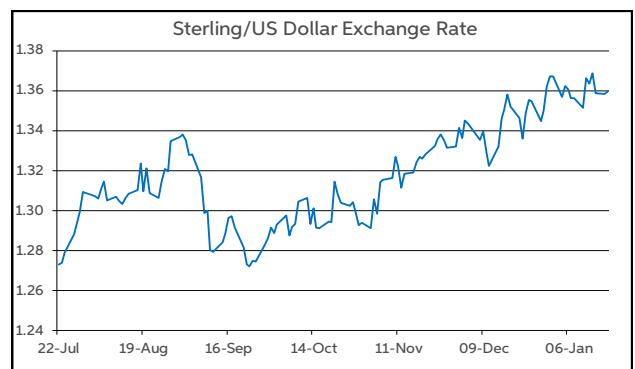
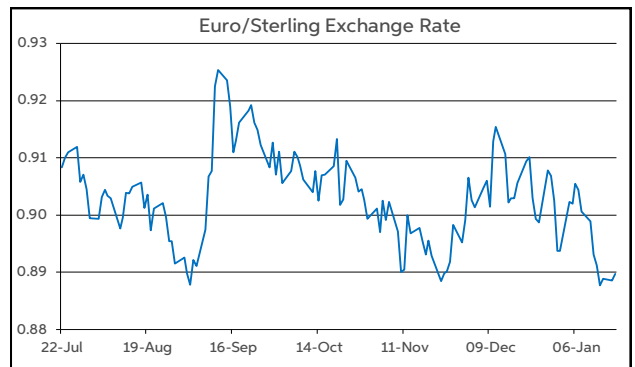
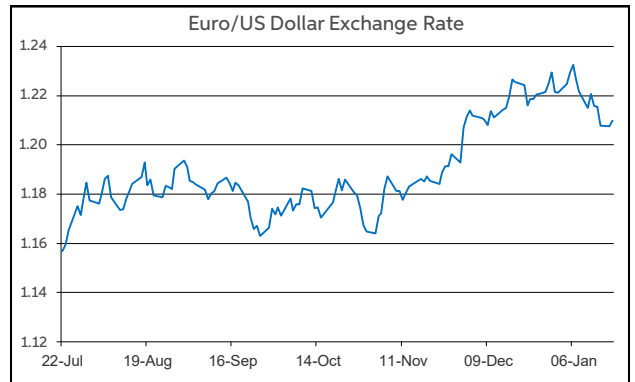
Of the limited action to note, equity markets in Europe were broadly flat to slightly higher. In terms of newsflow, the main focus was on politics. In Italy, PM Conte came through the first of two no-confidence votes unscathed yesterday. Meanwhile, in Germany, the possibility of tighter restrictions to stem the spread of new variants of Covid-19 also helped to foster a subdued start to the trading week.

Currency-wise, the main pairs were tightly range bound yesterday. Although, there was a slightly firmer tone to the dollar, as EUR/USD edged below the \$1.206 mark, to its lowest level since the start of December. However, the move could not be sustained.

In level terms, the EUR/USD pair starts this morning back up at \$1.21 mark. Meantime, EUR/GBP is changing hands below the 89p threshold. Elsewhere, cable (GBP/USD) is operating near the \$1.36 handle.

Data-wise today, the only release of note is the German ZEW for January. The forecast is for the headline index to rise to 60 from 55. However, barring any surprises, the release is unlikely to impact the euro. Elsewhere, Italian PM Conte will face his second no confidence vote later today, this time in the Senate. The vote is expected to be closer than the first, although, the reaction for the euro may be limited. This suggests that we may be in for another quiet day on the currency front.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2099	0.19	-0.93
EUR/GBP	0.8896	-0.01	-0.46
GBP/USD	1.3598	0.20	-0.55
GBP/EUR	1.1236	0.01	0.46
USD/JPY	104.01	0.29	0.75
EUR/JPY	125.86	0.48	-0.24

\* 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	0.13	0.22	0.19	0.23	0.55
EUR	0.00	-0.56	-0.55	-0.54	-0.52	-0.44
GBP	0.10	0.03	0.03	-0.01	0.08	0.25

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

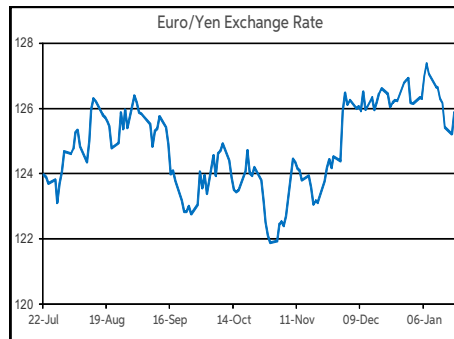
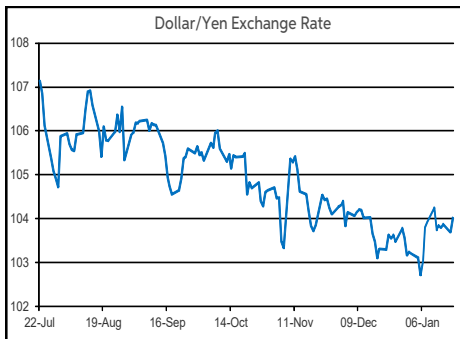
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

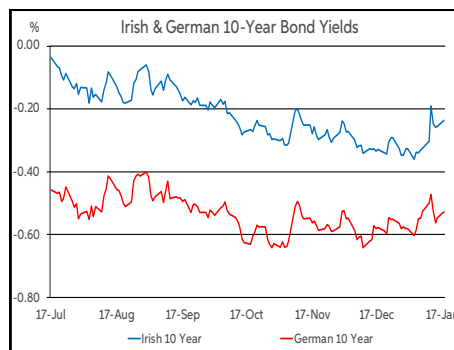
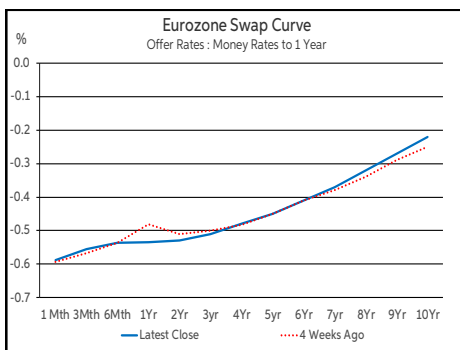
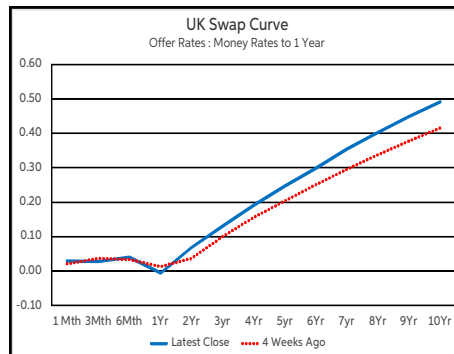
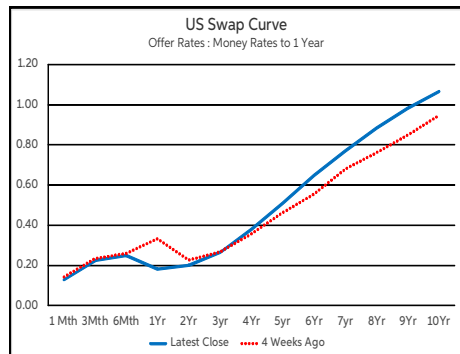
Tuesday 19 January 2021  
07:46 am



Euro		Sterling		Dollar	
EUR/GBP	0.8896	GBP/EUR	1.1236	USD/JPY	104.01
EUR/USD	1.2099	GBP/USD	1.3598	USD/CAD	1.2727
EUR/JPY	125.86	GBP/CAD	1.7307	USD/CHF	0.8908
EUR/SEK	10.128	GBP/NZD	1.9053	USD/CNY	6.49
EUR/DKK	7.4389	GBP/JPY	141.43	USD/BRL	5.2957
EUR/NOK	10.3397	GBP/SEK	11.3785	USD/RUB	73.64
EUR/CHF	1.0777	GBP/DKK	8.3583	USD/INR	73.231
EUR/AUD	1.5685	GBP/NOK	11.6217	AUD/USD	0.7714
EUR/HKD	9.3784	GBP/CHF	1.2112	NZD/USD	0.7134
EUR/CAD	1.54	GBP/AUD	1.7627		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.09	-4	+15	+17
Germany	-0.53	+2	+6	+5
UK	0.29	+0	+8	+9
Ireland	-0.22	+2	+5	+9
Belgium	-0.35	+1	+4	+3
France	-0.30	+1	+4	+4
Italy	0.60	+2	+6	+8
Spain	0.08	+2	+2	+2
Portugal	0.03	+3	-1	-3
Greece	0.70	+3	+4	+7
<b>5 Year Swap %</b>				
US	0.51	+1	+9	+9
Eurozone	-0.45	+1	+1	+1
UK	0.25	-0	+5	+6
<b>2 Year Swap %</b>				
US	0.20	+2	+2	+1
Eurozone	-0.53	+1	-1	-0
UK	0.07	-0	+4	+4
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	31	+0	-0	+4
Belgium	18	-0	-1	-2
France	22	-0	-2	-1
Italy	113	+0	+1	+3
Spain	60	+0	-3	-3
Portugal	56	+1	-7	-8
Greece	123	+2	-2	+2



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	54.75	-0.64	+7.54	+5.69
West Texas Oil	52.25	-2.28	+9.33	+8.07
Gold \$	1836.9	+0.56	-2.10	-3.14

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