

Softer tone to the dollar

There was somewhat of a more positive tone to risk appetite last week. This firmer tone to investor sentiment was reflected in gains of between 1-2% on Wall Street, although, European markets underperformed. On the currency front, this coincided with some modest weakening of the dollar. As a result, the greenback gave up the ground it had registered the previous week.

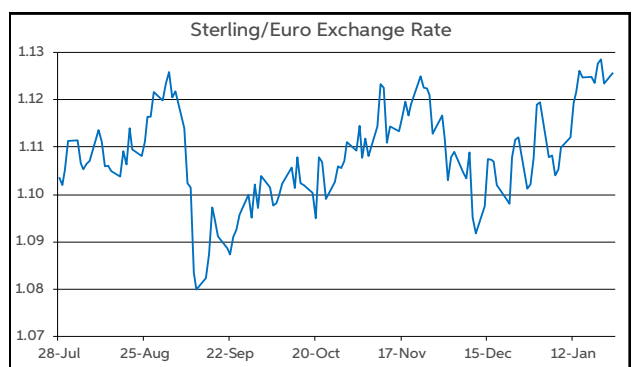
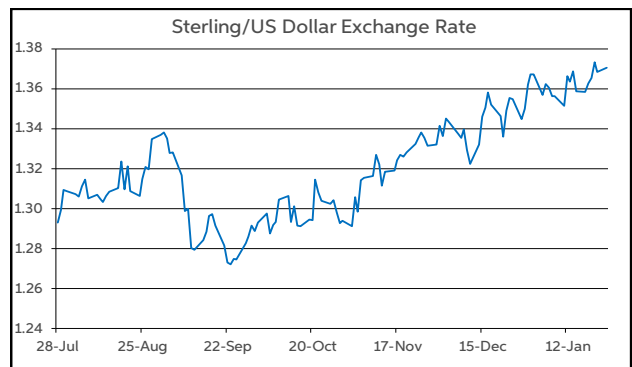
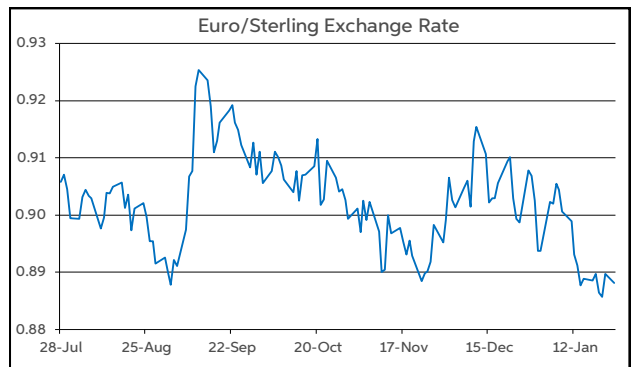
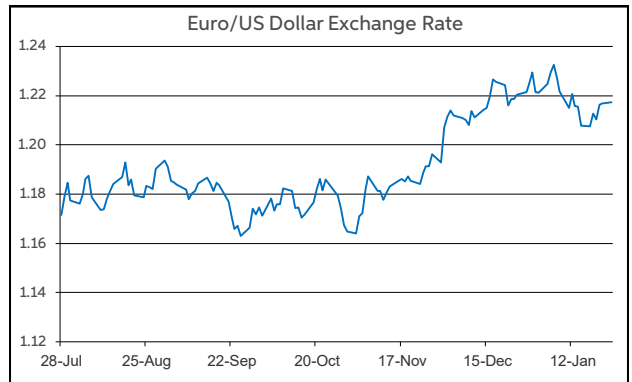
In level terms, this is reflected in EUR/USD starting this week back in the upper half of \$1.21-1.22. Meanwhile, sterling has also been on the rise against the dollar. Cable (GBP/USD) is changing hands this morning up at the \$1.37 mark.

Elsewhere, the action in EUR/GBP was confined to a tight 88.3p-89.3p trading range last week. Flash PMI data for January from both the Eurozone and UK highlighted as anticipated the on-going disproportionate impact that the Covid restrictions are having on the services sector compared to the manufacturing side of their economies.

Looking ahead to this week, the Fed holds its first policy setting meeting of 2021. However, similar to last Thursday's ECB meeting, no policy changes are expected. Therefore, it could be a non-event from a dollar perspective.

Data-wise, we get the first reading of Q4 GDP data from some of the key advanced economies, including the US, Germany, France and Italy. However, GDP is a lagging indicator and the market is more focused on the impact restrictions are having on activity in the opening half of this year. Therefore, the data may not have a major bearing on currency markets, unless they surprise significantly versus expectations.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2174	0.03	-0.32
EUR/GBP	0.8882	0.05	-0.62
GBP/USD	1.3706	0.01	0.24
GBP/EUR	1.1256	-0.05	0.62
USD/JPY	103.7	0.13	0.45
EUR/JPY	126.25	0.14	0.07

* 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	0.22	0.18	0.21	0.55
EUR	0.00	-0.56	-0.54	-0.52	-0.50	-0.43
GBP	0.10	0.03	0.04	0.00	0.10	0.27

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

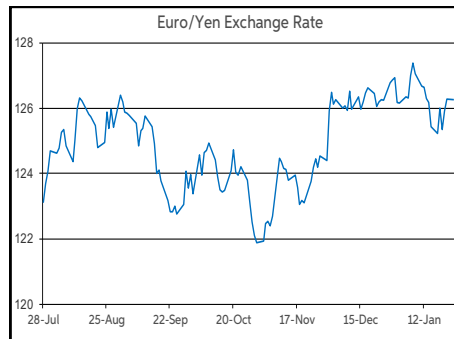
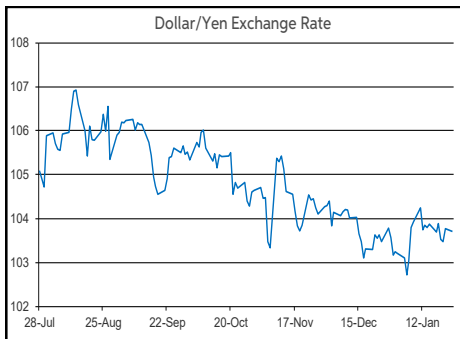
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

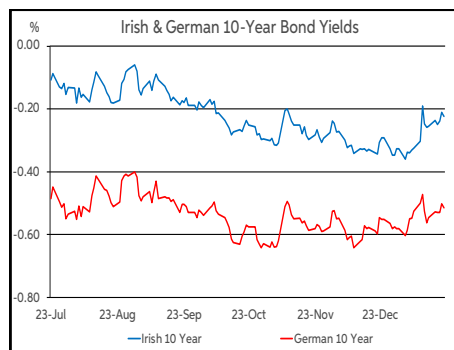
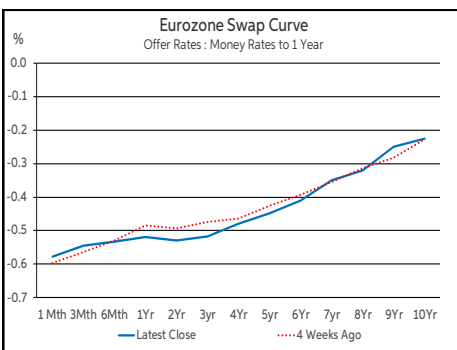
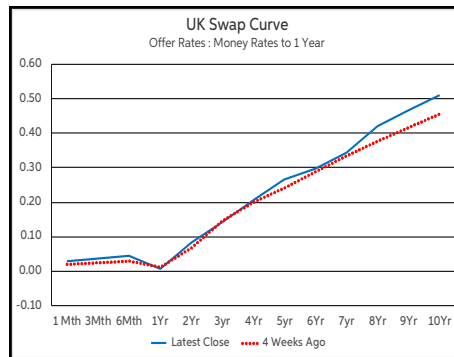
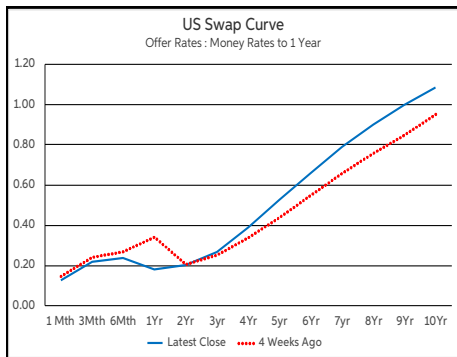
Monday 25 January 2021
07:13 am



Euro		Sterling		Dollar	
EUR/GBP	0.8882	GBP/EUR	1.1256	USD/JPY	103.7
EUR/USD	1.2174	GBP/USD	1.3706	USD/CAD	1.2697
EUR/JPY	126.25	GBP/CAD	1.7406	USD/CHF	0.8854
EUR/SEK	10.0787	GBP/NZD	1.9007	USD/CNY	6.4775
EUR/DKK	7.439	GBP/JPY	142.12	USD/BRL	5.4666
EUR/NOK	10.3114	GBP/SEK	11.3442	USD/RUB	74.7064
EUR/CHF	1.0781	GBP/DKK	8.3731	USD/INR	72.917
EUR/AUD	1.574	GBP/NOK	11.606	AUD/USD	0.7732
EUR/HKD	9.4372	GBP/CHF	1.2135	NZD/USD	0.7207
EUR/CAD	1.546	GBP/AUD	1.7718		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.09	-2	+16	+17
Germany	-0.51	-2	+4	+6
UK	0.30	-3	+5	+11
Ireland	-0.19	-1	+5	+11
Belgium	-0.33	-1	+2	+6
France	-0.28	-1	+1	+6
Italy	0.71	+6	+15	+19
Spain	0.13	-0	+3	+7
Portugal	0.08	-0	-2	+2
Greece	0.70	+4	+4	+7
5 Year Swap %				
US	0.53	+1	+9	+10
Eurozone	-0.45	-3	+1	+1
UK	0.27	-2	+3	+7
2 Year Swap %				
US	0.20	+1	-0	+1
Eurozone	-0.53	-1	-1	-0
UK	0.08	-1	+2	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	32	+0	+1	+5
Belgium	19	+0	-2	-0
France	24	+1	-2	+0
Italy	123	+7	+11	+13
Spain	64	+1	-1	+1
Portugal	59	+1	-5	-5
Greece	121	+6	+1	+1



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	55.41	-1.23	+8.03	+6.97
West Texas Oil	52.28	-1.36	+8.51	+8.13
Gold \$	1852.6	-0.93	-1.24	-2.32

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