

## Risk-off tone to start the week

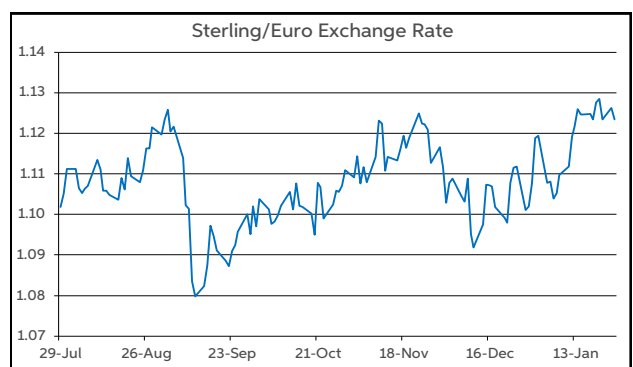
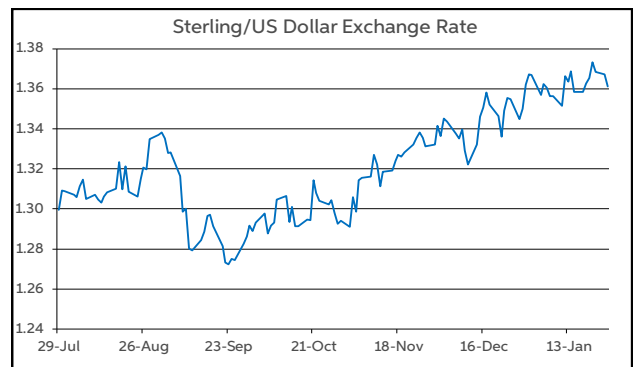
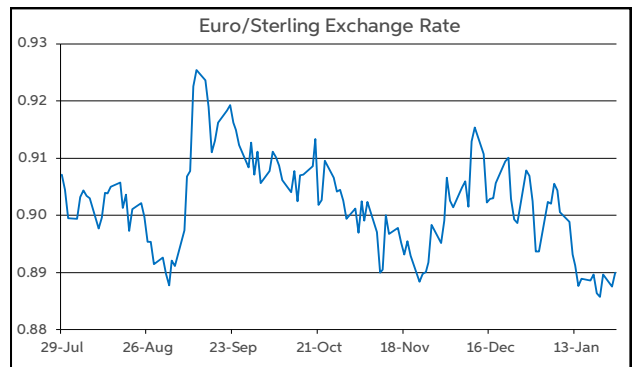
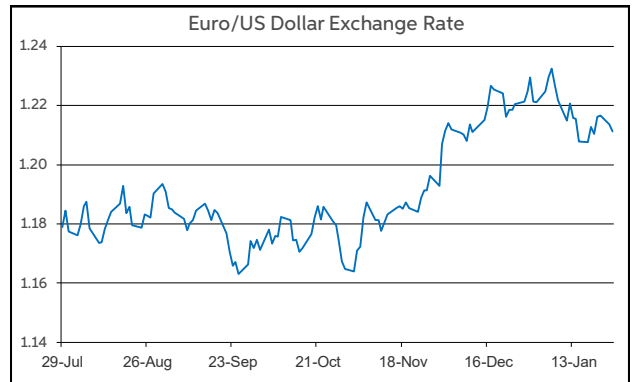
There was somewhat of a risk-off tone to start the week on markets, as the dollar strengthened, bond yields moved lower and equity markets in Europe lost ground. Currency-wise, the dollar gained 0.5% against the euro and 0.8% against sterling respectively. On bond markets the 10yr US Treasury yield fell to the lows of its recent trading range, at 1.03%. European bond yields also edged lower. However, in the US, the S&P 500 closed up 0.4%.

The downbeat tone to investor sentiment stemmed from concerns over delays in receiving vaccines in Europe, and distribution issues in the US. Investors fear that a slower than anticipated rollout of effective vaccines will mean that restrictions will remain in place for longer, and push the economic recovery back to later in the year. Data-wise, the German Ifo missed expectations, falling to 90.1 from 92.2 which further dampened the mood in Europe.

All of the above is reflected in EUR/USD opening this morning near the \$1.21 handle. Meanwhile, Cable (GBP/USD) is operating back towards the \$1.36 level. Elsewhere, EUR/GBP is unchanged from 24hrs previous, just below the 89p mark. Although, overnight reports that Italian PM Conte is set to resign later today may act as a headwind for the euro.

Data-wise today, the UK unemployment rate has printed below expectations, at 5.0% (vs. 5.1% f'cast) in November. However, sterling has had a relatively muted reaction to the release so far. The only other release of note today is US consumer confidence for January. The forecast is for the index to edge higher to 89 from 88.6. Although, barring any surprises the release is unlikely to impact the dollar.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.211	-0.57	-0.84
EUR/GBP	0.8898	0.19	-0.44
GBP/USD	1.361	-0.76	-0.46
GBP/EUR	1.1234	-0.19	0.44
USD/JPY	103.81	0.10	0.55
EUR/JPY	125.72	-0.47	-0.35

\* 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	0.19	0.22	0.50
EUR	0.00	-0.56	-0.54	-0.53	-0.52	-0.45
GBP	0.10	0.03	0.04	0.00	0.08	0.24

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

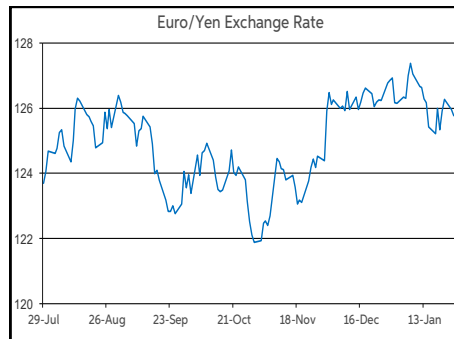
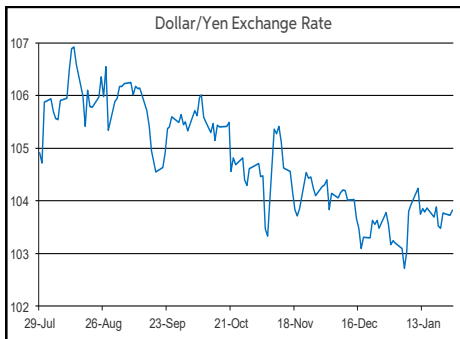
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

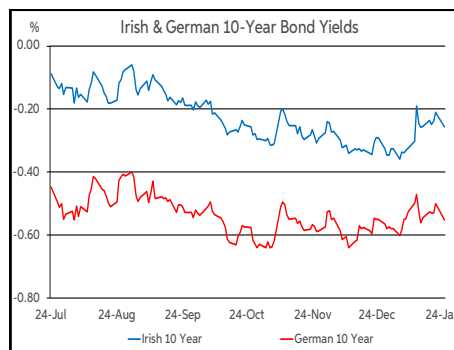
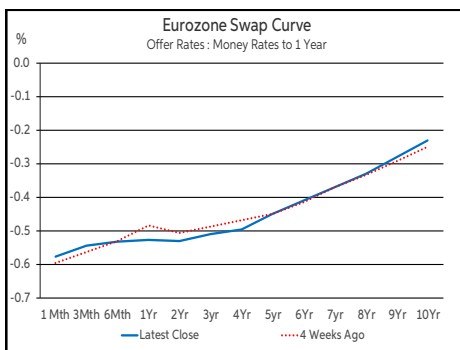
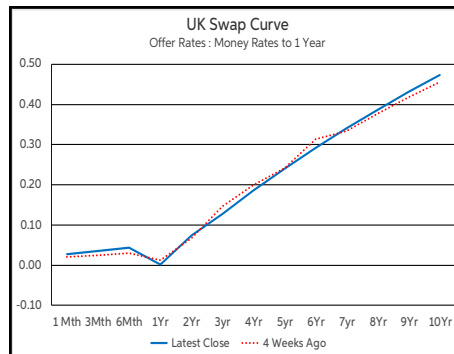
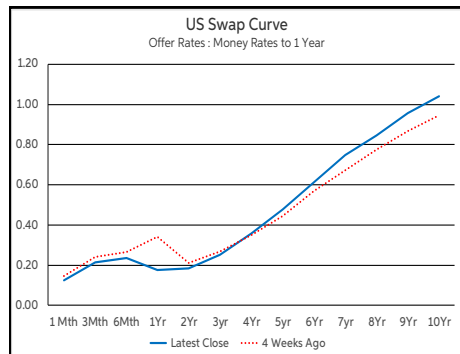
Tuesday 26 January 2021  
07:52 am



Euro		Sterling		Dollar	
EUR/GBP	0.8898	GBP/EUR	1.1234	USD/JPY	103.81
EUR/USD	1.211	GBP/USD	1.361	USD/CAD	1.2779
EUR/JPY	125.72	GBP/CAD	1.7391	USD/CHF	0.8893
EUR/SEK	10.0843	GBP/NZD	1.8974	USD/CNY	6.476
EUR/DKK	7.4401	GBP/JPY	141.29	USD/BRL	5.4665
EUR/NOK	10.4225	GBP/SEK	11.3317	USD/RUB	75.738
EUR/CHF	1.0771	GBP/DKK	8.3587	USD/INR	73.117
EUR/AUD	1.5786	GBP/NOK	11.7073	AUD/USD	0.7671
EUR/HKD	9.3862	GBP/CHF	1.2103	NZD/USD	0.717
EUR/CAD	1.5477	GBP/AUD	1.7734		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.03	-5	+11	+12
Germany	-0.55	-4	+1	+2
UK	0.26	-4	+1	+7
Ireland	-0.23	-4	+4	+8
Belgium	-0.37	-4	+2	+2
France	-0.32	-4	+1	+3
Italy	0.65	-7	+14	+13
Spain	0.08	-5	+2	+2
Portugal	0.03	-4	-2	-3
Greece	0.69	-1	+5	+6
<b>5 Year Swap %</b>				
US	0.48	-3	+5	+6
Eurozone	-0.45	-2	+0	+1
UK	0.24	-2	+0	+5
<b>2 Year Swap %</b>				
US	0.18	-0	-1	-1
Eurozone	-0.53	-1	-2	-0
UK	0.07	-1	+2	+5
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	32	+0	+2	+5
Belgium	19	-0	+0	-1
France	24	-0	+0	+0
Italy	120	-3	+13	+10
Spain	63	-1	+1	-0
Portugal	58	-1	-3	-5
Greece	124	+3	+3	+3



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	55.88	+0.85	+9.87	+7.88
West Texas Oil	52.78	+0.96	+11.12	+9.16
Gold \$	1855.0	+0.13	-0.87	-2.19

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