

Fed expected to remain on hold

There was somewhat of a more positive tone to risk appetite on markets yesterday. Investor sentiment was supported by the IMF revising its economic forecasts for global growth upwards. On equity markets, the Eurostoxx 50 recovered most of Monday's losses, gaining 1.1%. Meanwhile, at the close on Wall Street the S&P 500 finished flat for the day.

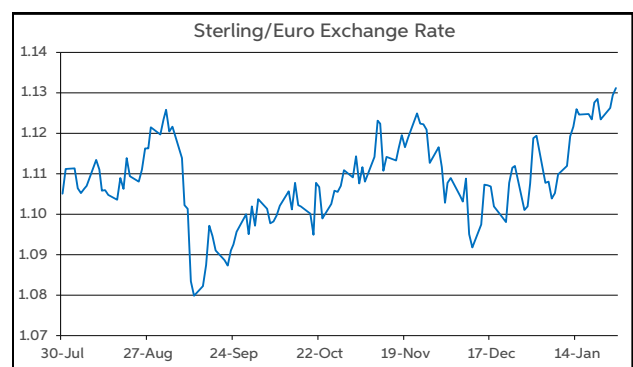
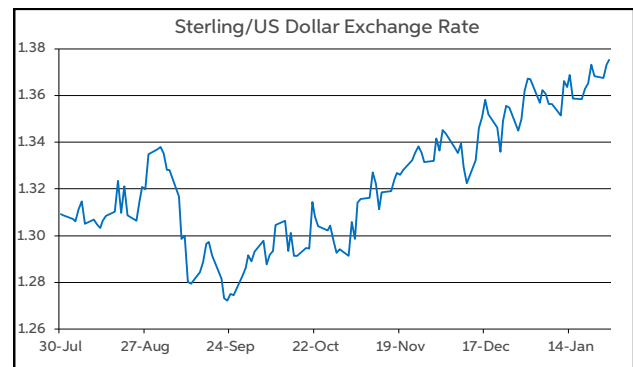
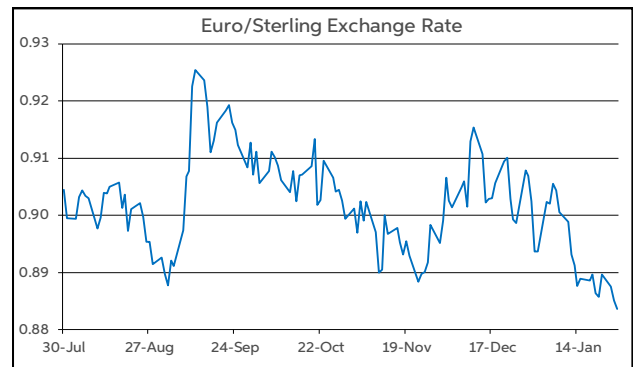
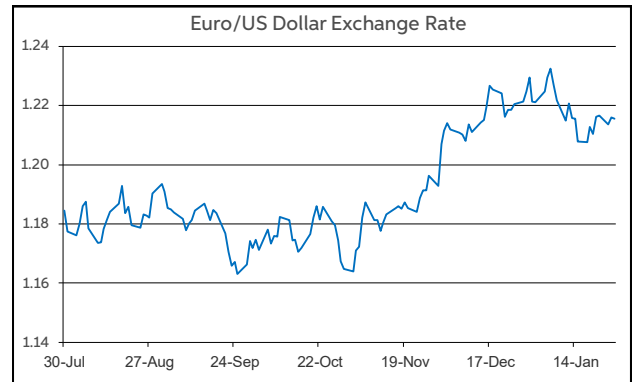
Of the limited action on forex markets, there was a slightly softer tone to the dollar as risk appetite improved, while sterling was somewhat firmer. In terms of data releases, US consumer confidence was broadly as expected yesterday.

In level terms, the weaker dollar sees EUR/USD open just above \$1.215. Meanwhile, GBP/USD is changing hands near the midpoint of \$1.37-1.38, its highest level since April 2018. EUR/GBP is operating back close to its recent lows, below the halfway mark of the 88-89p range.

The main highlight today (after the close in Europe) will be the Fed policy announcement following the first FOMC meeting of 2021. However, the Fed is expected to keep policy on hold, which may result in a muted dollar reaction. At the press conference, Chair Powell will likely be asked questions regarding the Fed's view for the economic outlook which will garner close attention.

Data-wise, already this morning French consumer confidence has fallen to 92 from 95 in January, while the February reading of German consumer sentiment has plunged to -15.6 from -7.9. Later today, US durable goods are forecast to rise by 0.9% in December. However, barring any surprises the release may not have an impact on currency markets.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2157	0.23	-0.46
EUR/GBP	0.8837	-0.52	-1.12
GBP/USD	1.3756	0.75	0.61
GBP/EUR	1.1313	0.52	1.13
USD/JPY	103.66	-0.07	0.41
EUR/JPY	126.03	0.16	-0.10

* 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	0.13	0.21	0.19	0.21	0.52
EUR	0.00	-0.55	-0.54	-0.53	-0.52	-0.43
GBP	0.10	0.03	0.03	0.00	0.09	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

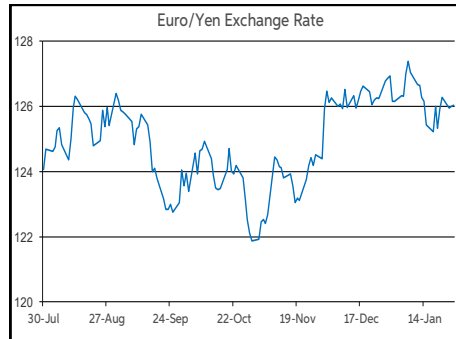
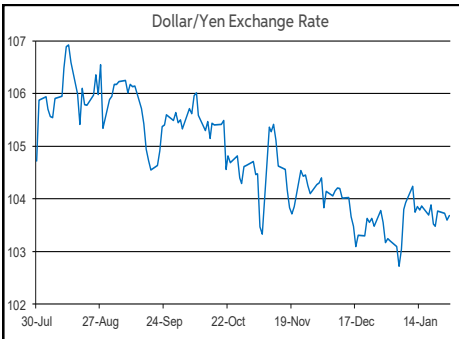
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

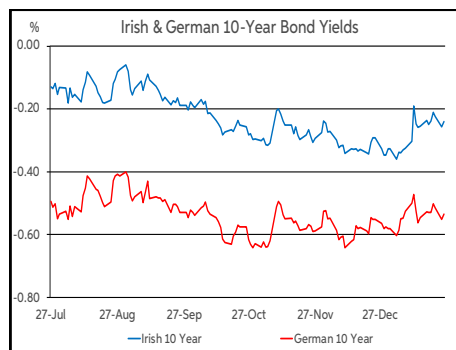
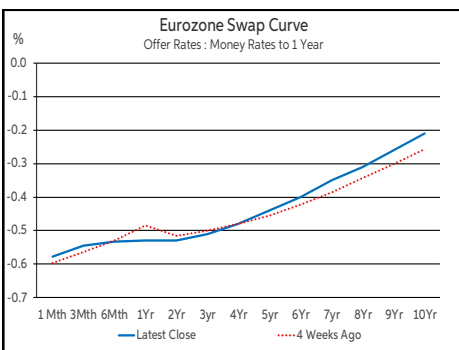
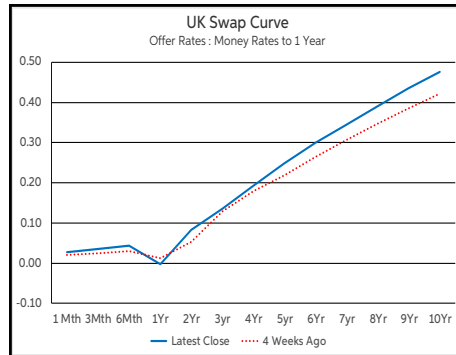
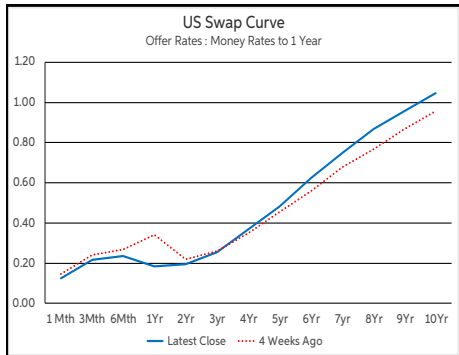
Wednesday 27 January 2021
07:48 am



Euro		Sterling		Dollar	
EUR/GBP	0.8837	GBP/EUR	1.1313	USD/JPY	103.66
EUR/USD	1.2157	GBP/USD	1.3756	USD/CAD	1.2713
EUR/JPY	126.03	GBP/CAD	1.7488	USD/CHF	0.8865
EUR/SEK	10.0963	GBP/NZD	1.903	USD/CNY	6.462
EUR/DKK	7.439	GBP/JPY	142.61	USD/BRL	5.3552
EUR/NOK	10.3968	GBP/SEK	11.4211	USD/RUB	75.01
EUR/CHF	1.0778	GBP/DKK	8.417	USD/INR	72.808
EUR/AUD	1.5709	GBP/NOK	11.7599	AUD/USD	0.7737
EUR/HKD	9.4231	GBP/CHF	1.2197	NZD/USD	0.7226
EUR/CAD	1.546	GBP/AUD	1.7776		



	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.03	+0	+9	+12
Germany	-0.53	+2	+4	+4
UK	0.27	+0	+5	+7
Ireland	-0.22	+1	+7	+9
Belgium	-0.35	+2	+4	+3
France	-0.30	+1	+4	+4
Italy	0.62	-3	+10	+10
Spain	0.08	-0	+3	+2
Portugal	0.03	-1	-1	-3
Greece	0.68	-0	+5	+6
5 Year Swap %				
US	0.48	+1	+5	+6
Eurozone	-0.44	+1	+2	+2
UK	0.25	+1	+4	+6
2 Year Swap %				
US	0.19	+2	+1	+0
Eurozone	-0.53	+0	-1	-0
UK	0.08	+1	+4	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	32	-1	+2	+5
Belgium	18	-0	-0	-1
France	23	-1	-0	-0
Italy	115	-5	+5	+5
Spain	61	-2	-2	-2
Portugal	56	-3	-5	-8
Greece	122	-2	+0	+1



	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	55.91	+0.05	+9.43	+7.93
West Texas Oil	52.61	-0.32	+9.95	+8.81
Gold \$	1850.3	-0.25	-1.47	-2.43

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.