

Risk-off tone supports the dollar

A risk-off tone returned to markets yesterday as issues around vaccine supplies intensified, dampening sentiment. On equity markets, the Eurostoxx 50 lost 1.6%, while across the Atlantic the S&P 500 finished down 2.6%. Currency-wise the euro came under pressure as reports emerged that ECB officials discussed the need for the central bank to highlight it does not believe it is at the effective lower bound, in contrast to the prevailing market view. Meanwhile, the risk-off tone was supportive of the dollar also.

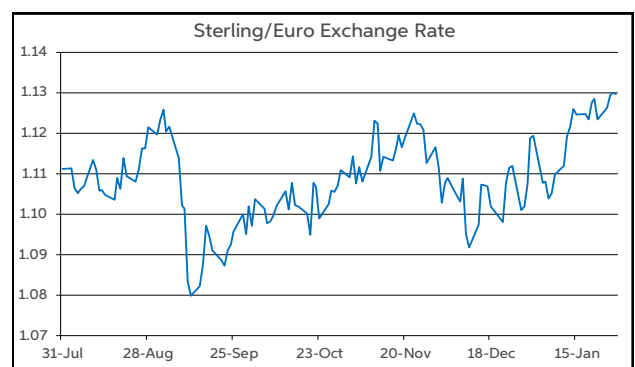
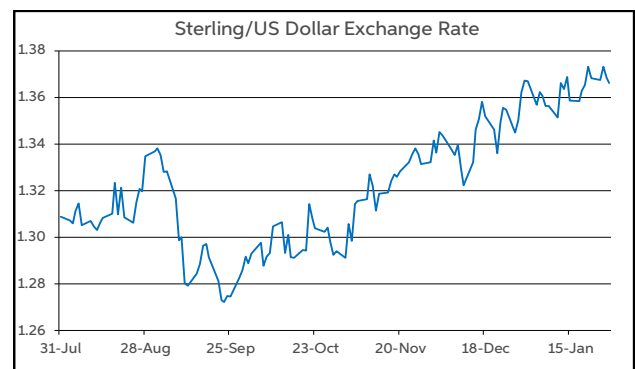
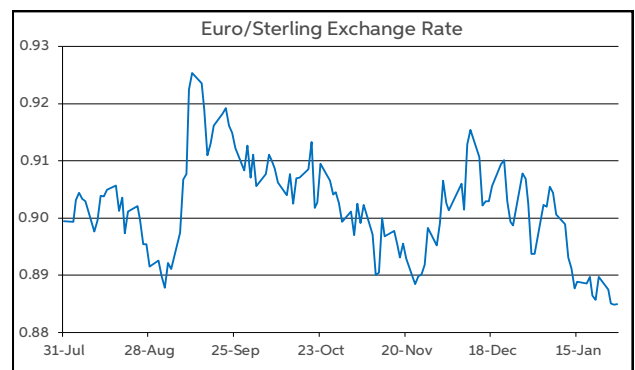
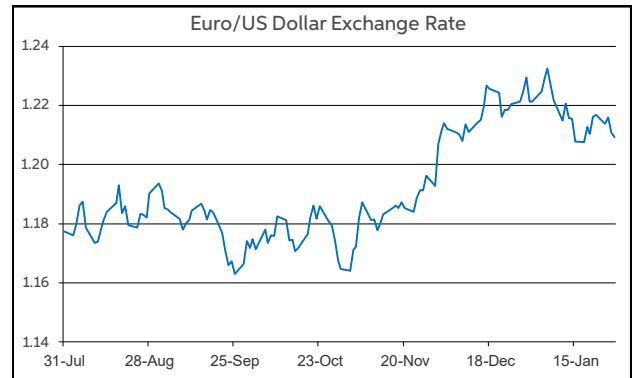
Overnight, the Fed kept monetary policy on hold as expected. The reaction for the dollar was therefore muted. The statement from the FOMC highlighted that the economic recovery had slowed down in recent months, and that the pandemic continues to “weigh on economic activity, employment and inflation”.

In level terms, the softer euro, and firmer dollar sees EUR/USD open below the \$1.21 handle. Meantime, GBP/USD is changing hands in the top half of the \$1.36-1.37 range. EUR/GBP is operating near the midpoint of 88-89p.

Turning to the day ahead, we get a slew of US data, the highlight of which will be the first estimate of Q4 GDP. The consensus is for output to have increased by an annualised rate of 4%. Elsewhere, initial jobless claims are expected to remain elevated at 875k, while new home sales are projected to rise by 1.9% in December.

Meanwhile, the EC Sentiment index is expected to edge lower to 89.5 from 90.5 in January. On a national level, the German inflation report will garner some attention. The forecast is for the annual rate to surge to 0.5% from -0.7% in January as the VAT cut ended in December.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.209	-0.58	-1.01
EUR/GBP	0.8851	0.03	-0.96
GBP/USD	1.366	-0.59	-0.10
GBP/EUR	1.1295	-0.03	0.97
USD/JPY	104.3	0.60	1.03
EUR/JPY	126.11	0.01	-0.04

* 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	0.17	0.21	0.51
EUR	0.00	-0.56	-0.54	-0.56	-0.54	-0.45
GBP	0.10	0.03	0.04	0.00	0.09	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

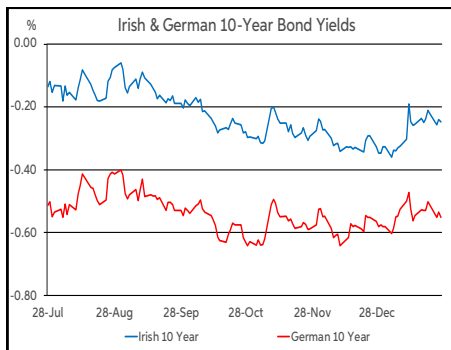
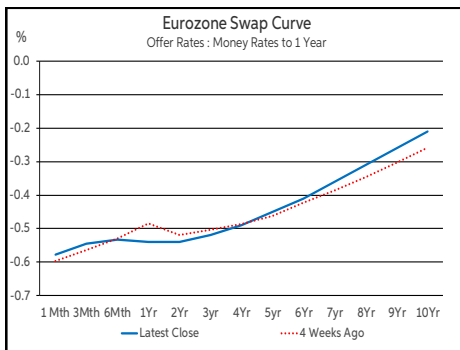
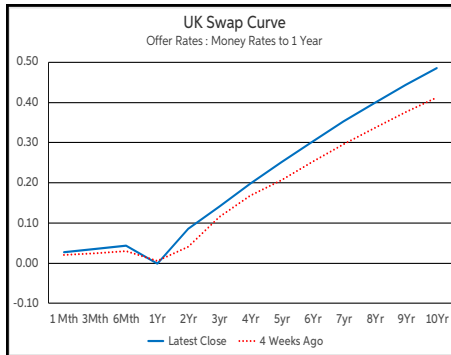
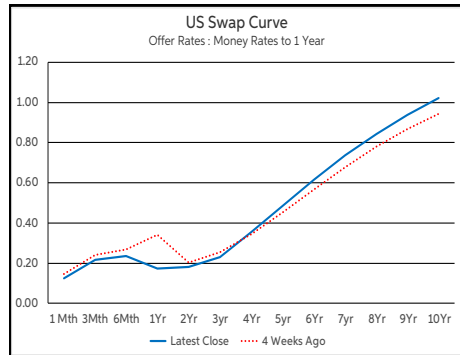
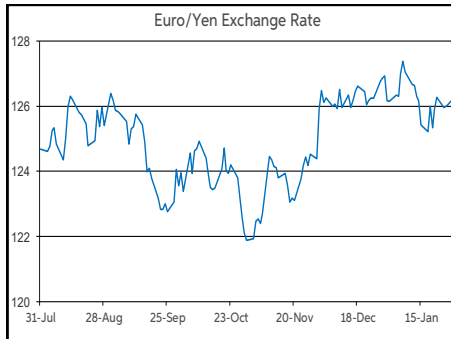
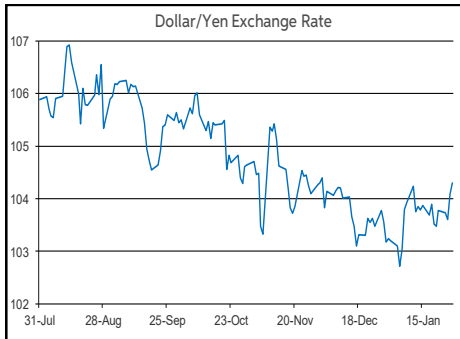
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		Equity Options	Gary Luff				

Opening Levels

Thursday 28 January 2021
07:07 am



Euro		Sterling		Dollar	
EUR/GBP	0.8851	GBP/EUR	1.1295	USD/JPY	104.3
EUR/USD	1.209	GBP/USD	1.366	USD/CAD	1.2838
EUR/JPY	126.11	GBP/CAD	1.7538	USD/CHF	0.8892
EUR/SEK	10.1355	GBP/NZD	1.9167	USD/CNY	6.4812
EUR/DKK	7.4372	GBP/JPY	142.48	USD/BRL	5.4138
EUR/NOK	10.513	GBP/SEK	11.4479	USD/RUB	76.0451
EUR/CHF	1.0754	GBP/DKK	8.401	USD/INR	73.09
EUR/AUD	1.5862	GBP/NOK	11.8699	AUD/USD	0.7619
EUR/HKD	9.3723	GBP/CHF	1.2149	NZD/USD	0.7126
EUR/CAD	1.5523	GBP/AUD	1.7925		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.01	-2	+9	+10
Germany	-0.55	-2	+2	+3
UK	0.27	+0	+6	+7
Ireland	-0.22	-1	+6	+8
Belgium	-0.36	-1	+2	+3
France	-0.31	-1	+3	+3
Italy	0.62	+0	+10	+10
Spain	0.08	+0	+2	+2
Portugal	0.02	-0	-2	-4
Greece	0.68	-1	+5	+5
5 Year Swap %				
US	0.49	+0	+7	+6
Eurozone	-0.45	-1	+2	+1
UK	0.25	+0	+5	+6
2 Year Swap %				
US	0.18	-1	-1	-1
Eurozone	-0.54	-1	-2	-1
UK	0.09	+0	+5	+6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	33	+1	+4	+6
Belgium	19	+1	+0	-0
France	24	+1	+1	+1
Italy	117	+2	+8	+7
Spain	63	+2	+0	-0
Portugal	57	+2	-4	-6
Greece	122	+1	+3	+2

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	55.81	-0.18	+8.71	+7.74
West Texas Oil	52.81	+0.38	+9.47	+9.22
Gold \$	1844.0	-0.34	-2.61	-2.77

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