

Some sterling volatility

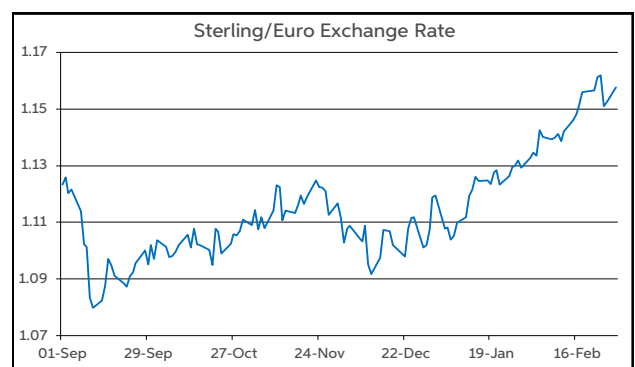
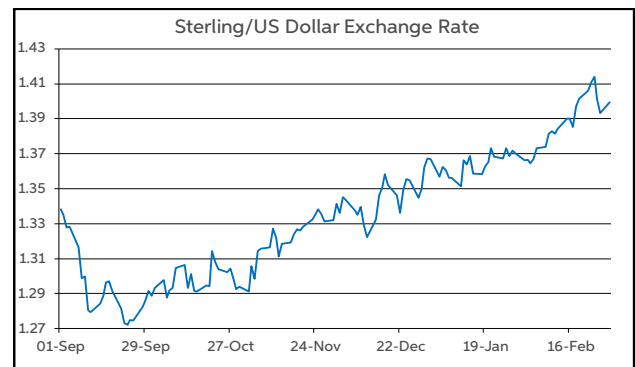
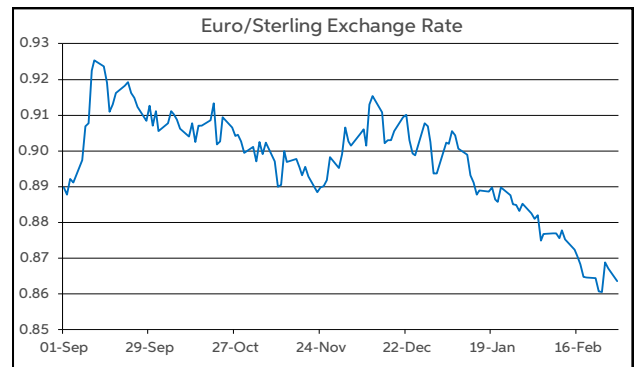
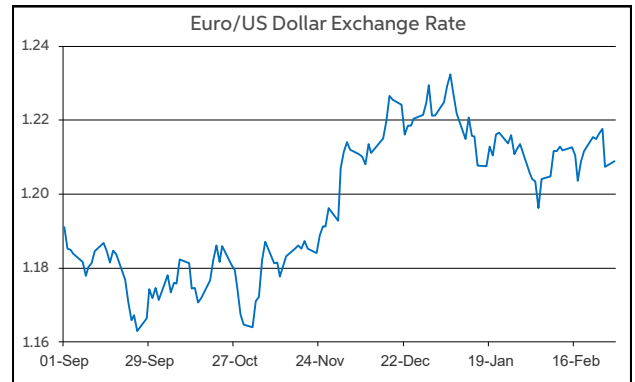
Rising bond yields remained the dominant theme on financial markets last week. This included the US ten year yield testing above the 1.5% level. However, the increase in yields was not just confined to US Treasuries, it was widespread across the sovereign bond spectrum. Concerns of the implication of these rising yields on stock market valuations saw the main equity indices fall.

On the currency front, this coincided with some downward pressure and volatility in sterling. It may also have been the case that there was some profit taking after the significant gains achieved by the currency recently. At the same time, the dollar benefitted from some safe haven demand, though EUR/USD remained largely confined to a \$1.21-1.22 range.

In level terms, EUR/GBP starts this week near to the midpoint of 86 -87p, having traded as low as 85.4p and a high of 87.3p last week. Meanwhile, cable is also reflective of the change in fortunes for sterling over recent days. The GBP/USD pair had pushed up into \$1.42 territory briefly last week. However, it opens this morning at \$1.399. Elsewhere on the currency front, EUR/USD has moved lower and is just below the \$1.21 level after its brief flirtation with the \$1.22 threshold last Thursday.

This week, the main data highlight is on Friday with the release of the US non-farm payrolls for February. Meantime, the UK Budget will be announced on Wednesday. However, investor sentiment and in turn FX market direction, may continue to evolve from movements in bond yields rather than the data schedule. In this regard, some fall back in bond yields on Friday and positive US stimulus and vaccine news over the weekend have provided a supportive start to the week for investor sentiment.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.2089	-0.51	-1.02
EUR/GBP	0.8635	-0.86	-3.38
GBP/USD	1.3993	0.31	2.34
GBP/EUR	1.1574	0.87	3.50
USD/JPY	106.58	0.37	3.24
EUR/JPY	128.82	-0.18	2.11

* v Previous Day's European Open
See Next Page for More Rates

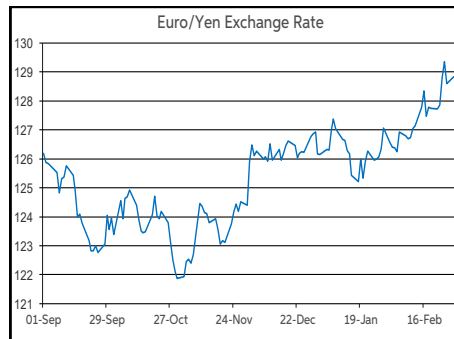
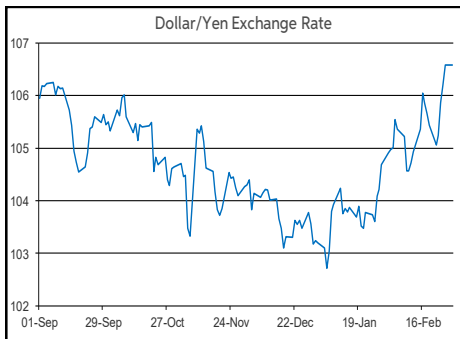
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.12	0.19	0.17	0.23	0.78
EUR	0.00	-0.55	-0.53	-0.51	-0.47	-0.31
GBP	0.10	0.05	0.07	0.09	0.25	0.65

All rates quoted are indicative market rates

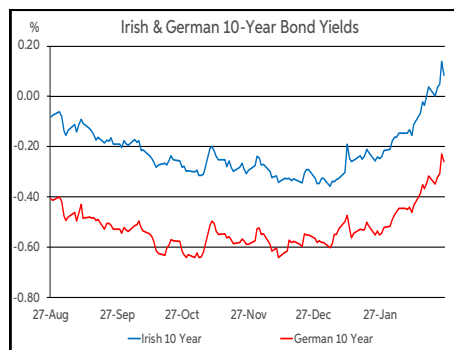
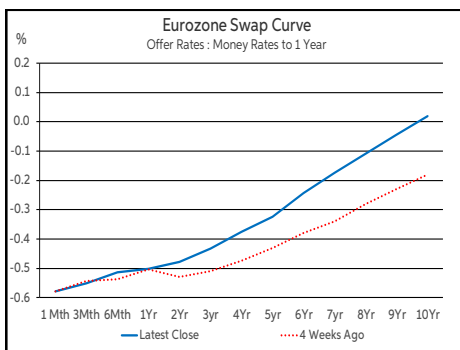
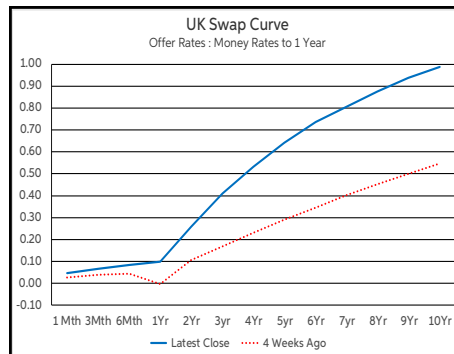
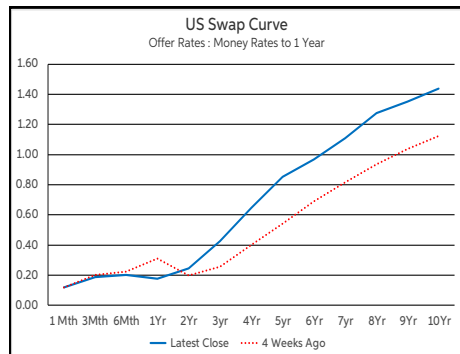
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.8635	GBP/EUR	1.1574	USD/JPY	106.58
EUR/USD	1.2086	GBP/USD	1.3994	USD/CAD	1.2677
EUR/JPY	128.83	GBP/CAD	1.7741	USD/CHF	0.9084
EUR/SEK	10.1534	GBP/NZD	1.9194	USD/CNY	6.4628
EUR/DKK	7.436	GBP/JPY	149.15	USD/BRL	5.5986
EUR/NOK	10.3663	GBP/SEK	11.7543	USD/RUB	74.0061
EUR/CHF	1.0982	GBP/DKK	8.6082	USD/INR	73.19
EUR/AUD	1.5554	GBP/NOK	12.0028	AUD/USD	0.7772
EUR/HKD	9.3757	GBP/CHF	1.2716	NZD/USD	0.7287
EUR/CAD	1.5324	GBP/AUD	1.8006		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.41	-12	+34	+49
Germany	-0.26	-3	+26	+32
UK	0.82	+4	+49	+63
5 Year Swap %				
US	0.85	+0	+35	+43
Eurozone	-0.32	-9	+12	+14
UK	0.64	+5	+36	+45
2 Year Swap %				
US	0.24	+2	+8	+5
Eurozone	-0.48	-2	+6	+5
UK	0.26	+1	+16	+23
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	-3	+4	+9
Belgium	31	-1	+12	+12
France	25	-0	+1	+2
Italy	103	-0	-14	-7
Spain	69	-2	+7	+6
Portugal	59	-1	+2	-5
Greece	137	+2	+17	+17



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	66.13	-1.12	+18.34	+27.66
West Texas Oil	61.55	-2.96	+18.00	+27.30
Gold \$	1733.5	-2.06	-6.10	-8.59

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