

EUR/USD continues to move lower

The weekend developments in the US, where the Senate passed the latest fiscal stimulus package, was digested by market participants yesterday. The stimulus measures provided further support to the expectations for a stronger economic rebound and in turn upside risks to the inflationary outlook.

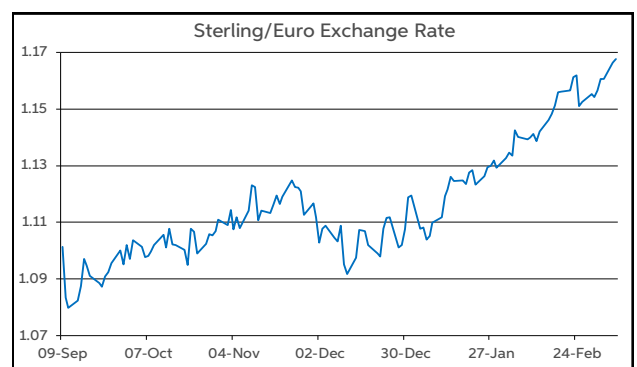
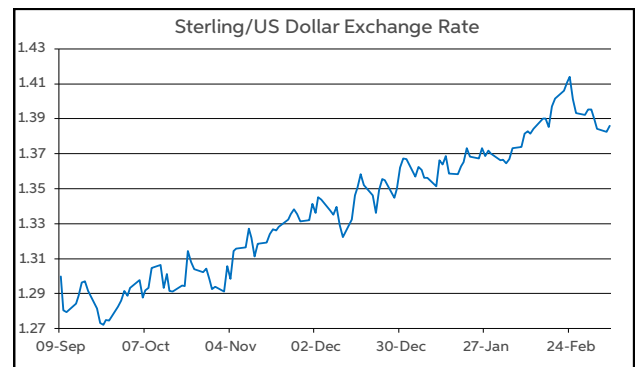
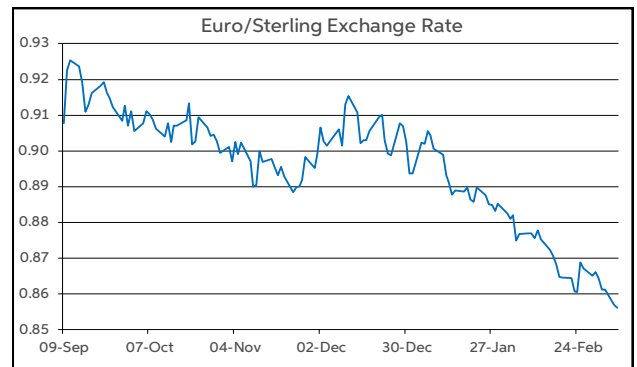
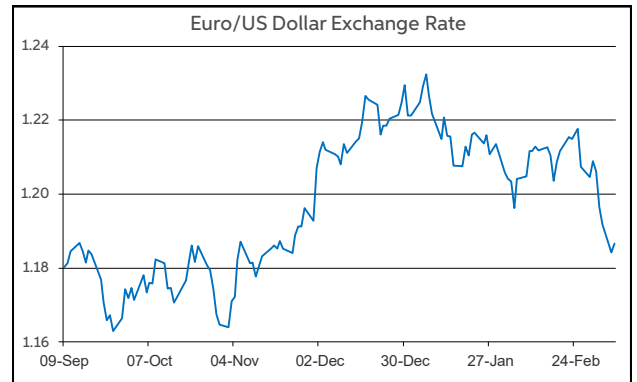
Against this backdrop, bond yields remained at elevated levels. This included the US 10 year yield remaining near to its high from last week of 1.6%. Overall though, the action in the main benchmark sovereign yields was confined to 1-3bps yesterday. Concerns over the impact of rising yields on stock market valuations continued to weigh on the tech sector.

Meanwhile, on currency markets, the dollar remained supported by the higher yield environment. Elsewhere, the euro found itself under some downward pressure in the lead up to Thursday's ECB meeting. There is some speculation that the central bank could take action (e.g. increase the pace of its monthly asset purchases under the PEPP programme) to stem the upward pressure on Eurozone yields. Weaker than expected German industrial output data for January was also unhelpful to the euro yesterday

In level terms, EUR/USD starts this morning down near to the midpoint of \$1.18-1.19. Meantime, EUR/GBP has fallen below the 86p threshold. The GBP/USD pair continues to operate within the \$1.38-1.39 trading band.

Today's data calendar is sparse. US small business optimism (Feb) and a revised reading of Q4'20 Eurozone GDP are the only highlights. As a result, the macro calendar is unlikely to have much directional impact on the main FX pairs today.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1867	-0.37	-2.83
EUR/GBP	0.8561	-0.56	-4.21
GBP/USD	1.3861	0.21	1.37
GBP/EUR	1.1675	0.56	4.39
USD/JPY	108.99	0.60	5.57
EUR/JPY	129.35	0.23	2.53

* 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	0.11	0.18	0.17	0.26	0.91
EUR	0.00	-0.55	-0.54	-0.51	-0.47	-0.30
GBP	0.10	0.05	0.08	0.10	0.26	0.64

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 09 March 2021
07:24 am



Euro

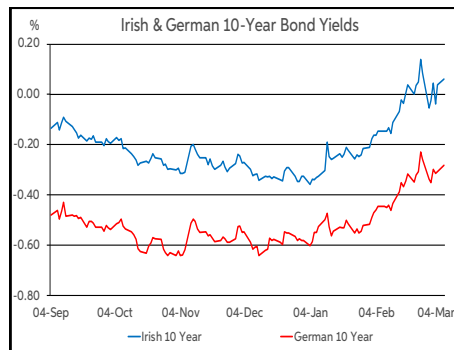
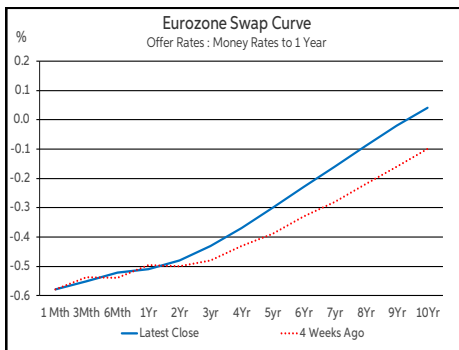
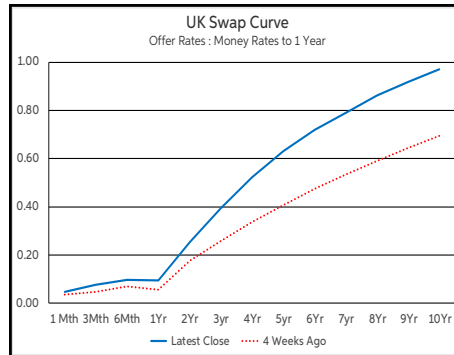
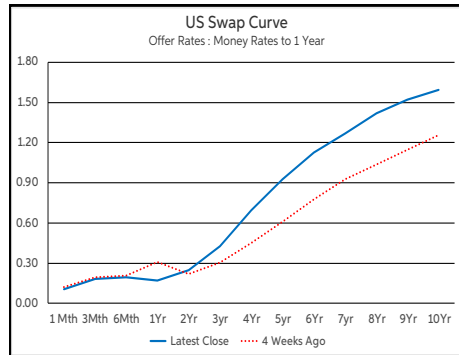
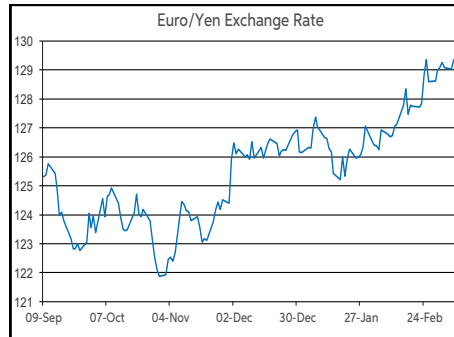
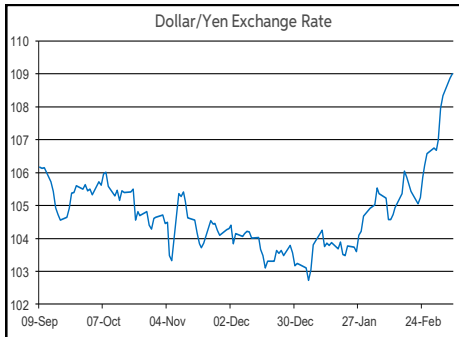
EUR/GBP	0.8561
EUR/USD	1.1867
EUR/JPY	129.35
EUR/SEK	10.161
EUR/DKK	7.436
EUR/NOK	10.1089
EUR/CHF	1.1095
EUR/AUD	1.5477
EUR/HKD	9.2165
EUR/CAD	1.5012

Sterling

GBP/EUR	1.1675
GBP/USD	1.3861
GBP/CAD	1.7533
GBP/NZD	1.9434
GBP/JPY	151.05
GBP/SEK	11.8608
GBP/DKK	8.6829
GBP/NOK	11.8
GBP/CHF	1.2958
GBP/AUD	1.8075

Dollar

USD/JPY	108.99
USD/CAD	1.2649
USD/CHF	0.9348
USD/CNY	6.5225
USD/BRL	5.8755
USD/RUB	74.2522
USD/INR	73.085
AUD/USD	0.7667
NZD/USD	0.7128



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.58	+2	+41	+66
Germany	-0.28	+2	+16	+30
UK	0.76	+0	+28	+56
5 Year Swap %				
US	0.93	+6	+36	+51
Eurozone	-0.30	+3	+10	+16
UK	0.63	+4	+21	+44
2 Year Swap %				
US	0.25	+3	+7	+5
Eurozone	-0.48	+1	+3	+5
UK	0.25	+0	+9	+23
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	-2	+4	+8
Belgium	31	-1	+14	+11
France	25	-1	+3	+1
Italy	104	-3	+9	-5
Spain	69	-2	+11	+6
Portugal	58	-1	+7	-6
Greece	123	-4	+11	+3

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	68.24	-1.61	+12.68	+31.74
West Texas Oil	65.03	-1.59	+12.22	+34.50
Gold \$	1681.2	-1.15	-8.14	-11.35

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