

Euro largely unreactive to ECB meeting

There was an upbeat tone to investor sentiment across markets yesterday, buoyed by a dovish sounding ECB. The Central Bank announced that it will purchase bonds at a “significantly higher pace” under its PEPP programme. In the immediate aftermath of the announcement, bond yields across the Eurozone fell, while the spread between core and periphery markets narrowed. The latest ECB staff projections forecast GDP to grow by circa 4% in 2021 and 2022, with inflation expected to average 1.5% and 1.2%.

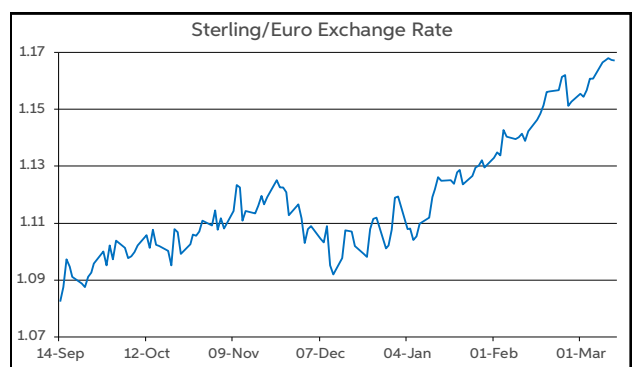
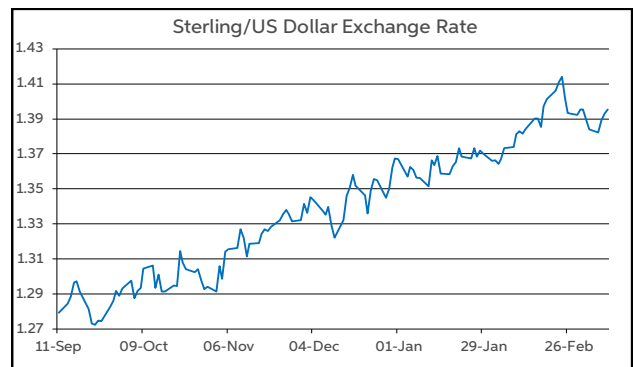
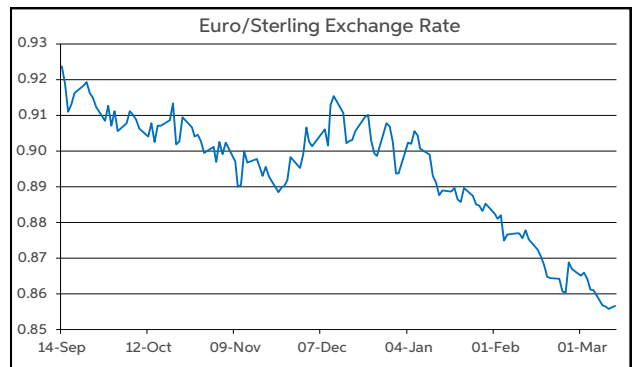
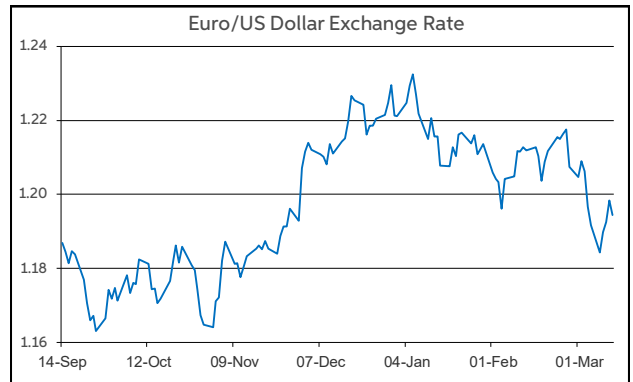
On equity markets, the Eurostoxx 50 gained 0.7%. Across the Atlantic, the S&P 500 closed at a new all-time high, finishing up 1.0% for the day. On the currency front, the action was more subdued, as the main pairs were tightly range bound. The euro showed no major reaction to the ECB meeting.

This is reflected in EUR/USD opening once again in the heart of \$1.19-1.20. GBP/USD is changing hands near the midpoint of \$1.39-1.40. Meanwhile, EUR/GBP remains stuck near the halfway mark of 85-86p, where it has been for most of the week.

Data-wise, already this morning UK GDP for January has printed ahead of expectations, although, output still contracted by 2.9% in the month (vs. -4.9% f'cast), as the national lockdown remained in situ. However, industrial production fell by 1.5%, more than the forecasted 0.6% decline. The release has had little impact on sterling so far in early trading.

Later today, Eurozone industrial production for January and the March reading of US consumer sentiment (Michigan measure) are due. Although, barring any major surprises, neither print is likely to impact on the respective currencies.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1941	0.12	-2.23
EUR/GBP	0.8565	0.12	-4.16
GBP/USD	1.394	0.01	1.95
GBP/EUR	1.1672	-0.12	4.34
USD/JPY	108.99	0.28	5.57
EUR/JPY	130.14	0.39	3.15

* 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	0.18	0.25	0.92
EUR	0.00	-0.55	-0.54	-0.53	-0.49	-0.31
GBP	0.10	0.05	0.08	0.10	0.26	0.60

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

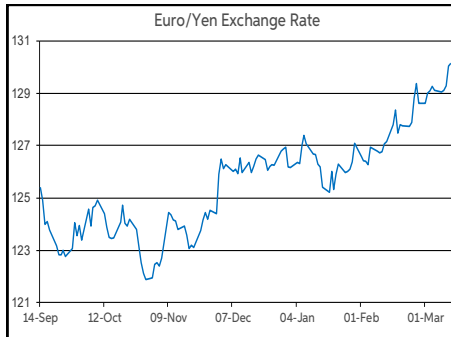
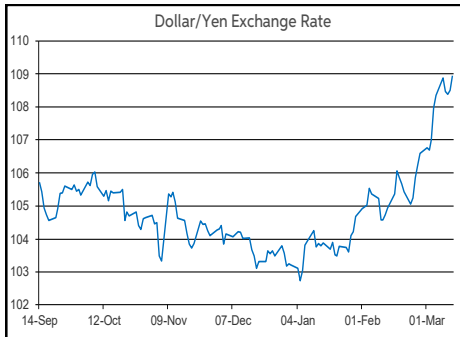
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

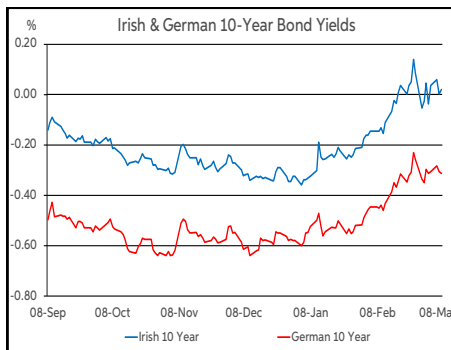
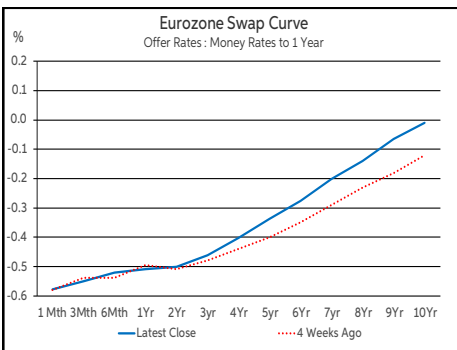
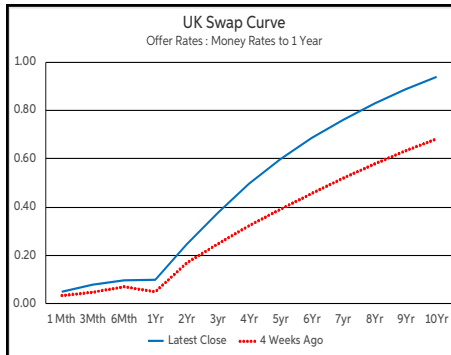
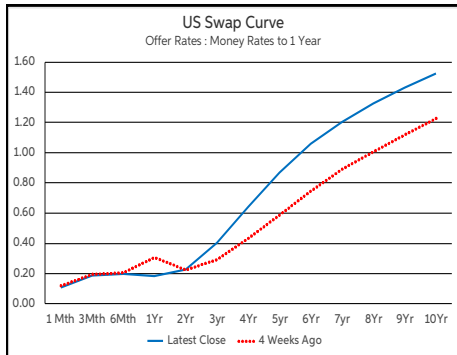
Friday 12 March 2021
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8565	GBP/EUR	1.1671	USD/JPY	108.99
EUR/USD	1.1941	GBP/USD	1.394	USD/CAD	1.2562
EUR/JPY	130.15	GBP/CAD	1.7519	USD/CHF	0.9276
EUR/SEK	10.1413	GBP/NZD	1.9401	USD/CNY	6.497
EUR/DKK	7.4364	GBP/JPY	151.93	USD/BRL	5.5357
EUR/NOK	10.116	GBP/SEK	11.8329	USD/RUB	73.5456
EUR/CHF	1.1078	GBP/DKK	8.6788	USD/INR	72.76
EUR/AUD	1.5409	GBP/NOK	11.8055	AUD/USD	0.7749
EUR/HKD	9.2666	GBP/CHF	1.2931	NZD/USD	0.7182
EUR/CAD	1.5008	GBP/AUD	1.7986		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.54	+1	+37	+62
Germany	-0.33	-2	+13	+24
UK	0.74	+2	+27	+54
Ireland	0.02	-3	+15	+32
Belgium	-0.02	-3	+25	+36
France	-0.09	-3	+14	+25
Italy	0.61	-8	+15	+9
Spain	0.31	-5	+19	+26
Portugal	0.19	-6	+11	+13
Greece	0.79	-6	+3	+16
5 Year Swap %				
US	0.87	+3	+31	+45
Eurozone	-0.34	-1	+7	+12
UK	0.60	+1	+21	+41
2 Year Swap %				
US	0.22	-0	+3	+3
Eurozone	-0.50	-1	+2	+3
UK	0.24	-0	+9	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	-1	+2	+8
Belgium	31	-1	+12	+12
France	24	-1	+1	+1
Italy	94	-6	+3	-16
Spain	64	-3	+6	+1
Portugal	52	-4	-1	-12
Greece	112	-4	-10	-9



Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	69.63	+2.55	+13.89	+34.42
West Texas Oil	66.02	+2.44	+13.40	+36.55
Gold \$	1721.4	-0.27	-5.69	-9.23

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