

Dollar softer post-Fed, BoE in focus today

The main focus of attention for markets yesterday was the Fed policy meeting. As expected, the Fed kept policy on hold. Chair Powell reiterated that higher inflation expected later this year is likely to be transitory. The interest rate dot plot signalled that the FOMC does not intend to raise rates through to 2023. Meanwhile, The latest economic projections revised US GDP sharply higher for 2021, and unemployment lower.

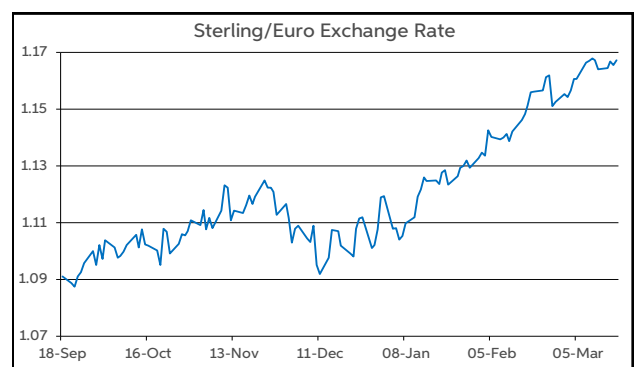
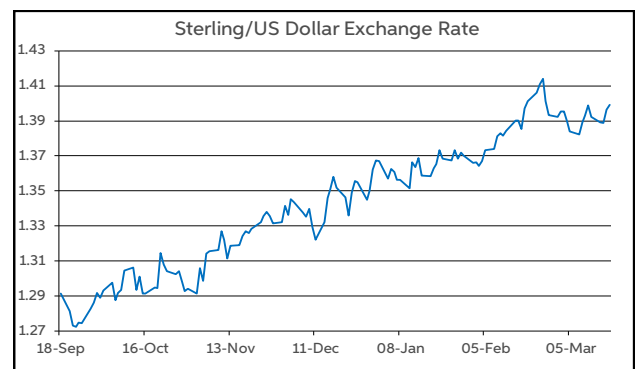
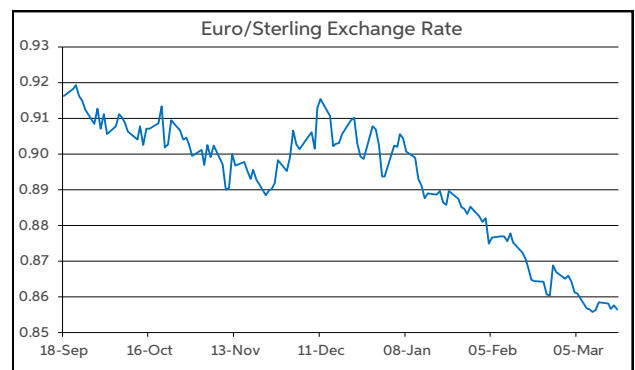
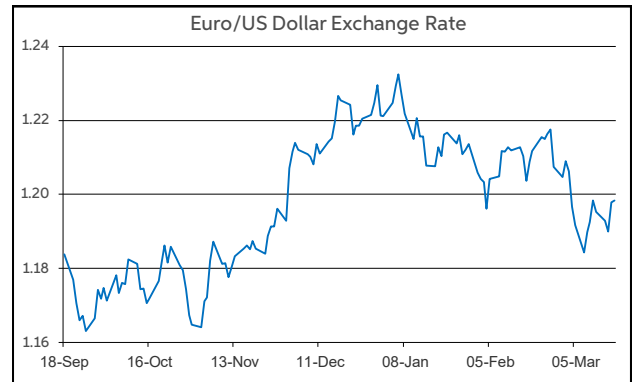
In terms of market reaction, after rising in the lead up to the meeting conclusion, US yields fell back in the initial aftermath of the dovish sounding Fed. However, overnight the US yield curve steepened, with the 10 Year Treasury yield rising to above 1.7%, its highest level in over a year. Eurozone yields also moved higher, and spreads widened. Currency-wise, the dollar has lost some ground against the euro and sterling over the past 24 hours.

In level terms, the softer dollar tone is reflected in EUR/USD opening this morning up near to \$1.20. GBP/USD starts today just below the \$1.40 handle. Meanwhile, EUR/GBP remains range bound, near the midpoint of 85-86p.

Turning to the day ahead, the Bank of England will hold its March monetary policy meeting. Like the Fed, the BoE is expected to keep policy on hold. The meeting may therefore have little impact on sterling. A host of ECB Board members are also due to make speeches today, including President Lagarde.

Data-wise, initial jobless claims in the US are forecast to edge lower to 700k, as the labour market recovery continues. The Philly Fed manufacturing index is also due. However, barring any major surprises the releases are unlikely to affect the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1984	0.73	-1.88
EUR/GBP	0.8565	-0.05	-4.16
GBP/USD	1.399	0.79	2.32
GBP/EUR	1.1673	0.05	4.34
USD/JPY	108.94	-0.20	5.52
EUR/JPY	130.55	0.52	3.48

* 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	0.19	0.18	0.26	0.93
EUR	0.00	-0.56	-0.54	-0.53	-0.48	-0.31
GBP	0.10	0.05	0.08	0.11	0.28	0.67

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

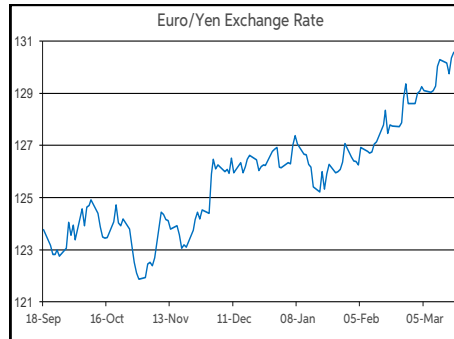
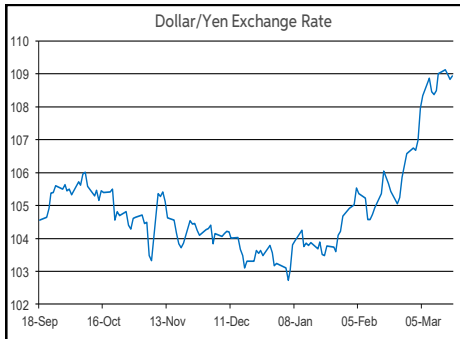
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

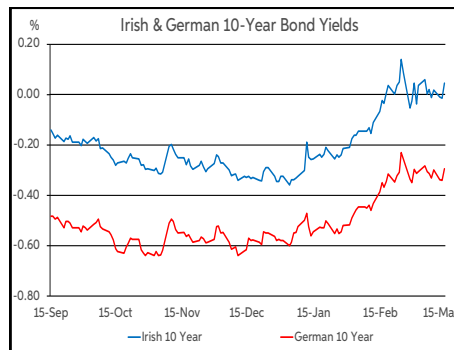
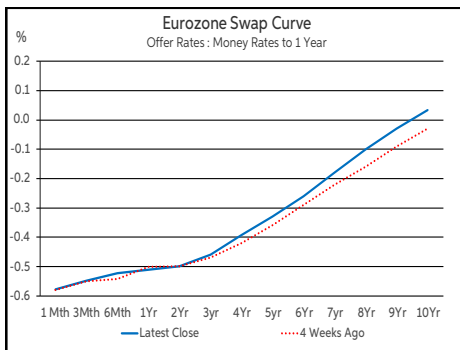
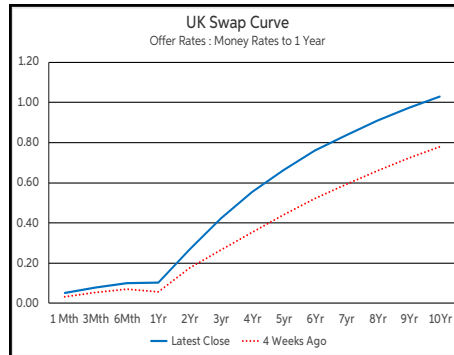
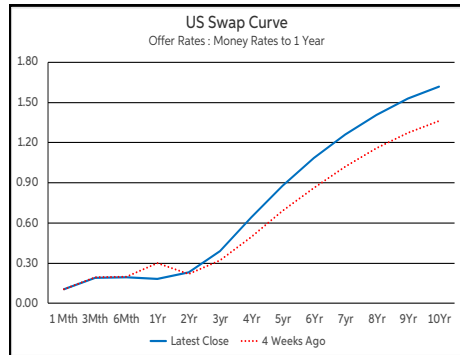
Thursday 18 March 2021
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8565	GBP/EUR	1.1673	USD/JPY	108.94
EUR/USD	1.1984	GBP/USD	1.399	USD/CAD	1.2372
EUR/JPY	130.55	GBP/CAD	1.731	USD/CHF	0.9222
EUR/SEK	10.1099	GBP/NZD	1.927	USD/CNY	6.4949
EUR/DKK	7.4358	GBP/JPY	152.41	USD/BRL	5.5832
EUR/NOK	10.0618	GBP/SEK	11.7996	USD/RUB	73.5407
EUR/CHF	1.1051	GBP/DKK	8.6806	USD/INR	72.49
EUR/AUD	1.5282	GBP/NOK	11.7421	AUD/USD	0.7839
EUR/HKD	9.3038	GBP/CHF	1.2903	NZD/USD	0.7259
EUR/CAD	1.4825	GBP/AUD	1.7841		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.65	+2	+36	+73
Germany	-0.29	+5	+7	+28
UK	0.83	+5	+26	+64
Ireland	0.07	+6	+9	+38
Belgium	0.03	+5	+10	+42
France	-0.04	+5	+10	+31
Italy	0.70	+7	+12	+18
Spain	0.38	+6	+9	+33
Portugal	0.26	+6	+7	+20
Greece	0.96	+9	+14	+33
5 Year Swap %				
US	0.88	-1	+22	+46
Eurozone	-0.33	+1	+4	+13
UK	0.66	+3	+23	+47
2 Year Swap %				
US	0.23	-1	+4	+4
Eurozone	-0.50	+0	+1	+3
UK	0.27	+1	+10	+24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	+1	+2	+9
Belgium	33	+1	+3	+14
France	26	+0	+3	+2
Italy	99	+3	+5	-10
Spain	67	+1	+2	+4
Portugal	55	+1	-0	-8
Greece	125	+4	+7	+5



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	68	-0.57	+5.69	+31.27
West Texas Oil	64.55	-0.42	+5.66	+33.51
Gold \$	1744.4	+0.78	-1.79	-8.02

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