

## Risk-off returns to markets

The risk-off tone returned to markets yesterday as concerns over growing Covid-19 numbers across Europe led to a host of nations introducing enhanced restrictions. Equity markets moved lower, bond yields continued to fall, credit spreads widened and the price of oil fell. On currency markets, safe-haven currencies such as the yen and dollar outperformed.

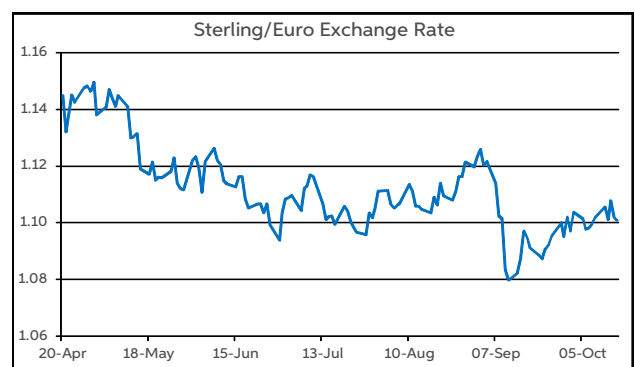
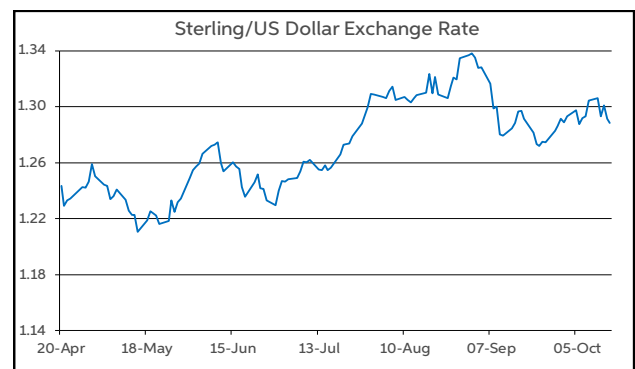
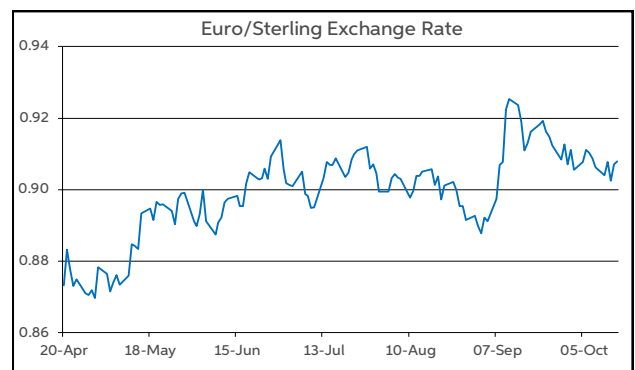
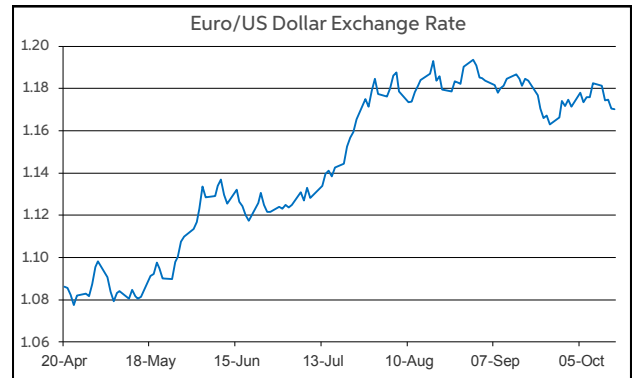
Yesterday marked the beginning of the two-day EU summit in Brussels. As expected the EU agreed to extend trade-talks, and to step-up no-deal preparations. A host of EU leaders stated the blocs desire for a deal, while also drawing attention to the fact that key issues still remain before a deal can be agreed. EU Chief negotiator Barnier echoed these messages, while also stating that the EU hopes to trigger the final stage of talks next week.

However, his counterpart for the UK, Lord Frost stated he was disappointed at the messages emanating from the summit. PM Johnson is expected to outline his position on the future of trade negotiations later today. Sterling has been somewhat softer over the past 24 hours amid the deadlock.

In level terms, the stronger dollar tone is reflected in EUR/USD opening near the \$1.17 handle. Meanwhile, EUR/GBP is changing hands in the top half of 90-91p. Cable (GBP/USD) is operating below the \$1.29 mark.

Today, US retail sales and industrial production are the main data releases. However, barring any surprises neither release is likely to impact the dollar. The conclusion of the Summit and PM Johnson's statement due later today may pose some event risk for sterling, although trade-talk's are expected to continue.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1702	-0.43	4.39
EUR/GBP	0.9079	0.60	7.39
GBP/USD	1.2886	-1.01	-2.81
GBP/EUR	1.101	-0.59	-6.88
USD/JPY	105.26	-0.01	-3.08
EUR/JPY	123.18	-0.42	1.11

\* 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	0.15	0.23	0.19	0.25	0.40
EUR	0.00	-0.54	-0.51	-0.51	-0.51	-0.48
GBP	0.10	0.04	0.05	0.05	0.06	0.18

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

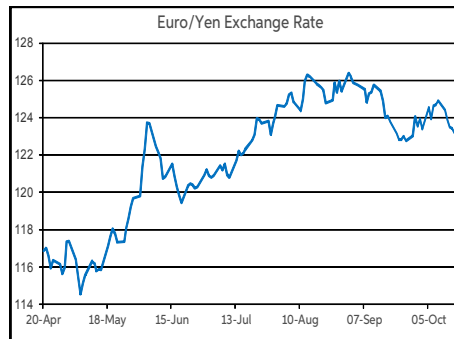
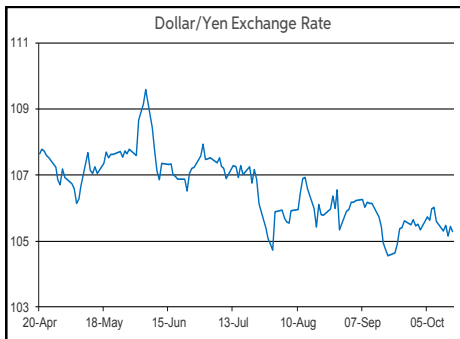
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# Opening Levels

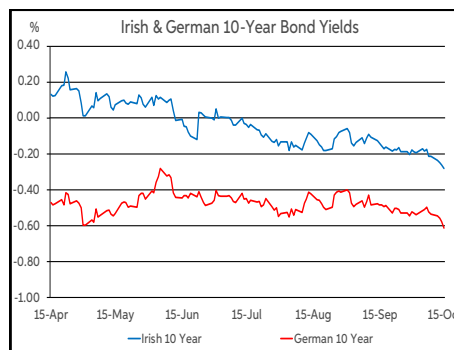
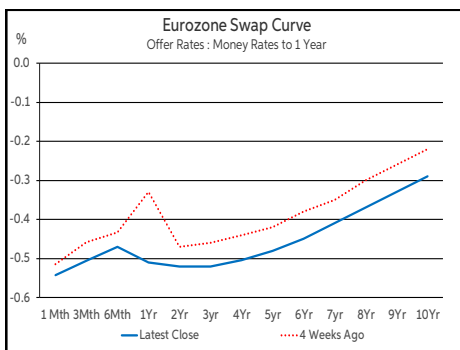
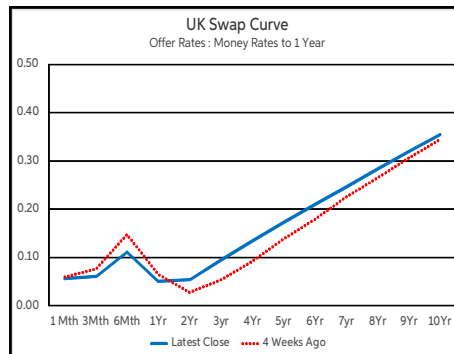
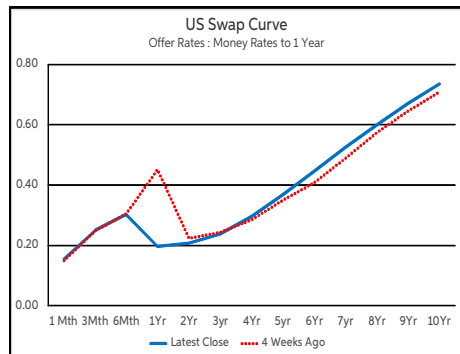
Friday 16 October 2020  
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.908	GBP/EUR	1.1009	USD/JPY	105.27
EUR/USD	1.17	GBP/USD	1.2884	USD/CAD	1.3233
EUR/JPY	123.17	GBP/CAD	1.7049	USD/CHF	0.9151
EUR/SEK	10.3964	GBP/NZD	1.9554	USD/CNY	6.7214
EUR/DKK	7.4426	GBP/JPY	135.63	USD/BRL	5.6124
EUR/NOK	10.9815	GBP/SEK	11.4493	USD/RUB	78.0441
EUR/CHF	1.0709	GBP/DKK	8.1946	USD/INR	73.362
EUR/AUD	1.6541	GBP/NOK	12.0847	AUD/USD	0.7073
EUR/HKD	9.0665	GBP/CHF	1.179	NZD/USD	0.6587
EUR/CAD	1.5483	GBP/AUD	1.8211		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.74	+1	+5	-118
Germany	-0.61	-4	-12	-42
UK	0.18	-4	-1	-64
Ireland	-0.25	-3	-12	-37
Belgium	-0.37	-2	-11	-47
France	-0.33	-3	-10	-45
Italy	0.70	+4	-26	-73
Spain	0.15	+1	-12	-32
Portugal	0.16	+2	-13	-29
Greece	0.84	+7	-23	-62
<b>5 Year Swap %</b>				
US	0.37	-0	+6	-134
Eurozone	-0.48	-1	-5	-36
UK	0.17	-2	+4	-70
<b>2 Year Swap %</b>				
US	0.21	-2	+1	-145
Eurozone	-0.52	+0	-4	-22
UK	0.05	-1	+4	-74
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	36	+1	+0	+6
Belgium	24	+1	+1	-4
France	28	+1	+2	-3
Italy	131	+7	-14	-31
Spain	76	+5	+0	+11
Portugal	77	+5	-2	+13
Greece	145	+10	-11	-20



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	43.16	-0.37	-0.32	-34.61
West Texas Oil	40.84	-0.05	-0.37	-33.20
Gold \$	1907.8	+0.36	-1.79	+25.76

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