

Muted start to the week

There was a relatively muted start to the week on currency markets yesterday. This reflected the sparse look to the macro schedule. Of the limited moves to register, the euro came under some downward pressure.

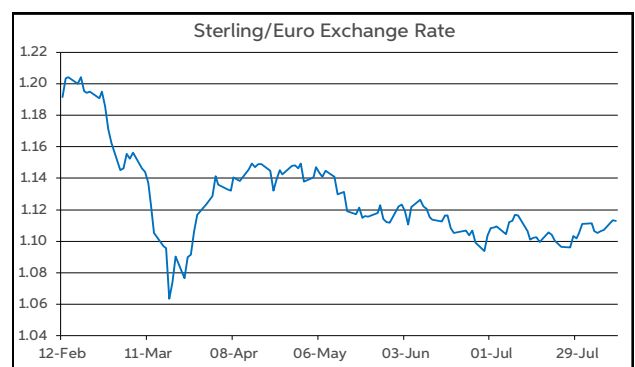
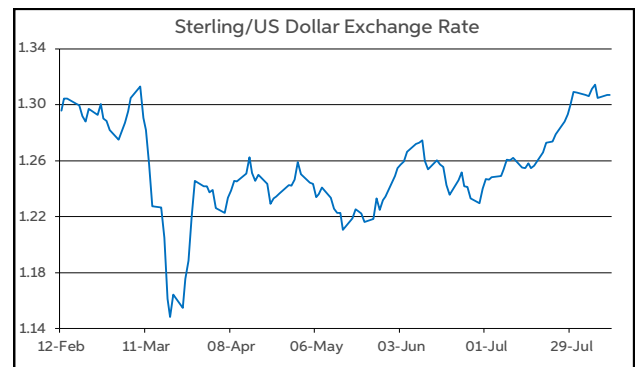
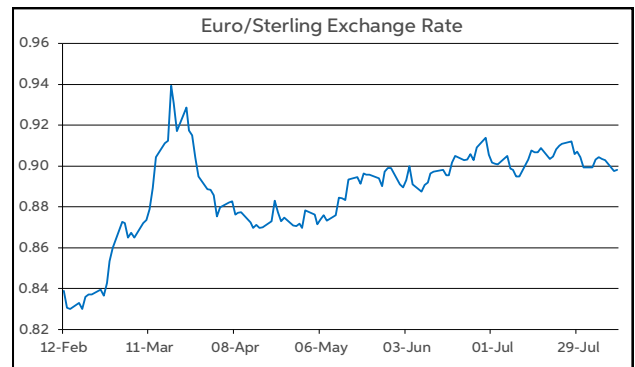
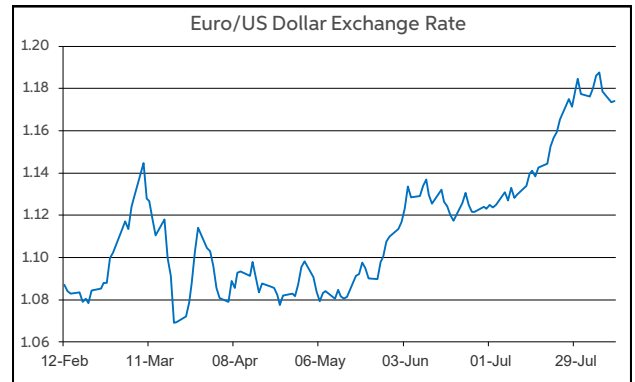
In level terms, the slightly weaker euro tone saw EUR/GBP test below 90p yesterday and it opens below this threshold this morning. At the same time, EUR/USD is changing hands just below the midpoint of the \$1.17-1.18 band. Meanwhile, GBP/USD is continuing to trade in the upper half of the \$1.30-1.31 range.

Elsewhere on financial markets, the action was similarly subdued. Equities moved modestly higher, with the S&P gaining 0.3% on the day. Despite the weak macro outlook, it is now less than 1% off its all time record high in February. Equities have been supported by central banks' significant QE programmes in recent months.

Data-wise, this morning saw the release of the Q2 labour market bulletin in the UK. Job losses were more modest than anticipated at 220k (f'cast 288k). This in turn saw the unemployment rate hold at 3.9%. The UK government's Job Retention Scheme has prevented mass layoffs. The jobless rate will rise when the programme ends in October, though there are encouraging signs that many of those furloughed are returning back to work.

Turning to the day ahead, there is little else out to be of interest to the main pairs. Indeed, the only release of any note is the August print of the German ZEW. However, it would not be expected to generate any reaction in the euro. As a result, we could be in for another quiet 24 hours on markets, with any moves likely to be linked to shifts in investor sentiment.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1743	-0.39	4.75
EUR/GBP	0.8981	-0.44	6.23
GBP/USD	1.3072	0.04	-1.41
GBP/EUR	1.113	0.45	-5.87
USD/JPY	106.11	0.32	-2.30
EUR/JPY	124.6	-0.08	2.27

* v Previous Day's European Open

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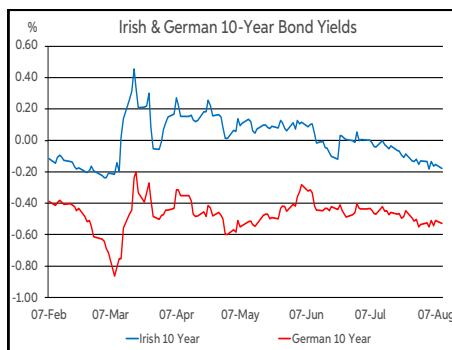
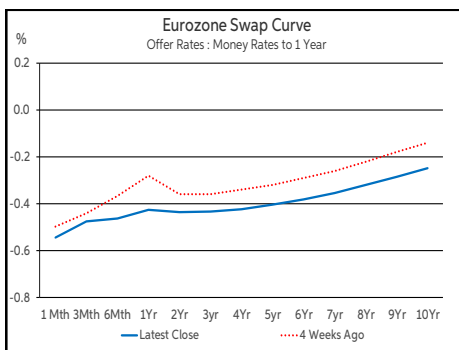
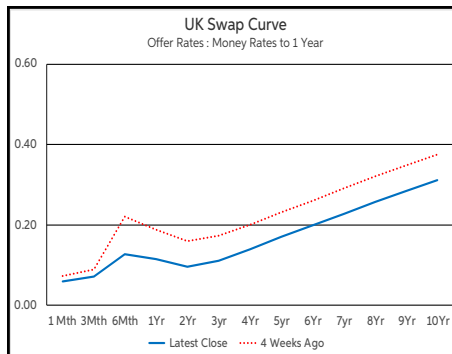
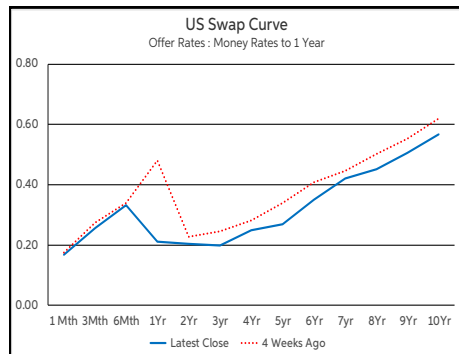
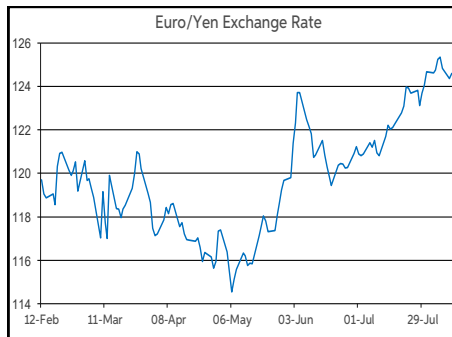
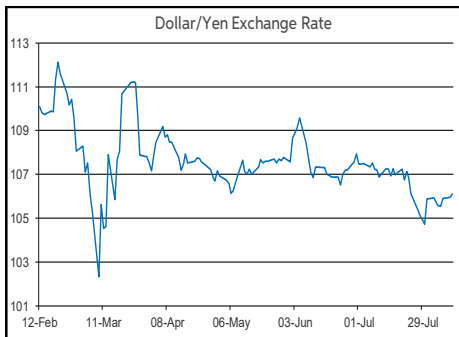
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.17	0.26	0.22	0.22	0.30
EUR	0.00	-0.51	-0.48	-0.44	-0.42	-0.39
GBP	0.10	0.06	0.07	0.11	0.10	0.18

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				

Euro		Sterling		Dollar	
EUR/GBP	0.8981	GBP/EUR	1.113	USD/JPY	106.11
EUR/USD	1.1743	GBP/USD	1.3072	USD/CAD	1.3334
EUR/JPY	124.6	GBP/CAD	1.7429	USD/CHF	0.9149
EUR/SEK	10.2827	GBP/NZD	1.9762	USD/CNY	6.9554
EUR/DKK	7.4456	GBP/JPY	138.69	USD/BRL	5.4813
EUR/NOK	10.5963	GBP/SEK	11.4466	USD/RUB	73.3277
EUR/CHF	1.0743	GBP/DKK	8.2873	USD/INR	74.855
EUR/AUD	1.6383	GBP/NOK	11.7967	AUD/USD	0.7167
EUR/HKD	9.1005	GBP/CHF	1.1961	NZD/USD	0.6613
EUR/CAD	1.566	GBP/AUD	1.8236		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.58	+1	-4	-134
Germany	-0.53	-2	-11	-34
UK	0.13	-1	-5	-69
Ireland	-0.16	-3	-18	-28
Belgium	-0.26	-3	-15	-36
France	-0.24	-3	-14	-36
Italy	0.99	-0	-32	-44
Spain	0.27	-2	-18	-20
Portugal	0.29	-2	-18	-16
Greece	1.05	+4	-18	-41
5 Year Swap %				
US	0.27	-1	-3	-144
Eurozone	-0.40	-2	-7	-28
UK	0.17	-2	-6	-71
2 Year Swap %				
US	0.20	+0	+1	-146
Eurozone	-0.44	-1	-7	-14
UK	0.10	-1	-5	-70
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	-1	-7	+6
Belgium	26	-1	-4	-2
France	29	-1	-3	-2
Italy	151	+2	-21	-10
Spain	79	-0	-7	+14
Portugal	81	+0	-7	+18
Greece	158	+6	-7	-7

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	44.99	+1.33	+5.31	-31.83
West Texas Oil	41.94	+1.90	+4.69	-31.40
Gold \$	2027.3	-0.36	+12.46	+33.64

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