

## \$1.20 level holds for now

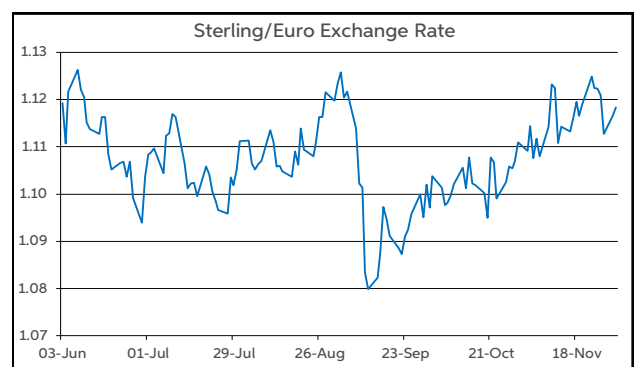
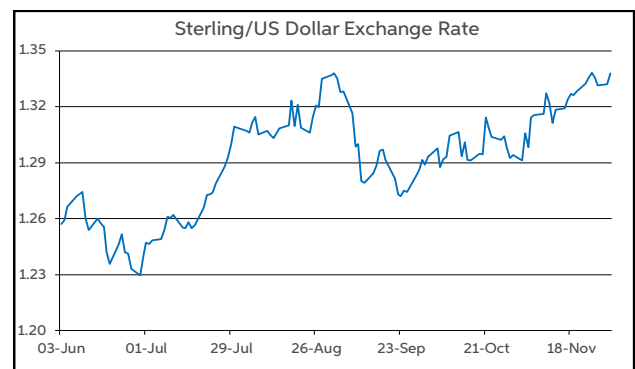
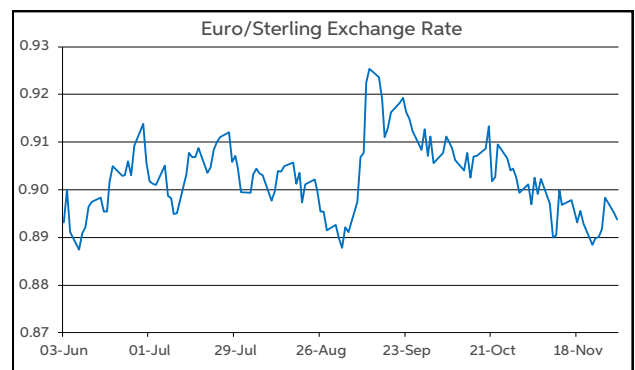
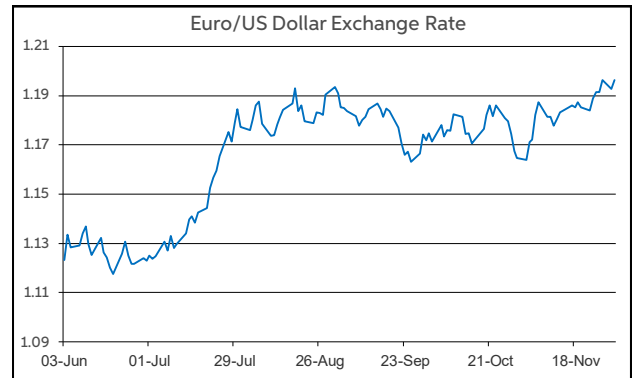
November was characterised by a strong tone to risk sentiment, although it did come to a close yesterday on a somewhat more cautious footing. The main equity indices finished the day with some modest losses. Overall though, these indices registered double digit gains over the month with risk appetite boosted by a raft of positive Covid-19 vaccine newsflow. In Europe, the Euro Stoxx 50 gained over 18% in November. Meanwhile on Wall Street, the S&P 500 was up 11% over the period.

Currency-wise, this robust tone to investor sentiment during the month coincided with a more challenging backdrop for safe haven currencies such as the dollar and yen. In percentage terms, both the euro and sterling gained between 2.5-3.5% against the dollar. In level terms, EUR/USD ended the month briefly touching \$1.20 yesterday. However, similar to its last attempt in September, the \$1.20 mark held and remains a key resistance level for the pair. EUR/USD has only made one breach of this level since 2014.

The other notable feature of the FX action in the month was the resilience of sterling. Despite limited progress being made in the EU-UK trade talks and time running out to get a deal done by year end (when transition period expires), there was no major downward pressure on the UK currency. This is reflected in EUR/GBP spending a large part of the month confined to 89-90p.

Ahead today, December gets off to a relatively quiet start from a data calendar perspective. The main highlights being Eurozone inflation and US manufacturing ISM (both Nov). However, neither release would be expected to have any significant influence on their respective currencies. Meanwhile, 'trade talk' newsflow remains a potential source of direction for sterling.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1966	-0.03	6.74
EUR/GBP	0.894	-0.37	5.75
GBP/USD	1.3385	0.33	0.95
GBP/EUR	1.1185	0.37	-5.44
USD/JPY	104.32	0.46	-3.95
EUR/JPY	124.83	0.41	2.46

\* 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	0.20	0.24	0.42
EUR	0.00	-0.55	-0.53	-0.52	-0.51	-0.45
GBP	0.10	0.04	0.04	0.04	0.09	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

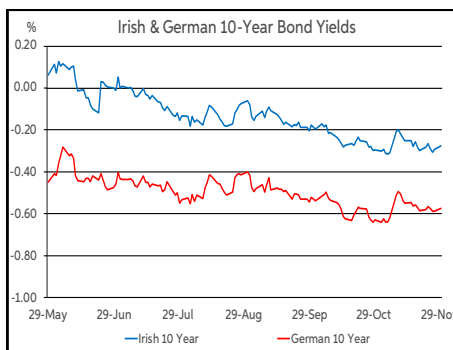
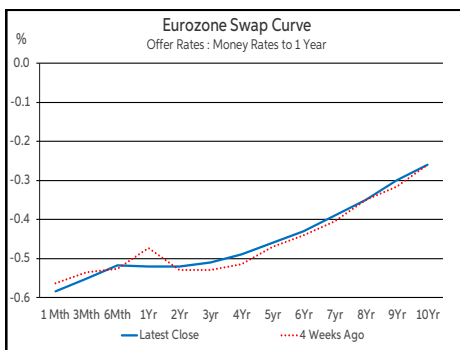
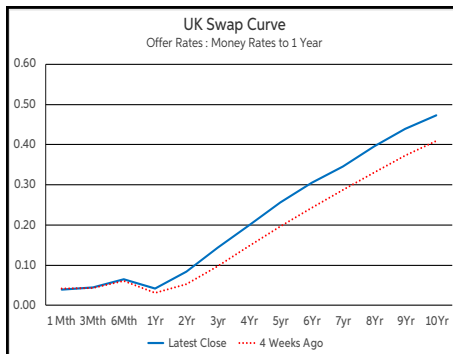
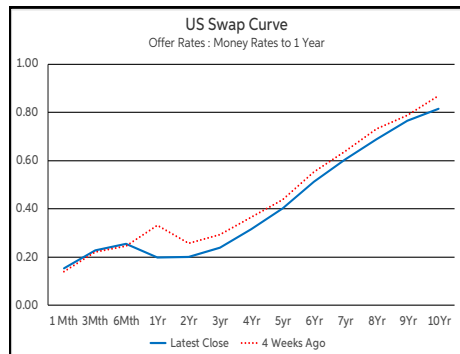
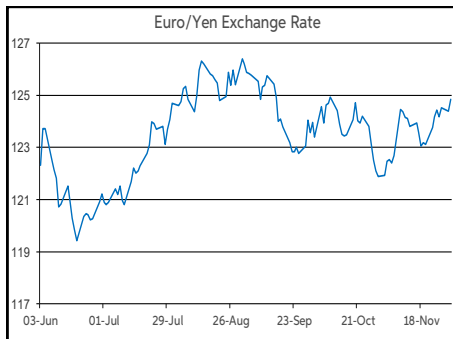
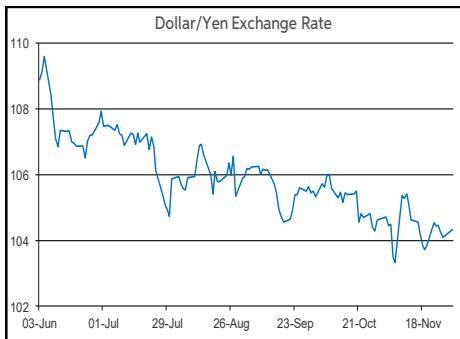
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Tuesday 01 December 2020  
07:25 am



Euro		Sterling		Dollar	
EUR/GBP	0.894	GBP/EUR	1.1185	USD/JPY	104.32
EUR/USD	1.1966	GBP/USD	1.3385	USD/CAD	1.2953
EUR/JPY	124.83	GBP/CAD	1.7344	USD/CHF	0.9066
EUR/SEK	10.2328	GBP/NZD	1.9018	USD/CNY	6.5628
EUR/DKK	7.4422	GBP/JPY	139.63	USD/BRL	5.3319
EUR/NOK	10.5969	GBP/SEK	11.4405	USD/RUB	76.215
EUR/CHF	1.0849	GBP/DKK	8.3228	USD/INR	73.5
EUR/AUD	1.6247	GBP/NOK	11.8497	AUD/USD	0.7365
EUR/HKD	9.2768	GBP/CHF	1.2136	NZD/USD	0.7038
EUR/CAD	1.5506	GBP/AUD	1.8168		



Debt Markets				
	Close	Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.84	+0	-1	-108
Germany	-0.57	+1	+7	-38
UK	0.31	+2	+9	-52
Ireland	-0.25	+2	-0	-37
Belgium	-0.37	+2	+2	-47
France	-0.32	+2	+3	-44
Italy	0.59	+2	-13	-84
Spain	0.08	+2	-4	-39
Portugal	0.04	+2	-7	-41
Greece	0.64	-2	-30	-81
<b>5 Year Swap %</b>				
US	0.40	-2	-2	-131
Eurozone	-0.46	+1	+2	-34
UK	0.26	+1	+6	-62
<b>2 Year Swap %</b>				
US	0.20	-4	-2	-146
Eurozone	-0.52	+0	+2	-22
UK	0.08	+0	+4	-71
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	32	+1	-7	+1
Belgium	20	+1	-4	-8
France	25	+1	-4	-6
Italy	116	+1	-20	-46
Spain	66	+1	-11	-0
Portugal	61	+0	-14	-3
Greece	121	-3	-36	-43

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	47.59	-1.22	+22.12	-27.89
West Texas Oil	45.2	-0.83	+23.50	-26.07
Gold \$	1777.0	-0.62	-6.23	+17.14

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