

## EUR/USD above \$1.20 level

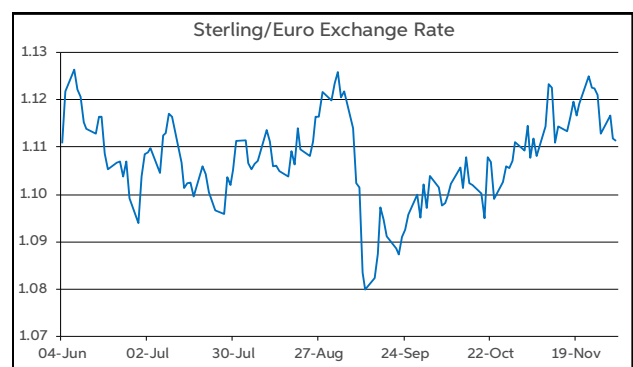
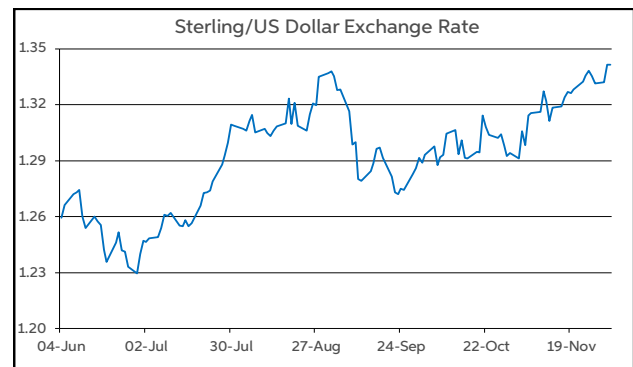
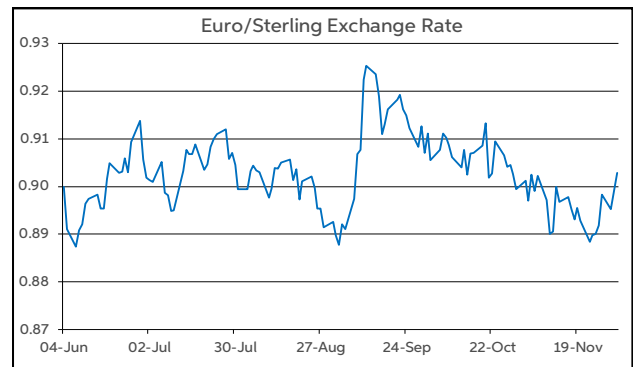
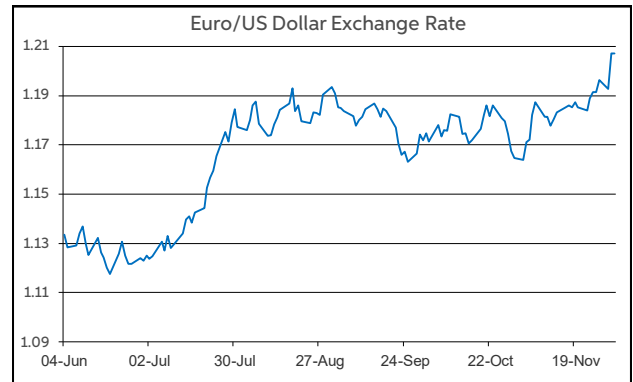
The start of December saw a generally optimistic mood on markets yesterday. Sentiment was aided by better than expected macro data out of China as well as positive reports on the timing of the rollout of a Covid-19 vaccine. This 'risk on' mood was evident in all the main equity indices registering gains on the day. At the close on Wall Street last night, the S&P 500 was up 1.1%.

On the currency front, the euro has started the month with some momentum. At the same time, the dollar has been somewhat softer. In a notable move, the EUR/USD pair has moved above the \$1.20 mark, trading as high as \$1.208, its highest level since H1'2018. There was no specific catalyst for this in terms of Eurozone news. The data calendar was largely uneventful. The final reading of the manufacturing PMI (Nov) saw a slight upward revision, while Eurozone inflation (Nov) printed weaker than expected at -0.3%. For the dollar, the manufacturing ISM (Nov) came in modestly below forecasts, but remained at a solid level. Meanwhile, Fed Chair Powell's semi-annual testimony to Congress did not provide any surprises.

For sterling, reports yesterday that the EU-UK trade talks may be entering the "tunnel" stage of negotiations gave a temporary boost to the currency. The move was not sustained, though, with the euro rising above the 90p level in early trading today ahead of a briefing from Michel Barnier this morning. He is expected to report that a deal still hangs in the balance.

Today's macro calendar is very sparse. Therefore, barring any major Brexit developments, the focus from an FX perspective may centre on EUR/USD and whether it can hold its ground above the \$1.20 threshold.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.2059	0.87	7.57
EUR/GBP	0.9023	0.89	6.73
GBP/USD	1.3362	-0.03	0.78
GBP/EUR	1.1077	-0.89	-6.31
USD/JPY	104.57	0.19	-3.72
EUR/JPY	126.12	1.07	3.52

\* 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	0.21	0.26	0.47
EUR	0.00	-0.55	-0.53	-0.51	-0.50	-0.43
GBP	0.10	0.04	0.04	0.05	0.10	0.28

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

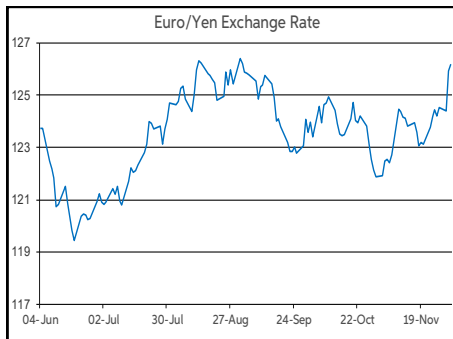
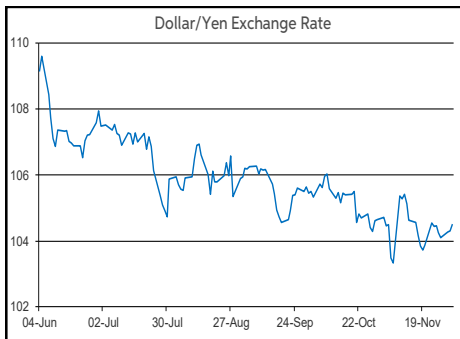
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

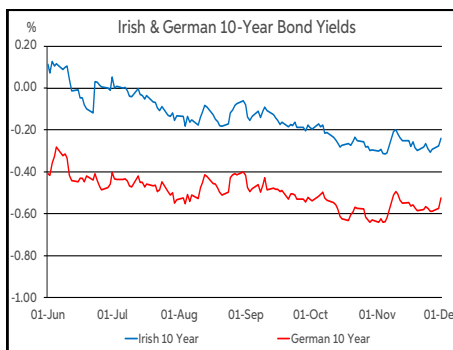
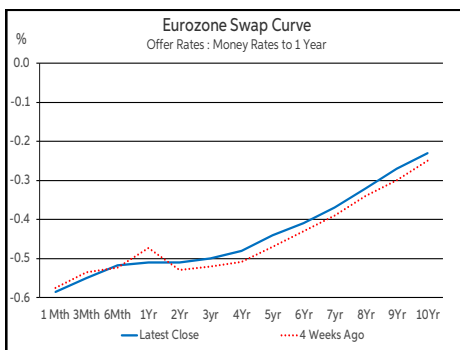
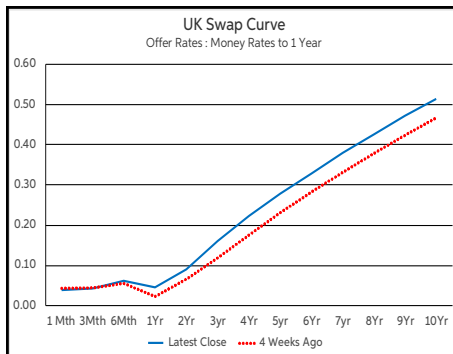
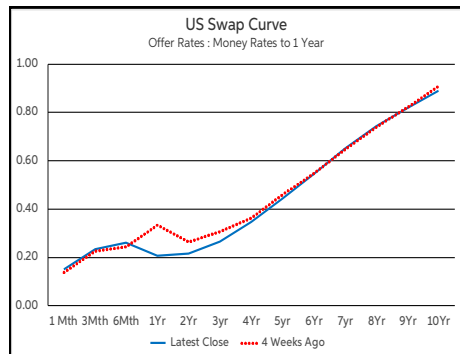
Wednesday 02 December 2020  
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.9022	GBP/EUR	1.1078	USD/JPY	104.57
EUR/USD	1.206	GBP/USD	1.3362	USD/CAD	1.2939
EUR/JPY	126.12	GBP/CAD	1.7291	USD/CHF	0.8999
EUR/SEK	10.2641	GBP/NZD	1.891	USD/CNY	6.5663
EUR/DKK	7.4441	GBP/JPY	139.74	USD/BRL	5.2061
EUR/NOK	10.6444	GBP/SEK	11.3742	USD/RUB	75.65
EUR/CHF	1.0855	GBP/DKK	8.2478	USD/INR	73.709
EUR/AUD	1.6354	GBP/NOK	11.7963	AUD/USD	0.7373
EUR/HKD	9.3472	GBP/CHF	1.2026	NZD/USD	0.7064
EUR/CAD	1.5605	GBP/AUD	1.8116		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.93	+9	+3	-99
Germany	-0.52	+5	+10	-34
UK	0.35	+5	+8	-47
Ireland	-0.22	+4	+3	-34
Belgium	-0.33	+4	+6	-42
France	-0.28	+4	+6	-41
Italy	0.64	+6	-6	-79
Spain	0.12	+4	+1	-35
Portugal	0.08	+5	-1	-37
Greece	0.66	+2	-25	-80
<b>5 Year Swap %</b>				
US	0.44	+4	+1	-127
Eurozone	-0.44	+2	+4	-32
UK	0.28	+2	+5	-60
<b>2 Year Swap %</b>				
US	0.21	+1	-1	-145
Eurozone	-0.51	+1	+3	-21
UK	0.09	+1	+3	-71
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	31	-1	-7	+0
Belgium	20	-0	-4	-9
France	24	-1	-4	-7
Italy	117	+1	-15	-45
Spain	65	-1	-9	-1
Portugal	61	+0	-10	-3
Greece	118	-3	-35	-46



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	47.42	-0.36	+19.42	-28.15
West Texas Oil	44.54	-1.46	+18.96	-27.15
Gold \$	1814.9	+2.13	-4.90	+19.63

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