

## Quiet FX market action

There was a generally cautious mood to market sentiment for much of yesterday. Although some positive news in relation to progress on a US stimulus package helped the S&P 500 edge higher (+0.3%) on Wall Street last night. Meanwhile, the main currency pairs traded within narrow ranges.

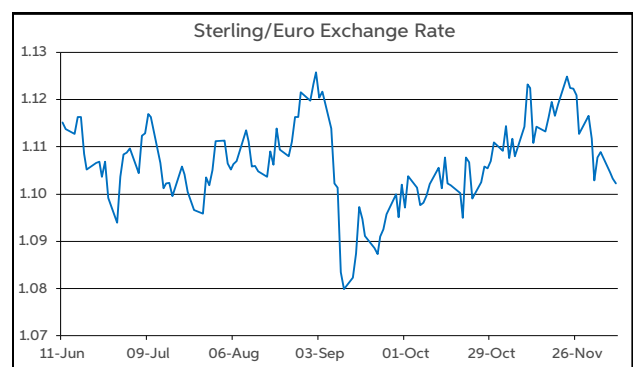
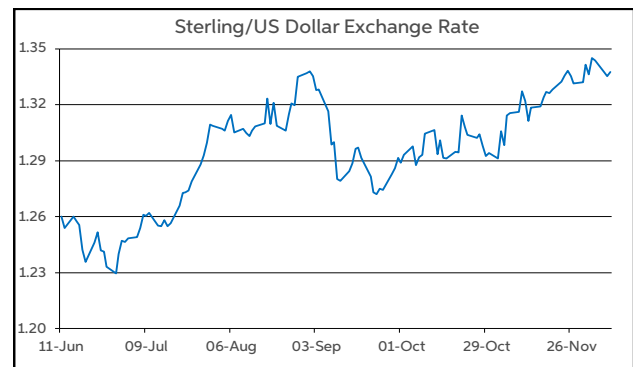
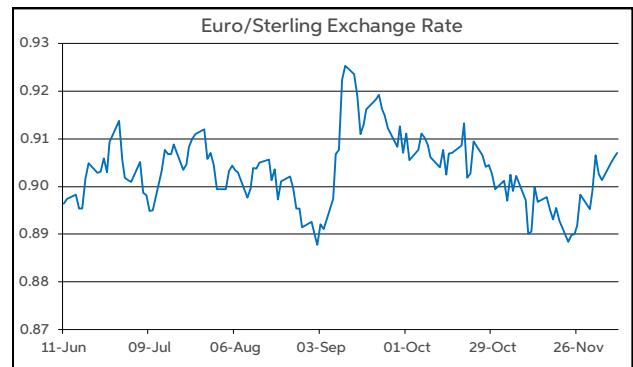
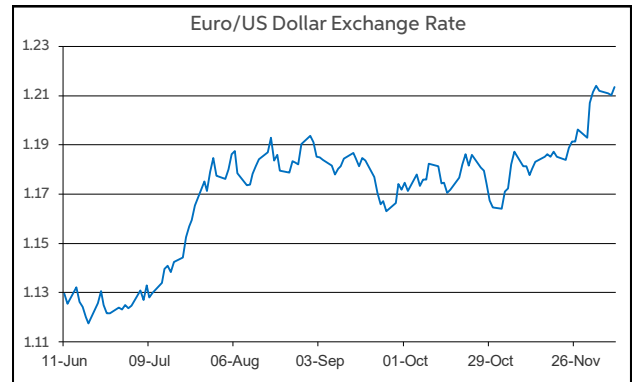
This was partly due to the fact that the macro data diary was sparse and lacking in any top tier releases. One of the few highlights was the German ZEW for December. The headline reading came in ahead of forecasts, but as expected it did not have any influence on the euro's performance.

On the Brexit front, the talks on a trade deal remained deadlocked around the key issues of fisheries, the level playing field and governance. However, in separate talks, the UK government did agree to the implementation of key aspects of the previously signed Withdrawal Agreement, including the special NI protocol.

From a currency perspective, the lack of any new developments on the trade deal has seen the key sterling pairs confined to tight ranges. In level terms, this is reflected in EUR/GBP continuing to trade in the upper half of 90-91p. Meanwhile, GBP/USD starts today just above the midpoint of \$1.33-1.34. Elsewhere, EUR/USD has held onto its position above \$1.21, with the pair changing hands this morning in the lower half of \$1.21-1.22.

Today's macro data calendar is once again very quiet. Therefore, both the euro and dollar could struggle for direction. For sterling, the currency remains sensitive to EU-UK trade talk newsflow. In this regard, the meeting later today between UK PM Johnson and EC President von der Leyen will be closely followed.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.2134	0.14	8.24
EUR/GBP	0.907	0.00	7.29
GBP/USD	1.3377	0.15	0.89
GBP/EUR	1.1022	0.00	-6.79
USD/JPY	104.18	0.14	-4.08
EUR/JPY	126.44	0.29	3.78

\* 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	0.47
EUR	0.00	-0.55	-0.53	-0.55	-0.53	-0.48
GBP	0.10	0.03	0.03	0.02	0.06	0.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

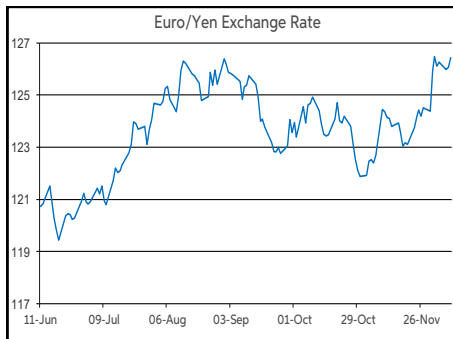
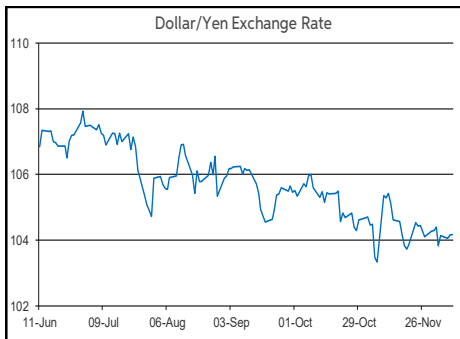
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

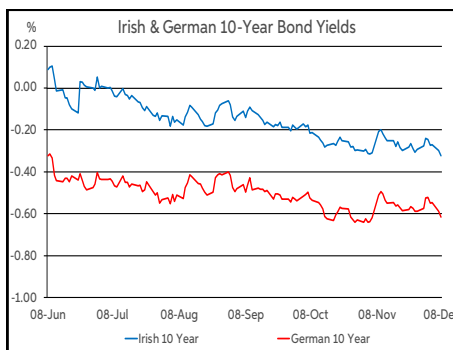
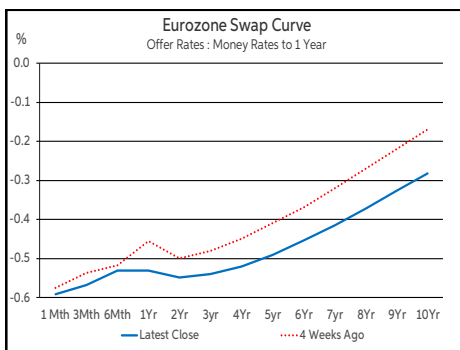
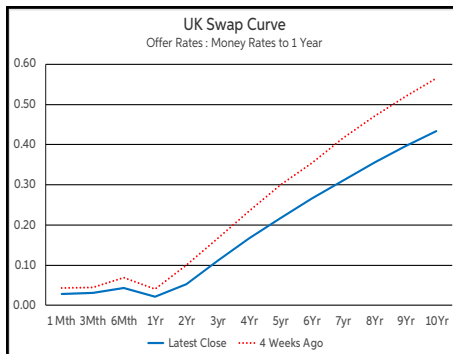
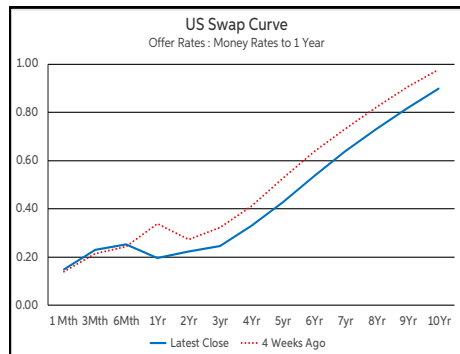
Wednesday 09 December 2020  
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.907	GBP/EUR	1.1022	USD/JPY	104.18
EUR/USD	1.2134	GBP/USD	1.3377	USD/CAD	1.2787
EUR/JPY	126.44	GBP/CAD	1.7104	USD/CHF	0.8876
EUR/SEK	10.2527	GBP/NZD	1.8916	USD/CNY	6.5213
EUR/DKK	7.4429	GBP/JPY	139.36	USD/BRL	5.1202
EUR/NOK	10.574	GBP/SEK	11.2986	USD/RUB	73.3
EUR/CHF	1.0774	GBP/DKK	8.2046	USD/INR	73.57
EUR/AUD	1.6287	GBP/NOK	11.6529	AUD/USD	0.7448
EUR/HKD	9.4062	GBP/CHF	1.1877	NZD/USD	0.7068
EUR/CAD	1.552	GBP/AUD	1.7954		



Debt Markets				
	Close	Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.92	-1	-4	-100
Germany	-0.61	-3	-13	-43
UK	0.26	-2	-14	-57
Ireland	-0.30	-2	-15	-42
Belgium	-0.41	-3	-12	-50
France	-0.37	-2	-13	-49
Italy	0.55	-3	-17	-88
Spain	0.03	-2	-16	-44
Portugal	-0.01	-3	-16	-45
Greece	0.65	+1	-21	-81
<b>5 Year Swap %</b>				
US	0.43	-1	-7	-128
Eurozone	-0.49	-1	-7	-37
UK	0.22	-1	-7	-66
<b>2 Year Swap %</b>				
US	0.22	+0	-2	-144
Eurozone	-0.55	-1	-4	-25
UK	0.05	-0	-4	-74
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	32	+0	-2	+1
Belgium	21	+0	+1	-8
France	25	+0	+0	-6
Italy	116	+0	-4	-45
Spain	64	+1	-2	-1
Portugal	61	+0	-3	-3
Greece	126	+3	-8	-38



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	48.84	+0.10	+11.99	-26.00
West Texas Oil	45.64	-0.17	+10.83	-25.35
Gold \$	1871.4	+0.41	-0.27	+23.36

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