

## ECB in focus today

There was a cautious tone to market sentiment yesterday. In Europe, most of the main equity indices traded sideways for much of the day. Meanwhile, at the closing bell on Wall Street last night, the S&P 500 was down 0.8% on the day.

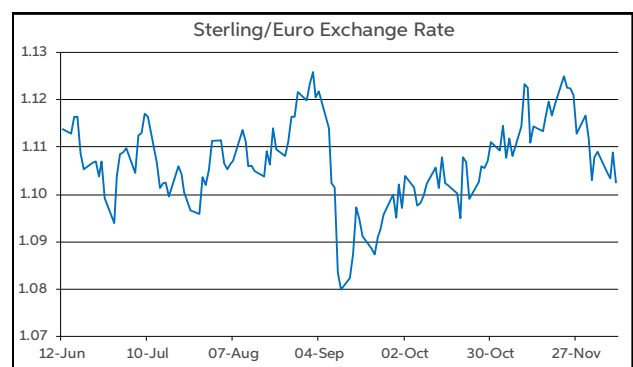
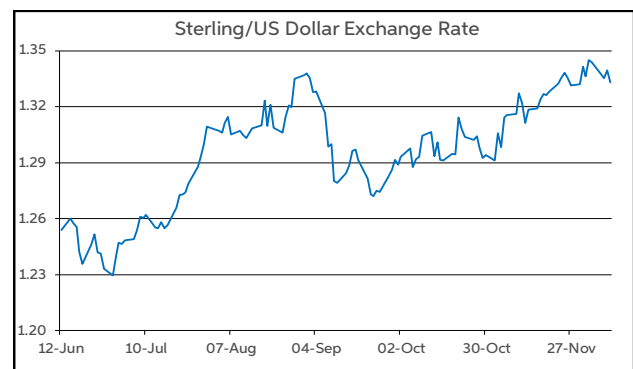
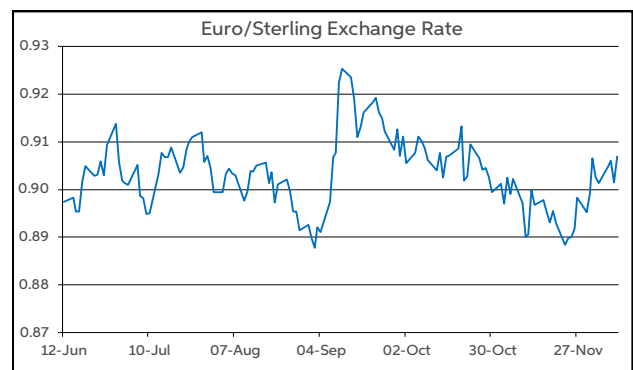
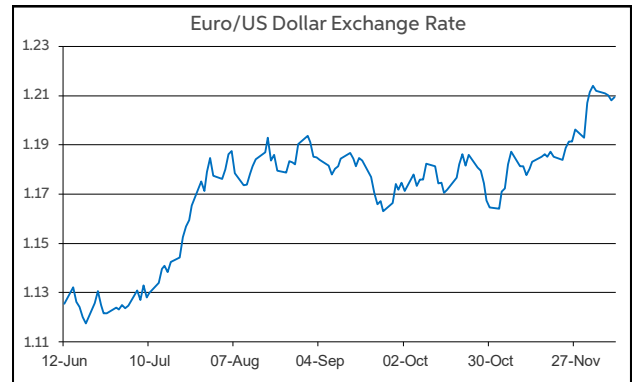
On the currency front, sterling started yesterday edging higher as the market awaited the outcome of the meeting last night between UK Prime Minister, Boris Johnson and EC President, Ursula von der Leyen. The EUR/GBP pair fell back towards 90p.

However, these moves were not sustained against heightened uncertainty over the prospects for a trade deal. The meeting concluded with both sides still far apart on the key issues of fisheries, the level playing field and governance. They agreed that the trade negotiations should reconvene and a "firm decision" be taken by Sunday about the future of the talks.

The EUR/GBP pair is changing hands this morning in the upper half of the 90-91p band. Meanwhile, cable (GBP/USD) is trading in the lower half of \$1.33-1.34. Elsewhere on currency markets, a slightly firmer tone to the dollar over the past 24 hours has seen the EUR/USD pair edge back below the \$1.21 threshold.

Ahead today, the ECB meeting provides some event risk for the euro. The central bank has indicated it will announce additional monetary stimulus. This is likely to include an increase in its asset purchases (i.e. QE) and possible changes to its TLTRO measures. The EU Leaders summit also gets underway this evening. Meanwhile, with time running out, trade talk newsflow remains a potential source of influence for sterling.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.2095	-0.29	7.89
EUR/GBP	0.9069	0.00	7.27
GBP/USD	1.3333	-0.31	0.56
GBP/EUR	1.1023	0.00	-6.78
USD/JPY	104.48	0.33	-3.80
EUR/JPY	126.37	0.03	3.73

\* 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	0.22	0.19	0.24	0.46
EUR	0.00	-0.55	-0.54	-0.54	-0.54	-0.49
GBP	0.10	0.02	0.04	0.02	0.06	0.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

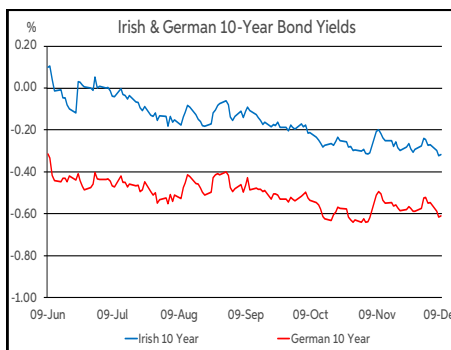
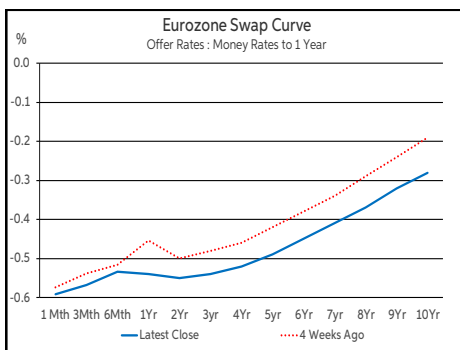
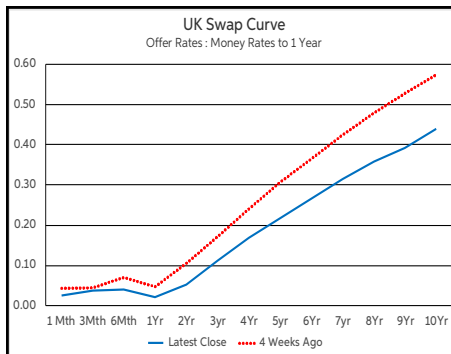
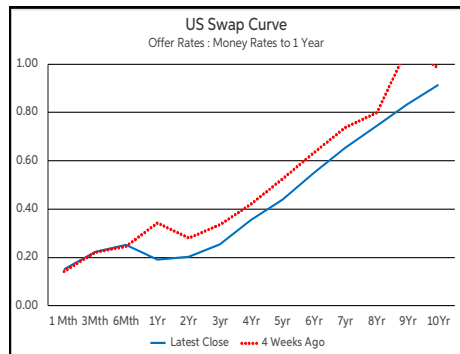
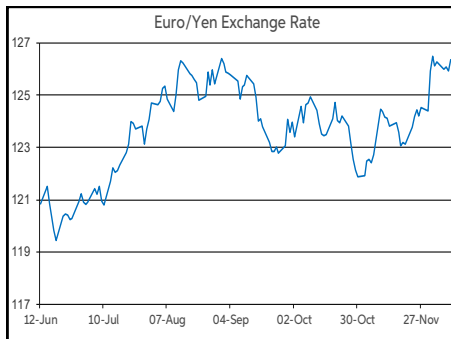
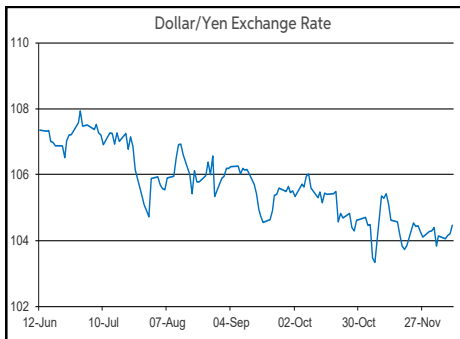
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Thursday 10 December 2020  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.9069	GBP/EUR	1.1023	USD/JPY	104.48
EUR/USD	1.2095	GBP/USD	1.3333	USD/CAD	1.2806
EUR/JPY	126.37	GBP/CAD	1.7066	USD/CHF	0.8891
EUR/SEK	10.2451	GBP/NZD	1.8953	USD/CNY	6.548
EUR/DKK	7.4426	GBP/JPY	139.3	USD/BRL	5.1708
EUR/NOK	10.6732	GBP/SEK	11.285	USD/RUB	73.753
EUR/CHF	1.0753	GBP/DKK	8.2047	USD/INR	73.75
EUR/AUD	1.6203	GBP/NOK	11.7641	AUD/USD	0.7461
EUR/HKD	9.3741	GBP/CHF	1.1854	NZD/USD	0.7031
EUR/CAD	1.5488	GBP/AUD	1.7863		



Debt Markets				
	Close	Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.94	+2	-2	-98
Germany	-0.61	+1	-10	-42
UK	0.26	+0	-15	-56
Ireland	-0.30	+0	-13	-42
Belgium	-0.41	+0	-10	-50
France	-0.36	+0	-10	-48
Italy	0.54	-1	-16	-89
Spain	0.02	-1	-14	-45
Portugal	-0.01	-1	-15	-46
Greece	0.62	-3	-22	-84
<b>5 Year Swap %</b>				
US	0.44	+0	-6	-127
Eurozone	-0.49	+0	-6	-37
UK	0.22	-0	-9	-66
<b>2 Year Swap %</b>				
US	0.20	-1	-5	-146
Eurozone	-0.55	-0	-4	-25
UK	0.05	-0	-4	-74
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	31	-1	-3	+0
Belgium	20	-1	+0	-8
France	24	-0	+0	-7
Italy	115	-2	-6	-47
Spain	63	-2	-4	-3
Portugal	59	-2	-5	-4
Greece	122	-4	-11	-42

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	48.86	+0.04	+11.55	-25.97
West Texas Oil	45.48	-0.35	+10.31	-25.61
Gold \$	1839.1	-1.72	-1.37	+21.23

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