

Sterling remains sensitive to Brexit news

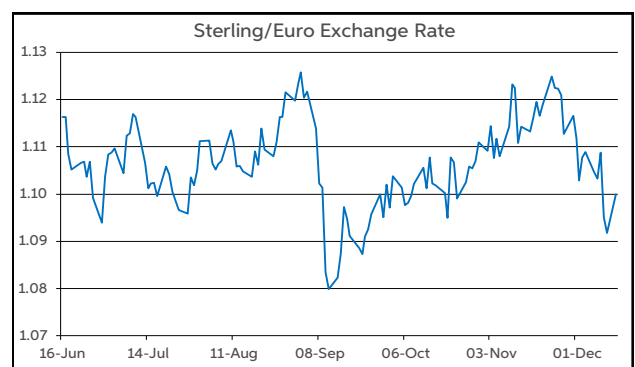
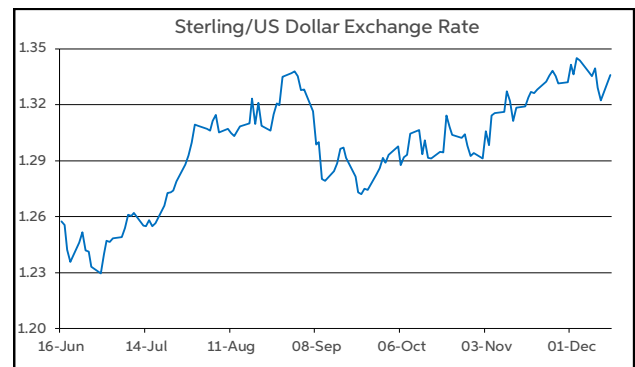
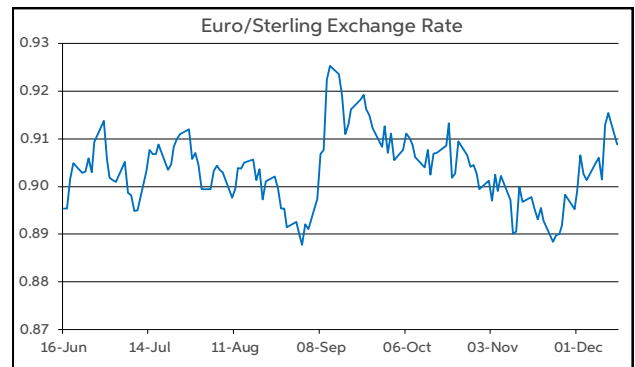
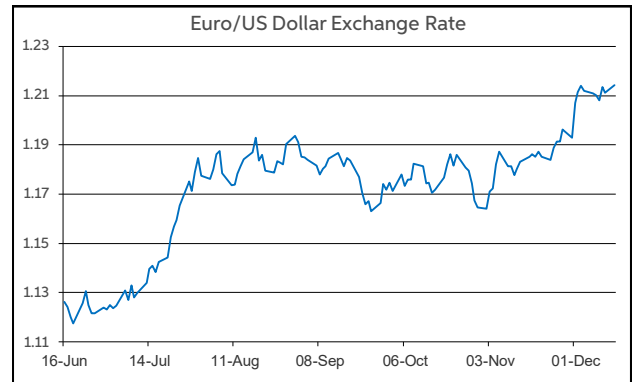
Sterling was very much under the spotlight on currency markets last week. It found itself facing pressure amid the lack of progress in the EU-UK trade talks. The talks remained stalled, with the three key issues of fisheries, the level playing field and governance remaining unresolved. In level terms, the more challenging backdrop for sterling was illustrated in EUR/GBP trading as high as 92.3p and GBP/USD falling to a low of \$1.314 last week.

However, over the weekend, in the scheduled discussion between UK PM Johnson and EC President von der Leyen it was agreed to continue with the talks over the coming days. There are reports of some progress being made in relation to the level playing field issue. Although, both sides are stressing that a lot of work has still to be done if there is to be an agreement.

Sterling has moved off its lows in overnight trading, supported by the news that the talks would continue. This is reflected in EUR/GBP opening this morning just below 91p and GBP/USD back above the \$1.33 threshold. Elsewhere on the currency front, the EUR/USD pair spent most of last week in a \$1.205-1.215 trading range and is changing hands in early trading today near the upper end of this range.

Looking ahead to this week, once again, the trade talks will be a key source of influence over sterling. Meanwhile, both the Fed and BoE hold their last scheduled policy setting meetings of 2020. These entail some event risk for their respective currencies. However, the consensus is for no change from either central bank (although, the BoE could act if trade talks break down). Data-wise, one of the main highlights are the flash December PMIs from the US, UK and Eurozone.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.2143	-0.09	8.32
EUR/GBP	0.9089	-0.45	7.51
GBP/USD	1.336	0.35	0.76
GBP/EUR	1.0999	0.45	-6.99
USD/JPY	103.96	-0.04	-4.28
EUR/JPY	126.25	-0.13	3.63

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.16	0.22	0.17	0.22	0.43
EUR	0.00	-0.55	-0.54	-0.54	-0.53	-0.49
GBP	0.10	0.02	0.03	0.00	0.03	0.18

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

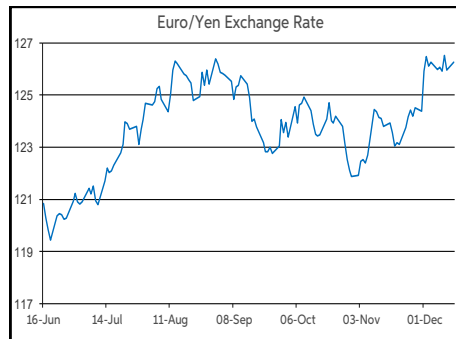
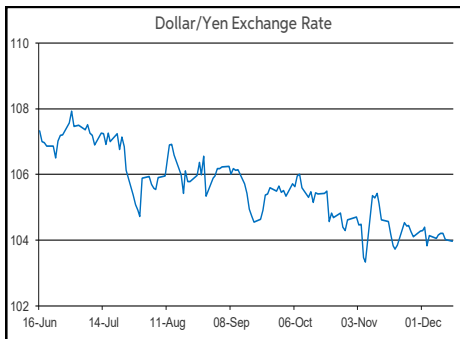
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

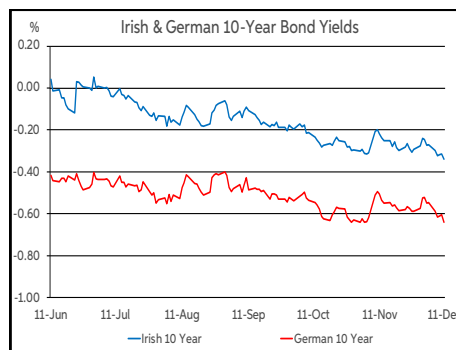
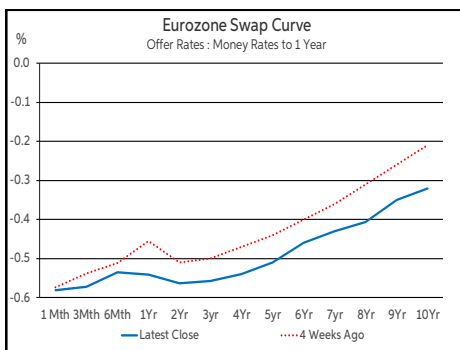
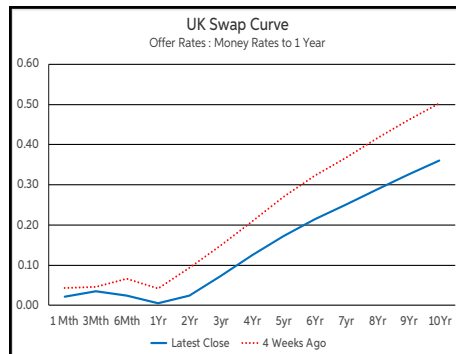
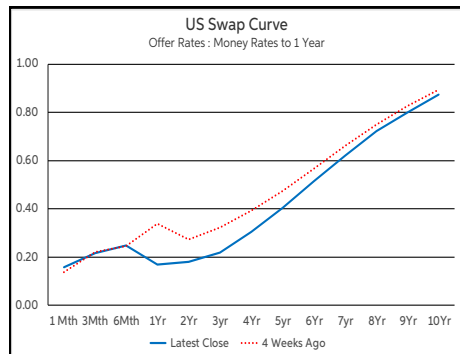
Monday 14 December 2020
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.9089	GBP/EUR	1.0999	USD/JPY	103.96
EUR/USD	1.2143	GBP/USD	1.336	USD/CAD	1.275
EUR/JPY	126.25	GBP/CAD	1.7034	USD/CHF	0.8885
EUR/SEK	10.2289	GBP/NZD	1.8825	USD/CNY	6.5392
EUR/DKK	7.442	GBP/JPY	138.89	USD/BRL	5.0656
EUR/NOK	10.6354	GBP/SEK	11.2496	USD/RUB	72.84
EUR/CHF	1.0791	GBP/DKK	8.1867	USD/INR	73.5375
EUR/AUD	1.6063	GBP/NOK	11.6947	AUD/USD	0.7558
EUR/HKD	9.4122	GBP/CHF	1.1868	NZD/USD	0.7094
EUR/CAD	1.5482	GBP/AUD	1.7676		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.90	-1	-0	-102
Germany	-0.64	-4	-9	-45
UK	0.17	-3	-17	-65
Ireland	-0.32	-2	-12	-44
Belgium	-0.43	-3	-8	-53
France	-0.38	-2	-7	-50
Italy	0.52	-1	-11	-91
Spain	0.01	-2	-11	-46
Portugal	-0.03	-2	-13	-48
Greece	0.60	-2	-17	-85
5 Year Swap %				
US	0.40	-1	-3	-131
Eurozone	-0.51	-2	-6	-39
UK	0.17	-1	-9	-71
2 Year Swap %				
US	0.18	-3	-6	-148
Eurozone	-0.56	-1	-4	-27
UK	0.02	-1	-6	-77
10 Year Government Bond Spreads to Benchmark bps				
Ireland	32	+1	-3	+2
Belgium	21	+1	+1	-8
France	26	+1	+2	-5
Italy	116	+3	-2	-45
Spain	64	+2	-2	-1
Portugal	61	+2	-4	-3
Greece	124	+2	-7	-40



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	49.97	-0.56	+16.81	-24.29
West Texas Oil	46.59	-0.36	+16.68	-23.80
Gold \$	1839.0	+0.20	-2.60	+21.23

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