Morning Comment

AIB Treasury Economic Research Unit



Tuesday 15 December 2020 07:20 am

Muted FX Market Action

There was a generally cautious tone to investor sentiment yesterday. Despite the positive developments on Covid-19 vaccines, the near term outlook for many economies remains challenging amid the imposition of new restrictions. At the close on Wall Street last night, the S&P 500 was down 0.4% on the day. On currency markets, the action was confined to tight ranges.

Sterling came into the European open yesterday with some improved momentum following the news on Sunday that trade talks would continue this week as well as reports of some progress in relation to the level playing field issue. The currency has generally managed to hold its ground over the past 24 hours.

Elsewhere on the currency front, both the Eurozone and US macro calendars were very quiet yesterday. As a result, there was little to provide direction to either of the respective currencies. Indeed, the only data highlight was Eurozone industrial production for October. The headline number was broadly in line with forecasts, rising by 2.1% in the month.

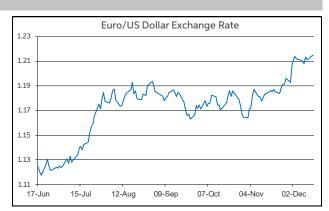
Overall then, the main FX pairs start this morning very similar in level terms to where they opened yesterday. The EUR/GBP pair remains close to the 91p mark. Meantime, EUR/USD continues to trade in a tight range near to the midpoint of the \$1.21-1.22 band. Meanwhile, cable (GBP/USD) is changing hands in early trading in the lower half of \$1.33-1.34.

Today, EU-UK trade talk news remain a key source of direction for sterling. In terms of data, US industrial production (Nov) and the Empire survey (Dec) are the main releases of note. However, these are unlikely to have any impact on the dollar.

John Fahey, Senior Economist, AIB

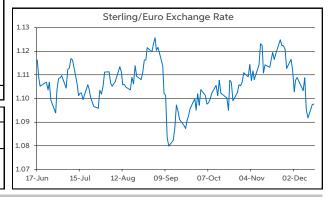
Today's Opening FX Rates						
		% Change				
		Day * End 2019				
EUR/USD	1.215	0.10	8.39			
EUR/GBP	0.9107	-0.05	7.72			
GBP/USD	1.3341	0.14	0.62			
GBP/EUR	1.0979	0.05	-7.17			
USD/JPY	104.05	0.03	-4.20			
EUR/JPY	126.42	0.11	3.77			
* v Previous Day's European Open						

Opening Interest Rates						
	Money Market Swap Rates					
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.15	0.22	0.17	0.22	0.44
EUR	0.00	-0.55	-0.54	-0.54	-0.54	-0.49
GBP	0.10	0.03	0.04	0.02	0.06	0.21









All rates quoted are indicative market rates

See Next Page for More 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				

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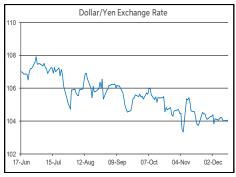
Opening Levels



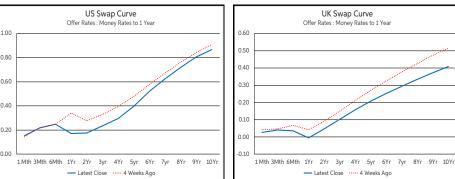
Euro	
EUR/GBP	0.9107
EUR/USD	1.215
EUR/JPY	126.42
EUR/SEK	10.2054
EUR/DKK	7.442
EUR/NOK	10.6128
EUR/CHF	1.0784
EUR/AUD	1.6142
EUR/HKD	9.4178
EUR/CAD	1.5488

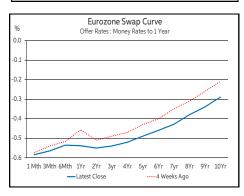
Sterling				
GBP/EUR	1.0978			
GBP/USD	1.3341			
GBP/CAD	1.7007			
GBP/NZD	1.8841			
GBP/JPY	138.81			
GBP/SEK	11.1988			
GBP/DKK	8.1686			
GBP/NOK	11.652			
GBP/CHF	1.1841			
GBP/AUD	1.7717			

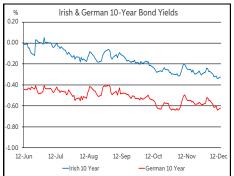
Dollar				
USD/JPY	104.05			
USD/CAD	1.2748			
USD/CHF	0.8874			
USD/CNY	6.5513			
USD/BRL	5.1189			
USD/RUB	73.41			
USD/INR	73.65			
AUD/USD	0.7527			
NZD/USD	0.7079			











	Debt	Markets		
			Change bps	5
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.90	+0	-1	-102
Germany	-0.62	+2	-7	-43
UK	0.22	+5	-13	-60
Ireland	-0.31	+1	-9	-43
Belgium	-0.42	+1	-7	-52
France	-0.37	+1	-6	-49
Italy	0.51	-1	-11	-92
Spain	0.01	-O	-10	-46
Portugal	-0.03	-0	-12	-48
Greece	0.61	+0	-12	-85
 5 Year Swap %				
US	0.40	-0	-4	-131
Eurozone	-0.49	+1	-5	-37
UK	0.21	+4	-6	-67
2 Year Swap %				
US	0.18	+1	-7	-149
Eurozone	-0.55	+0	-3	-25
UK	0.05	+2	-3	-75
10 Year Governm	ent Bond Spre	ads to Ben	chmark bps	
Ireland	31	-1	-2	+0
Belgium	20	-1	+1	-9
France	25	-1	+1	-6
Italy	113	-3	-3	-49
Spain	62	-2	-2	-3
Portugal	59	-2	-4	-5
Greece	123	-2	-5	-42

Commodities							
	% Change						
	Close Day 4 Weeks End 19						
Brent Oil	50.29	+0.64	+14.76	-23.80			
West Texas Oil	47.02	+0.92	+14.29	-23.09			
Gold \$	1827.2	-0.64	-3.25	+20.45			

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