

“Risk-off” tone to start the week

There was a strong “risk-off” tone to start the week yesterday, as investors digested news of travel restrictions both within, and from the UK amid concerns regarding a new variant of Coronavirus. On equity markets the FTSE was down circa 2%, while the Eurostoxx 50 lost close to 3%. Currency-wise, there was a softer tone to sterling, although, the currency regained some ground overnight.

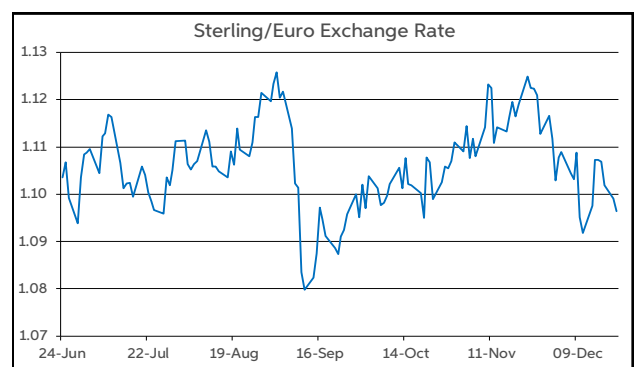
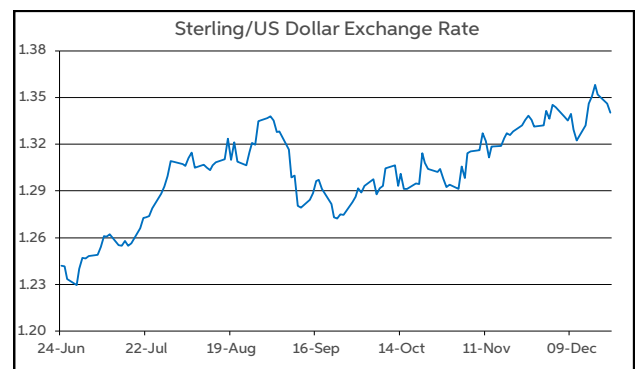
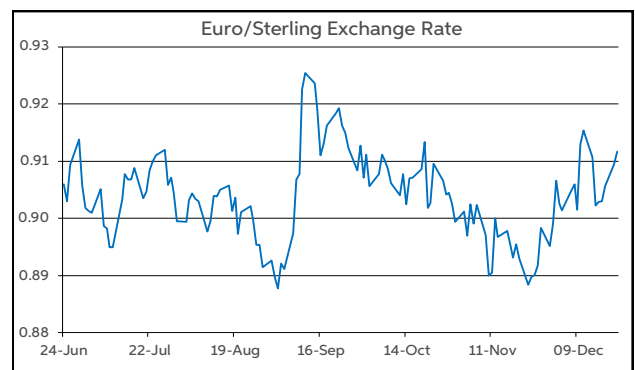
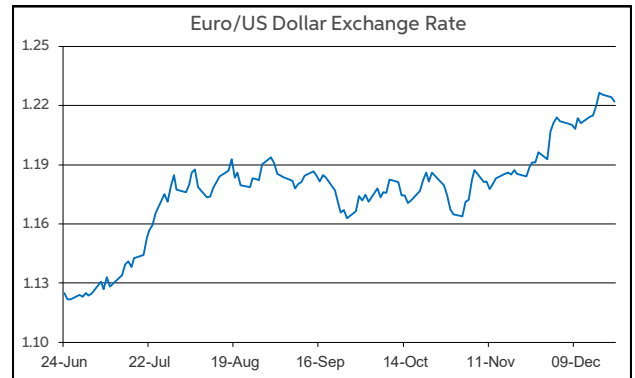
Talks continued in the “tunnel” yesterday, as negotiators try and secure a deal. Fisheries appears to be the main sticking point. However, there are reports that the sides are moving closer to a compromise on the size of EU fishing quota in UK waters. Although, the phasing in period of any new arrangement has also yet to be decided. Away from the negotiations, there were calls, for the transition period to be extended, but these were quickly rejected by the Cabinet in London.

In level terms, EUR/GBP opens this morning in the bottom half of the 91-92p range. Meanwhile, EUR/USD has moved back above the \$1.22 mark. Cable (GBP/USD) is operating in the bottom half of the \$1.34-1.35 band.

Already today, the final reading of Q3 GDP in the UK confirmed that the economy rebounded strongly by 16% in the quarter. Later this evening, the final reading of Q3 GDP in the US is expected to confirm that the economy rebounded strongly also, by an annualised rate of 33.1%. Meanwhile, existing home sales are projected to have declined by 1% in November.

An otherwise quiet macro calendar suggests that the action on currency markets may be limited, although, sterling will remain sensitive to trade talk and Covid related newsflow.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.2222	0.27	9.03
EUR/GBP	0.9113	-0.05	7.80
GBP/USD	1.341	0.34	1.14
GBP/EUR	1.0968	0.05	-7.23
USD/JPY	103.42	-0.04	-4.78
EUR/JPY	126.4	0.22	3.75

* 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	0.14	0.24	0.18	0.22	0.45
EUR	0.00	-0.56	-0.54	-0.52	-0.52	-0.46
GBP	0.10	0.02	0.04	-0.01	0.04	0.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

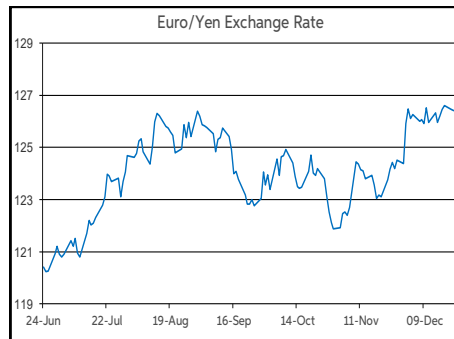
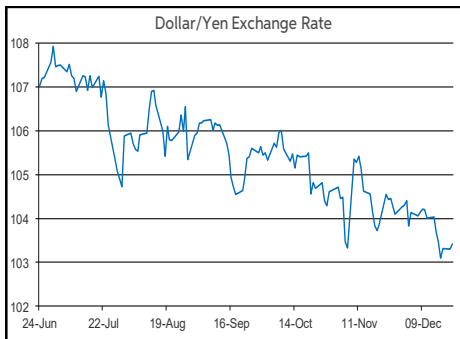
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

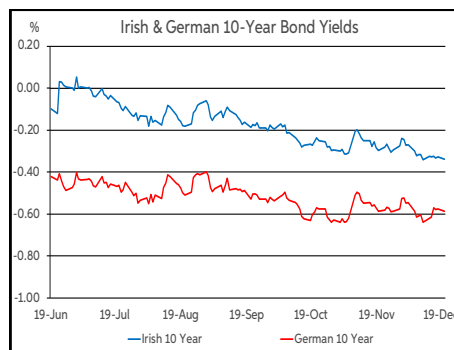
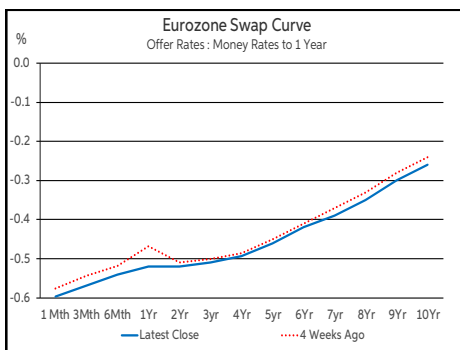
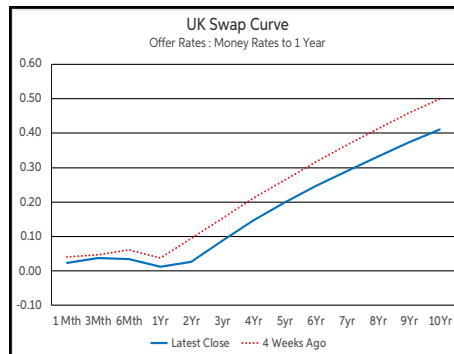
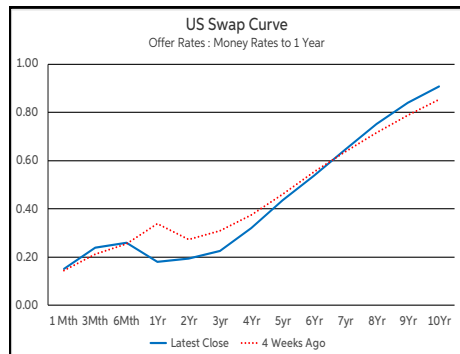
Tuesday 22 December 2020
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.9113	GBP/EUR	1.0968	USD/JPY	103.42
EUR/USD	1.2222	GBP/USD	1.341	USD/CAD	1.2875
EUR/JPY	126.4	GBP/CAD	1.7266	USD/CHF	0.8867
EUR/SEK	10.1001	GBP/NZD	1.8991	USD/CNY	6.5502
EUR/DKK	7.4397	GBP/JPY	138.68	USD/BRL	5.1222
EUR/NOK	10.6081	GBP/SEK	11.0733	USD/RUB	75.231
EUR/CHF	1.0839	GBP/DKK	8.1607	USD/INR	73.9025
EUR/AUD	1.6185	GBP/NOK	11.633	AUD/USD	0.7551
EUR/HKD	9.4751	GBP/CHF	1.1891	NZD/USD	0.7058
EUR/CAD	1.5739	GBP/AUD	1.7753		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.94	-1	+8	-98
Germany	-0.58	-1	-0	-39
UK	0.21	-4	-11	-62
Ireland	-0.27	-0	-1	-39
Belgium	-0.39	-1	-1	-49
France	-0.34	-1	-0	-46
Italy	0.54	+1	-4	-88
Spain	0.06	+1	-2	-41
Portugal	0.04	-0	+1	-40
Greece	0.66	+1	-2	-79
5 Year Swap %				
US	0.44	+0	+1	-127
Eurozone	-0.46	+0	+0	-34
UK	0.20	-3	-6	-68
2 Year Swap %				
US	0.19	+3	-5	-147
Eurozone	-0.52	+0	+0	-22
UK	0.03	-3	-6	-77
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	+1	-1	+1
Belgium	19	-0	-0	-10
France	24	-0	+0	-7
Italy	112	+2	-4	-49
Spain	64	+2	-2	-2
Portugal	63	+1	+2	-1
Greece	125	+2	-1	-40



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	50.91	-2.58	+10.53	-22.86
West Texas Oil	47.79	-2.55	+11.37	-21.84
Gold \$	1876.2	-0.24	+2.20	+23.68

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