

Euro on the front foot

The action on currency markets last week saw the euro make some good gains. This move came against a modest firming of investor sentiment. The currency also benefitted from signs at the European Leaders' Summit that the EU Recovery Fund is close to being agreed. Talks will recommence later today.

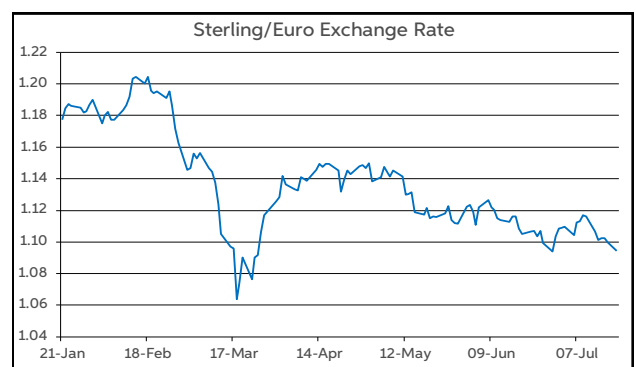
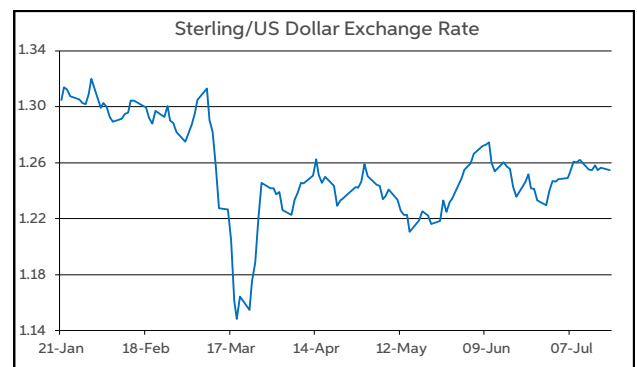
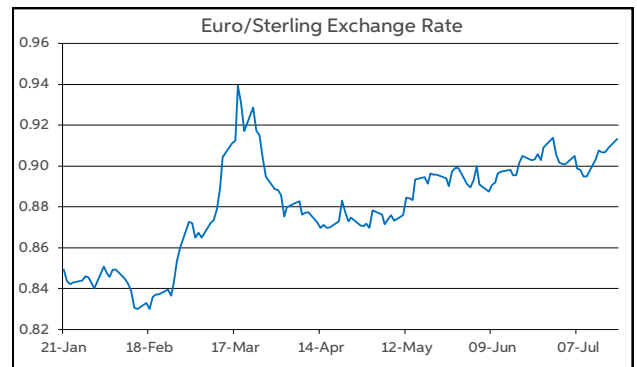
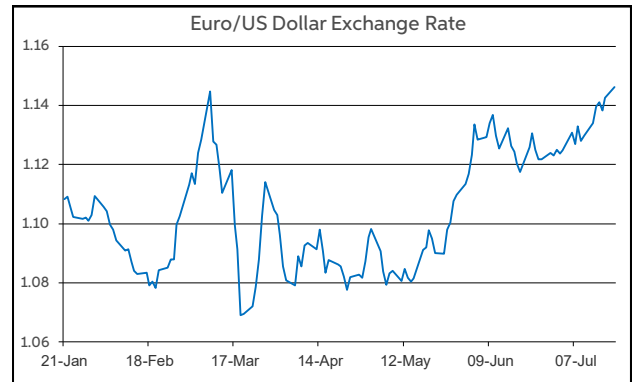
Meanwhile, sterling came under some downward pressure last week. The weak UK macro backdrop weighed on the currency. In May, GDP increased by a weaker than forecast 1.8% following the 25% contraction in the March-April period. The OBR also revised down its 2020 GDP forecast to -12.4%.

In level terms, all of the above is reflected in EUR/GBP opening this morning up above the 91p threshold, having begun last week at the 89.5p mark. At the same time, EUR/USD is operating in the upper half of the \$1.14-1.15 range, while cable (GBP/USD) is changing hands at the midpoint of the \$1.25-1.26 band.

This week, the highlights of what is a fairly quiet macro schedule are the flash prints of the PMIs for July. It is anticipated that the ongoing removal of Covid-19 restrictions will see the composite indices in the Eurozone, UK and US remain on their upward trend. Although, the resurgence in Covid cases will pose some downside risk to the forecast in the US.

Overall though, barring any surprises, the reaction in the main pairs to the data may be limited. Instead, as has been the case for some time now, shifts in investor sentiment may be the main driver of moves in FX markets. The euro could also prove sensitive to ongoing developments in Brussels surrounding the Recovery Fund.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1463	0.68	2.26
EUR/GBP	0.9135	0.83	8.06
GBP/USD	1.2548	-0.14	-5.36
GBP/EUR	1.0943	-0.82	-7.45
USD/JPY	107.23	0.04	-1.27
EUR/JPY	122.94	0.73	0.91

* 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	0.18	0.27	0.23	0.23	0.33
EUR	0.00	-0.51	-0.44	-0.39	-0.37	-0.33
GBP	0.10	0.07	0.08	0.15	0.13	0.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

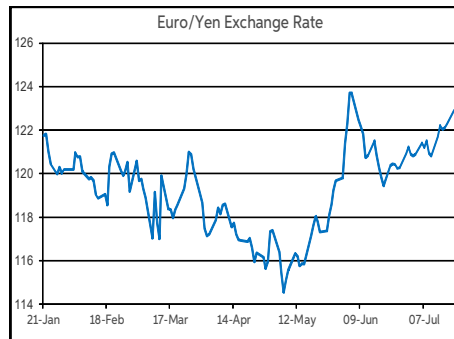
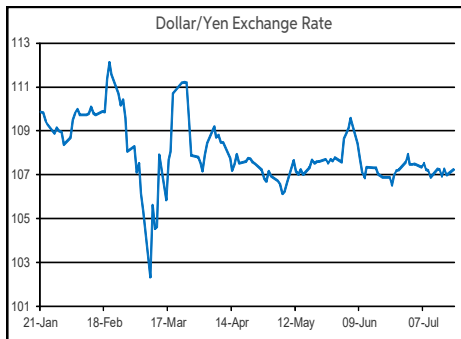
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

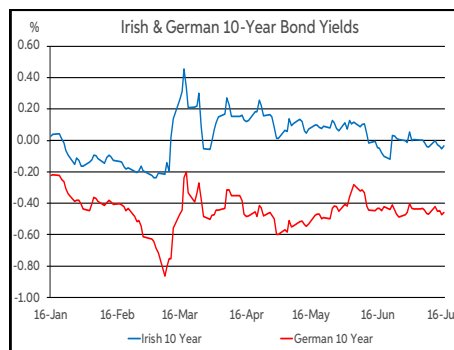
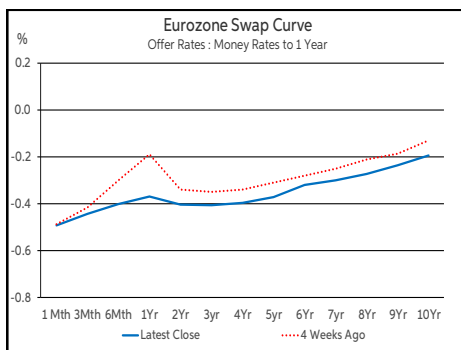
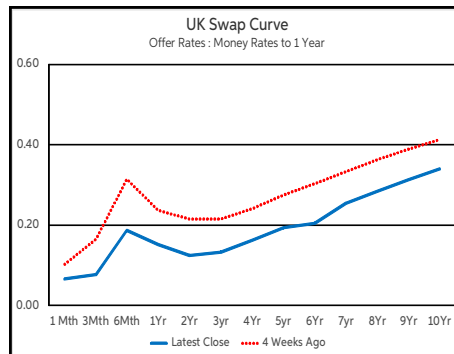
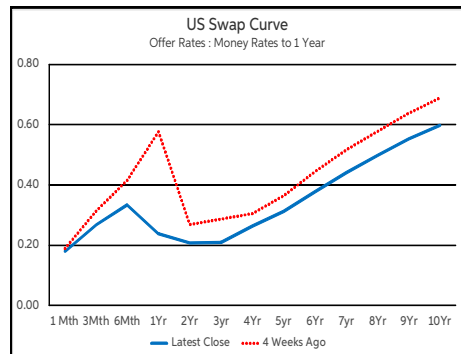
Monday 20 July 2020
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.9135	GBP/EUR	1.0943	USD/JPY	107.23
EUR/USD	1.1463	GBP/USD	1.2548	USD/CAD	1.3582
EUR/JPY	122.94	GBP/CAD	1.7042	USD/CHF	0.9391
EUR/SEK	10.3349	GBP/NZD	1.9137	USD/CNY	6.9847
EUR/DKK	7.447	GBP/JPY	134.55	USD/BRL	5.3842
EUR/NOK	10.6222	GBP/SEK	11.3059	USD/RUB	71.8443
EUR/CHF	1.0765	GBP/DKK	8.1487	USD/INR	74.9725
EUR/AUD	1.6402	GBP/NOK	11.6203	AUD/USD	0.6989
EUR/HKD	8.8864	GBP/CHF	1.1784	NZD/USD	0.6554
EUR/CAD	1.557	GBP/AUD	1.7951		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.62	+0	-7	-130
Germany	-0.46	+1	-4	-27
UK	0.17	+3	-7	-66
Ireland	-0.02	+2	+2	-14
Belgium	-0.16	+1	-7	-25
France	-0.14	+1	-4	-26
Italy	1.24	-0	-8	-19
Spain	0.43	+2	-8	-4
Portugal	0.43	-0	-9	-2
Greece	1.21	-5	-8	-24
5 Year Swap %				
US	0.31	+2	-4	-140
Eurozone	-0.37	-1	-5	-25
UK	0.19	+1	-7	-68
2 Year Swap %				
US	0.21	+1	-3	-145
Eurozone	-0.40	-1	-5	-11
UK	0.12	+0	-8	-67
10 Year Government Bond Spreads to Benchmark bps				
Ireland	44	+0	+6	+13
Belgium	30	-0	-2	+2
France	32	-0	-0	+1
Italy	170	-2	-4	+8
Spain	88	+0	-4	+23
Portugal	88	-2	-5	+25
Greece	167	-6	-4	+3



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	43.14	-0.53	+2.25	-34.64
West Texas Oil	40.55	-0.47	+2.09	-33.68
Gold \$	1808.9	+0.68	+3.79	+19.24

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.