

Sterling back on the front foot

Sterling was one of the main movers on currency markets yesterday. It began the week on the front foot, regaining much of the ground it had lost over the course of last week. The firmer tone to the currency came despite a very quiet UK macro diary and no new developments/newsflow in relation to the UK/EU trade talks.

Instead, the main focus of attention yesterday and source of headlines was on talks specific to the EU, with leaders meeting for a fourth consecutive day on the issue of the Recovery fund. Early this morning EU leaders came to agreement on a package designed to help the region deal with the economic downturn.

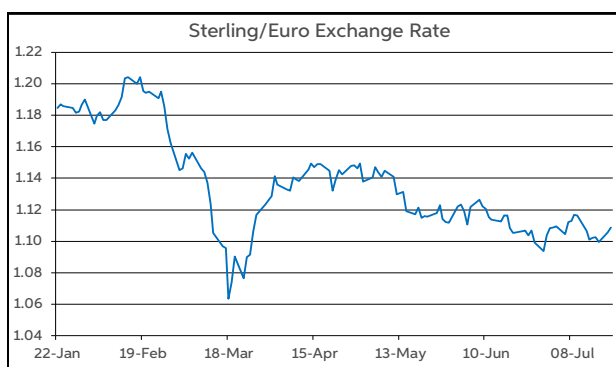
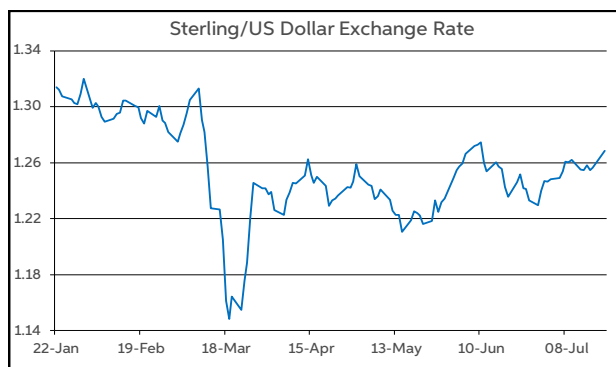
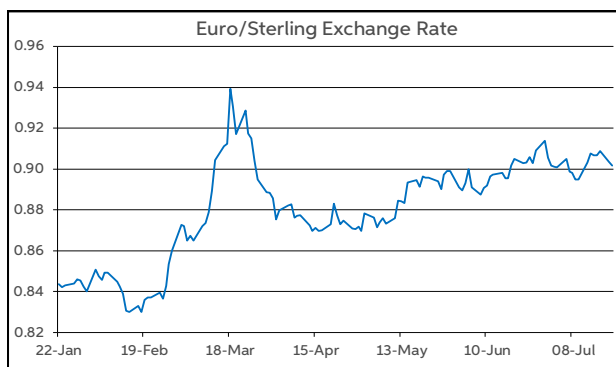
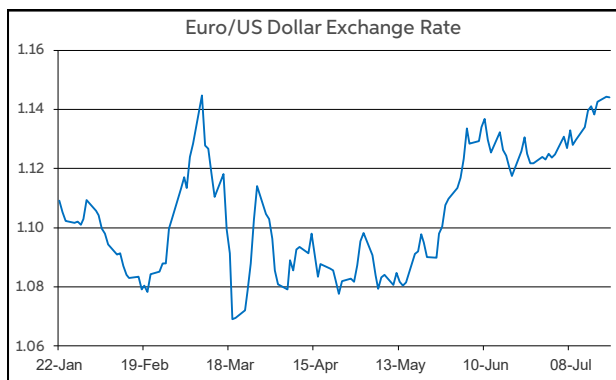
The €750bn fund contains €390bn in the form of grants and €360bn in low interest loans. The deal is significant as it will see member states issue joint debt. Euro reaction to this overnight development has so far been limited. The currency had already made some gains last week in the lead up to the summit.

In level terms, the firmer sterling tone is reflected in EUR/GBP opening this morning back below 91p, closer to the 90p mark. At the same time, cable (GBP/USD) has regained the \$1.26 threshold and is changing hands up near to \$1.27.

Elsewhere, the action in EUR/USD has been mostly uneventful over the past 24 hours. The pair has managed to hold its ground up in \$1.14-1.15 territory over that period.

Today, there is once again a sparse look to the data schedule. As a result, moves in the main currency pairs, if any, may arise from volatility in investor sentiment. The main potential driver of this remains Covid-19 newsflow.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1441	0.02	2.06
EUR/GBP	0.9017	-1.22	6.66
GBP/USD	1.2687	1.25	-4.31
GBP/EUR	1.1087	1.23	-6.24
USD/JPY	107.3	0.04	-1.21
EUR/JPY	122.8	0.07	0.80

* 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	0.26	0.23	0.23	0.32
EUR	0.00	-0.51	-0.44	-0.37	-0.38	-0.35
GBP	0.10	0.07	0.08	0.15	0.13	0.19

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 21 July 2020
07:21 am



Euro

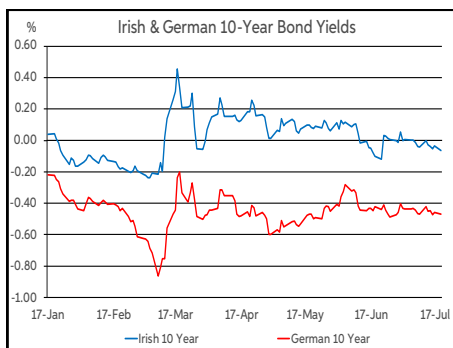
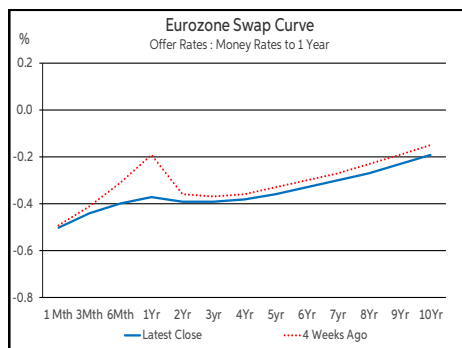
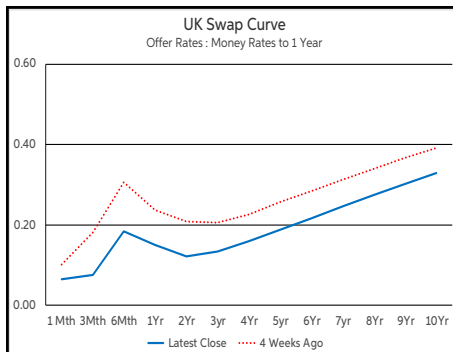
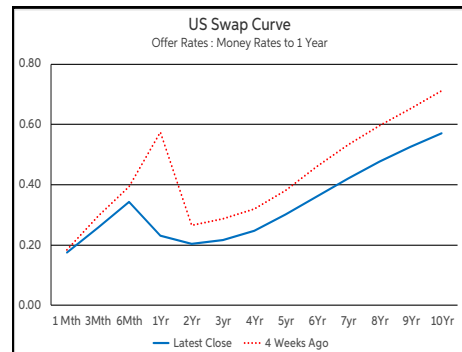
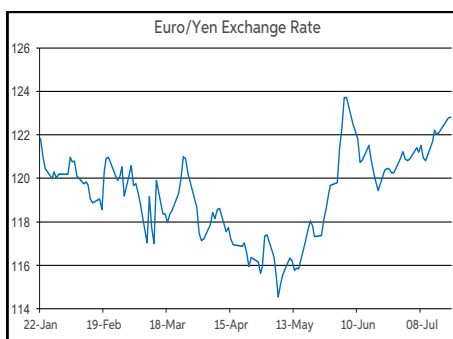
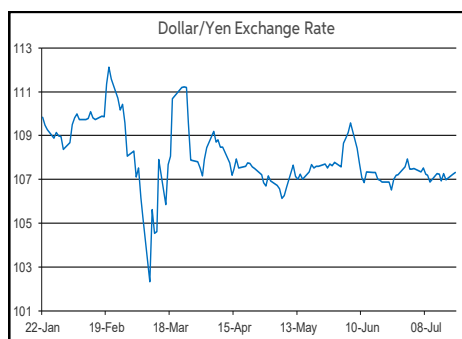
EUR/GBP	0.9018
EUR/USD	1.1442
EUR/JPY	122.8
EUR/SEK	10.2606
EUR/DKK	7.446
EUR/NOK	10.5311
EUR/CHF	1.0736
EUR/AUD	1.6259
EUR/HKD	8.8679
EUR/CAD	1.5458

Sterling

GBP/EUR	1.1086
GBP/USD	1.2687
GBP/CAD	1.7139
GBP/NZD	1.9302
GBP/JPY	136.13
GBP/SEK	11.3673
GBP/DKK	8.254
GBP/NOK	11.6779
GBP/CHF	1.1903
GBP/AUD	1.803

Dollar

USD/JPY	107.3
USD/CAD	1.3509
USD/CHF	0.9381
USD/CNY	6.9903
USD/BRL	5.3288
USD/RUB	71.2746
USD/INR	74.76
AUD/USD	0.7035
NZD/USD	0.6568



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.61	-1	-10	-131
Germany	-0.46	-1	-3	-28
UK	0.15	-2	-5	-68
Ireland	-0.05	-3	+3	-17
Belgium	-0.18	-2	-5	-27
France	-0.16	-2	-4	-28
Italy	1.16	-8	-20	-27
Spain	0.38	-5	-9	-9
Portugal	0.38	-5	-13	-7
Greece	1.17	-4	-14	-29
5 Year Swap %				
US	0.30	-2	-5	-141
Eurozone	-0.36	-1	-2	-24
UK	0.19	-1	-5	-69
2 Year Swap %				
US	0.20	-2	-3	-146
Eurozone	-0.39	+0	-2	-9
UK	0.12	-0	-8	-67
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	-2	+5	+11
Belgium	29	-1	-3	+0
France	30	-2	-2	-1
Italy	162	-7	-17	+1
Spain	84	-4	-6	+19
Portugal	84	-4	-10	+20
Greece	164	-3	-11	-1

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	43.28	+0.32	+0.46	-34.42
West Texas Oil	40.83	+0.69	+0.57	-33.22
Gold \$	1815.4	+0.36	+3.47	+19.67

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