

Euro continues to march higher

The action on currency markets yesterday saw the euro remain on the front foot. It has made good ground since Monday. Markets have reacted very positively to the €750bn Recovery Fund proposal, which includes €390bn of grants.

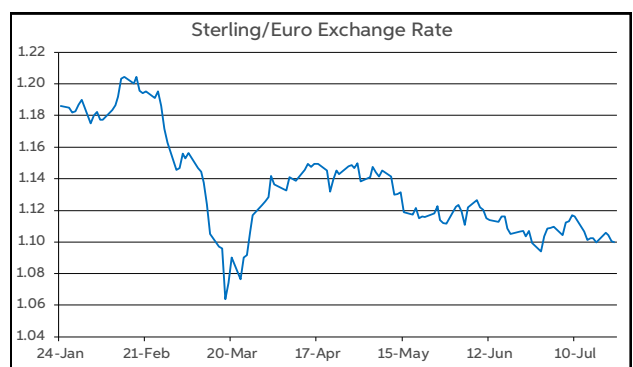
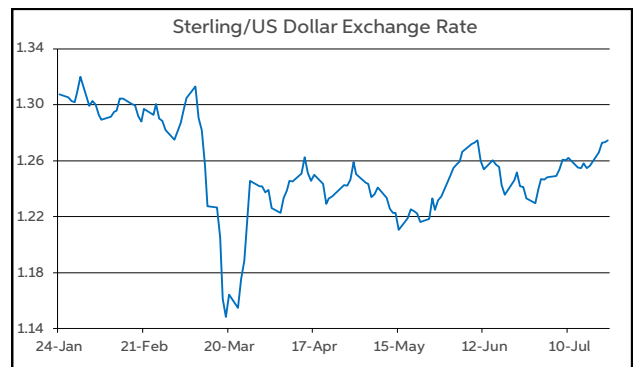
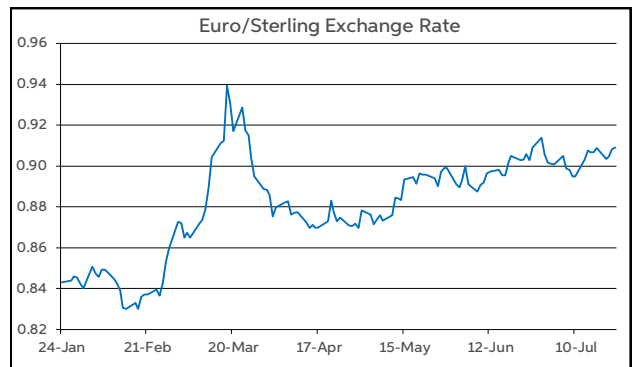
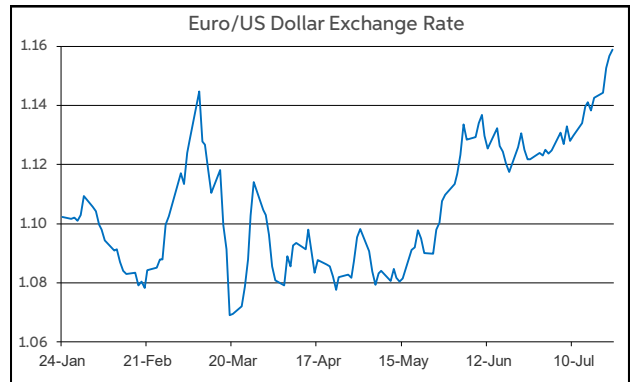
In level terms, this has been reflected in EUR/USD building on its position above the key \$1.15 threshold. The pair opens this morning up close to \$1.16, a 21-month high, having briefly tested this level. At the same time, EUR/GBP has edged up closer to the 91p handle. Meanwhile, cable (GBP/USD) is continuing to change hands near \$1.275.

Elsewhere on markets yesterday, there was a mixed tone to risk appetite. European equities came under some pressure with the main indices declining by circa 1%. In contrast, at the close on Wall Street, the S&P 500 had gained 0.6% as markets shrugged off the latest escalation in US-China tensions.

Turning to the day ahead, there is once again a relatively quiet look to the macro data schedule. The main highlight is the latest print of initial weekly jobless figures in the US. The data will be looked to for evidence of how the resurgence in new Covid cases in the US is impacting the labour market. Closer to home, the flash reading of Eurozone consumer confidence for July is also due.

Overall though, in the absence of any major surprises we would not expect there to be much of a reaction in the main currency pairs to the data. Instead, it is more likely that the action on FX markets will be driven by shifts in sentiment. It will be interesting to see whether the euro can hold onto its gains against the dollar.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.159	0.46	3.39
EUR/GBP	0.9091	0.22	7.53
GBP/USD	1.2747	0.22	-3.86
GBP/EUR	1.0995	-0.22	-7.01
USD/JPY	107.11	0.23	-1.38
EUR/JPY	124.14	0.66	1.90

* 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	0.21	0.31
EUR	0.00	-0.50	-0.45	-0.37	-0.39	-0.38
GBP	0.10	0.07	0.08	0.14	0.11	0.17

All rates quoted are indicative market rates

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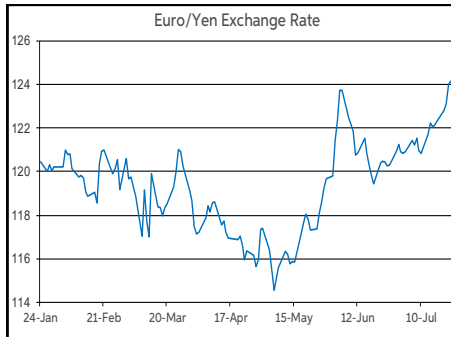
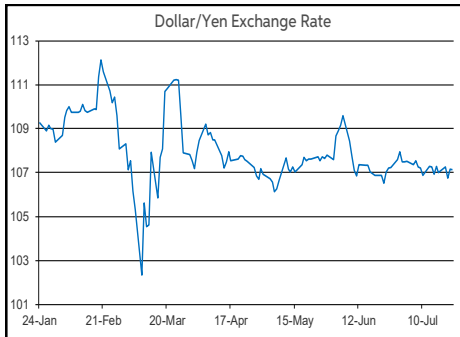
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

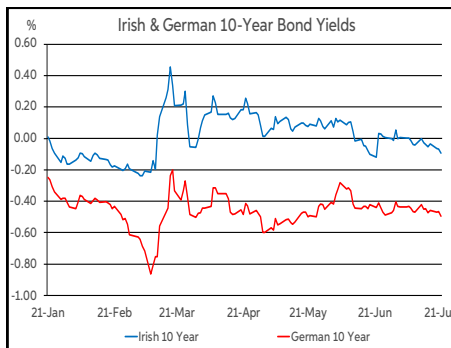
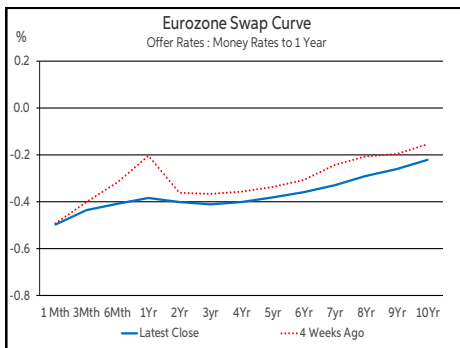
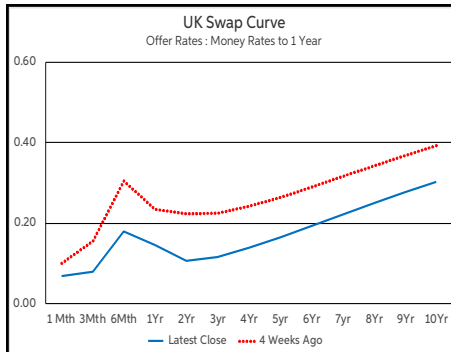
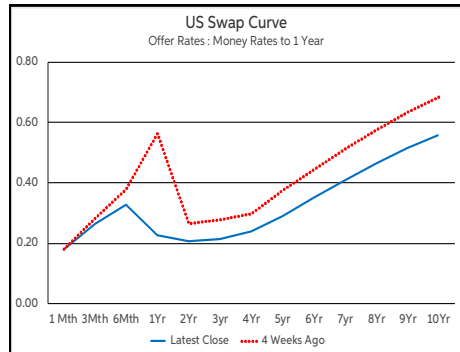
Thursday 23 July 2020
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.9091	GBP/EUR	1.0995	USD/JPY	107.11
EUR/USD	1.159	GBP/USD	1.2747	USD/CAD	1.339
EUR/JPY	124.14	GBP/CAD	1.7067	USD/CHF	0.9282
EUR/SEK	10.2569	GBP/NZD	1.9064	USD/CNY	6.9939
EUR/DKK	7.4432	GBP/JPY	136.52	USD/BRL	5.1191
EUR/NOK	10.5884	GBP/SEK	11.2744	USD/RUB	70.998
EUR/CHF	1.0757	GBP/DKK	8.1842	USD/INR	74.725
EUR/AUD	1.6194	GBP/NOK	11.638	AUD/USD	0.7153
EUR/HKD	8.9826	GBP/CHF	1.1832	NZD/USD	0.6684
EUR/CAD	1.5519	GBP/AUD	1.7809		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.60	-0	-8	-132
Germany	-0.49	-3	-5	-31
UK	0.12	-1	-7	-70
Ireland	-0.08	-3	-13	-20
Belgium	-0.20	-3	-8	-30
France	-0.19	-3	-8	-31
Italy	1.10	-5	-24	-33
Spain	0.34	-3	-13	-13
Portugal	0.36	-2	-11	-9
Greece	1.17	+1	-10	-28
5 Year Swap %				
US	0.29	+1	-5	-142
Eurozone	-0.38	-1	-4	-26
UK	0.16	-1	-10	-71
2 Year Swap %				
US	0.21	+1	-4	-145
Eurozone	-0.40	+0	-3	-10
UK	0.11	-1	-11	-69
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+0	-8	+11
Belgium	29	+0	-2	+1
France	31	+0	-3	-0
Italy	159	-1	-19	-2
Spain	83	+1	-8	+18
Portugal	85	+2	-6	+22
Greece	167	+4	-5	+2



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	44.29	-0.07	+9.87	-32.89
West Texas Oil	41.88	+0.29	+10.47	-31.50
Gold \$	1871.8	+1.64	+6.26	+23.38

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