

Dollar under pressure, EUR/USD at \$1.17

The action on currency last week saw the dollar come under further downward pressure. It has been on the back foot in recently, reflecting the recovery in global risk appetite and associated fall off in safe haven demand. The deterioration in the growth outlook for the US linked to the resurgence in new Covid-19 cases has also emerged as a headwind.

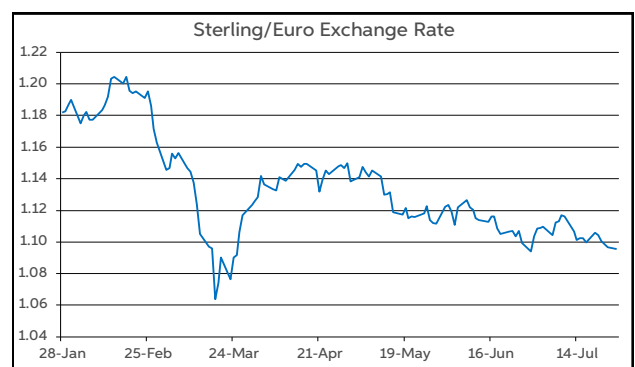
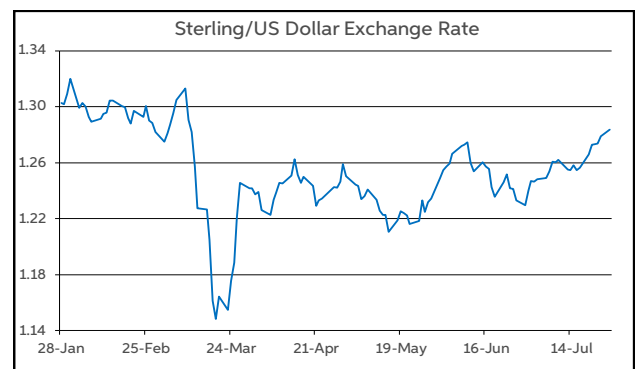
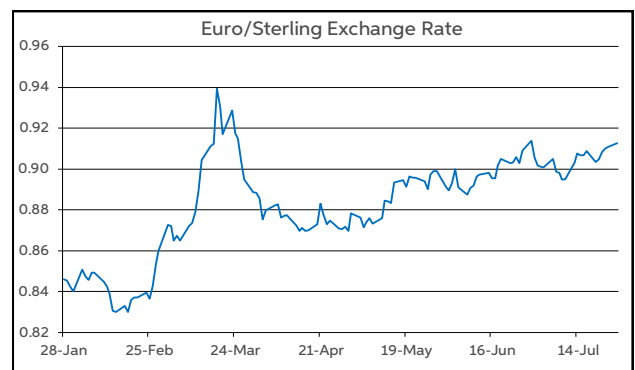
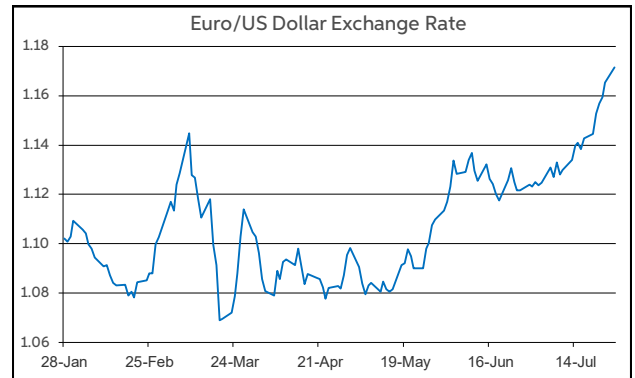
At the same time, the euro made some ground following the announcement that EU Leaders came to an agreement on the much vaunted €750bn Recovery Fund. Meanwhile, sterling was little impacted by the gloomy atmosphere surrounding the conclusion of the latest round of EU-UK trade talks.

All of the above is reflected in EUR/USD opening this morning up at the \$1.17 level, a 22-month high. Meantime, EUR/GBP is changing hands in the lower half of 91-92p. Elsewhere, cable (GBP/USD) is trading up above the \$1.28 threshold.

This week, the Fed will hold its July FOMC meeting. However, it may be a non-event, with no changes to policy likely. The focus will be on the press conference as markets look to gain an insight into how the central bank's view on the trajectory of the US economy.

Data-wise, the focus will be on the flash estimates for Q2 GDP in the Eurozone and US. Output is forecast to have contracted by record amounts in both regions, reflecting the impact of the lockdowns that have only been gradually eased. However, the releases may not impact the main FX pairs, with investors' attention concentrated on the outlook for H2. Instead, shifts in sentiment are likely to be the main driver of any currency market action this week. It will be interesting to see if the dollar remains under pressure.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1713	1.00	4.49
EUR/GBP	0.9126	0.21	7.95
GBP/USD	1.2833	0.79	-3.21
GBP/EUR	1.0954	-0.21	-7.36
USD/JPY	105.41	-0.93	-2.95
EUR/JPY	123.48	0.06	1.35

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.17	0.25	0.21	0.23	0.30
EUR	0.00	-0.51	-0.45	-0.39	-0.38	-0.36
GBP	0.10	0.07	0.08	0.14	0.12	0.18

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

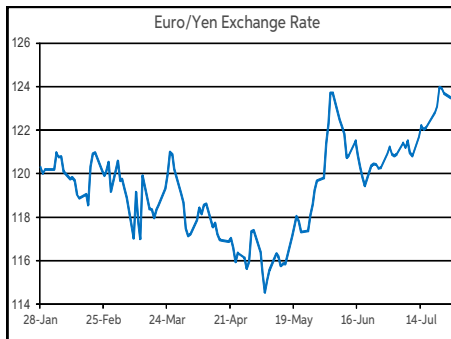
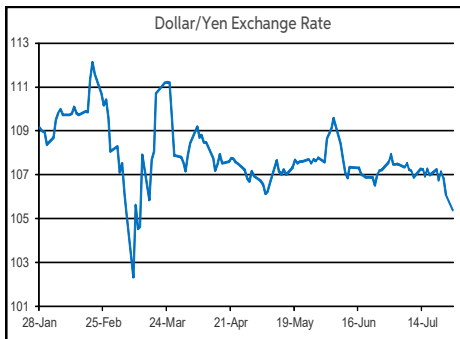
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

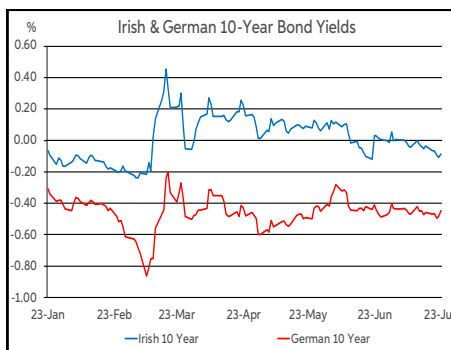
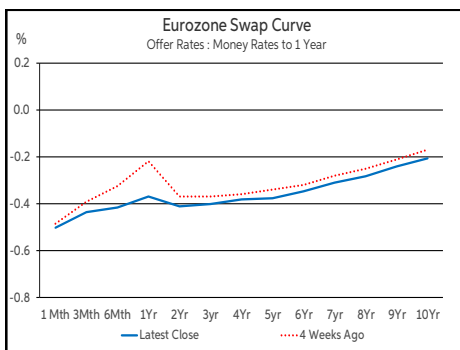
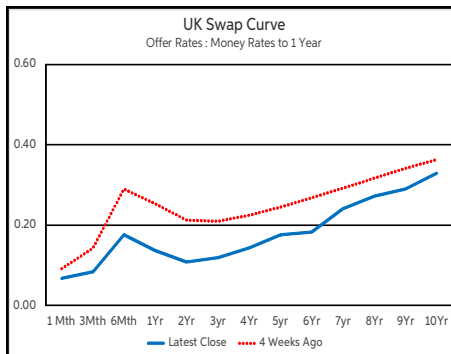
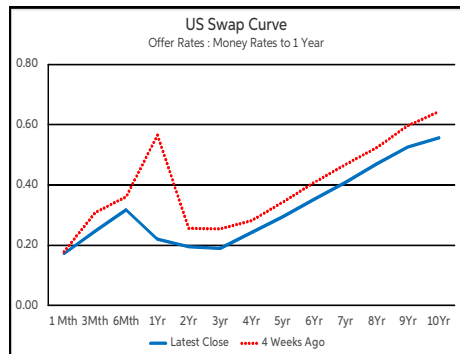
Monday 27 July 2020
07:47 am



Euro		Sterling		Dollar	
EUR/GBP	0.9126	GBP/EUR	1.0954	USD/JPY	105.41
EUR/USD	1.1713	GBP/USD	1.2833	USD/CAD	1.3378
EUR/JPY	123.48	GBP/CAD	1.7167	USD/CHF	0.9168
EUR/SEK	10.29	GBP/NZD	1.9222	USD/CNY	7
EUR/DKK	7.4432	GBP/JPY	135.27	USD/BRL	5.2329
EUR/NOK	10.654	GBP/SEK	11.2701	USD/RUB	71.503
EUR/CHF	1.074	GBP/DKK	8.1535	USD/INR	74.778
EUR/AUD	1.6413	GBP/NOK	11.6689	AUD/USD	0.7135
EUR/HKD	9.0785	GBP/CHF	1.1767	NZD/USD	0.6672
EUR/CAD	1.5671	GBP/AUD	1.798		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.59	+1	-5	-133
Germany	-0.45	+4	+4	-26
UK	0.15	+2	-3	-68
Ireland	-0.06	+3	-8	-18
Belgium	-0.16	+3	-1	-26
France	-0.14	+4	-2	-26
Italy	1.07	+2	-30	-36
Spain	0.37	+4	-10	-10
Portugal	0.37	+4	-10	-8
Greece	1.11	+2	-17	-35
5 Year Swap %				
US	0.30	-0	-4	-141
Eurozone	-0.38	+0	-3	-26
UK	0.18	+1	-6	-70
2 Year Swap %				
US	0.19	-1	-2	-147
Eurozone	-0.41	-1	-3	-11
UK	0.11	+1	-9	-69
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	-0	-12	+8
Belgium	29	-0	-5	+0
France	30	+0	-5	-1
Italy	152	-1	-34	-10
Spain	82	+1	-13	+16
Portugal	82	-0	-14	+18
Greece	155	-2	-21	-9



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	43.34	+0.07	+5.66	-34.33
West Texas Oil	41.23	+0.59	+7.01	-32.56
Gold \$	1901.0	+0.75	+7.36	+25.31

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