

## Brexit Centre Stage

Risk sentiment was largely driven by political developments in Brussels, London and Washington last week. This led to choppy trading at times, with sentiment whipsawing from positive to negative as the headlines broke.

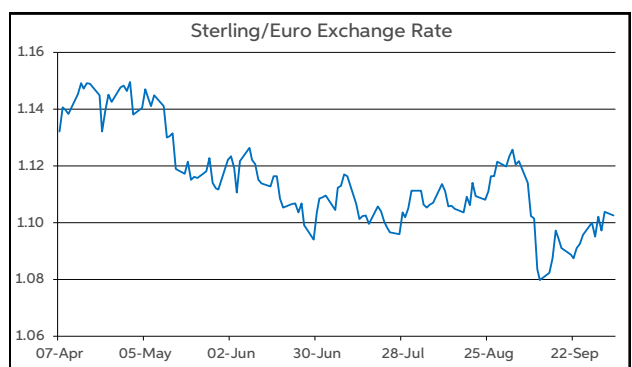
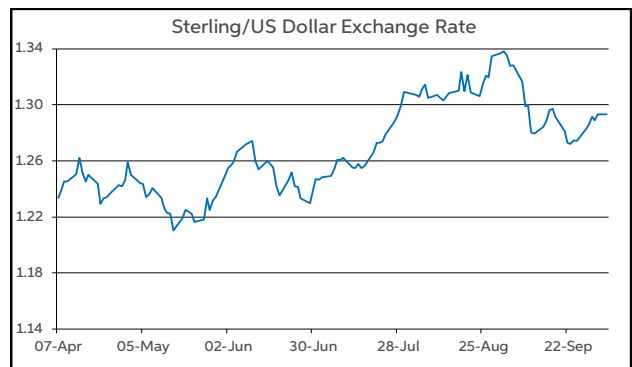
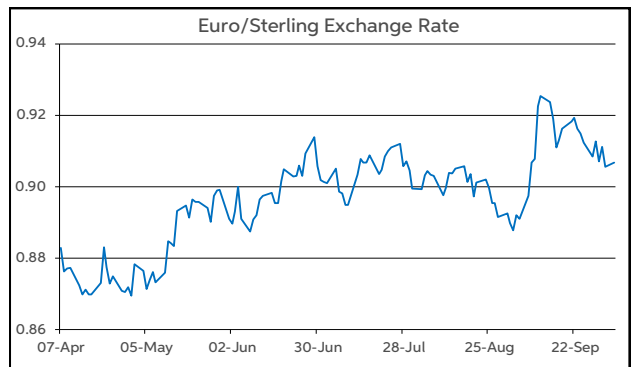
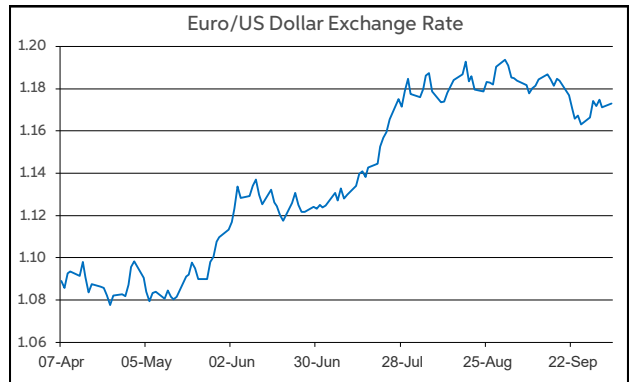
Underneath all the noise however, some progress appears to have been made regarding Brexit. Politicians on both sides have been signalling their intent on concluding a trade deal. Indeed, EU Commission President, Ms. Von der Leyen and PM Johnson held a call over the weekend to try and push talks along further. While a major breakthrough was not made, both sides agreed on, “the importance of finding an agreement”, as talks intensify.

In level terms, sterling regained some ground. This is reflected in EUR/GBP starting the week above 90.5p. Meanwhile EUR/USD is changing hands above \$1.17. Meantime, Cable (GBP/USD) is trading above \$1.29

This week, the highlight will be August’s reading of GDP in the UK. Economic activity is expected to have maintained its momentum in the month and increased by 4.6%. However, this would still leave GDP 7.5% below its pre-Covid level. Industrial output and house price data will also feature in the UK, with both sectors proving to be relatively resilient to the Covid shock.

Turning to the day ahead, Eurozone retail sales for August will be closely monitored. A gain of 2% is forecast, which would bring retail sales back above its pre-Covid level. The EU sentix index is forecast to fall to -9.5 from -8.0 as uncertainty continues to weigh on investor sentiment. On currency markets, sterling will remain sensitive to the ebb and flow of news on Brexit trade talks.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1727	0.20	4.61
EUR/GBP	0.9067	-0.49	7.25
GBP/USD	1.2932	0.70	-2.47
GBP/EUR	1.1026	0.50	-6.76
USD/JPY	105.57	0.03	-2.80
EUR/JPY	123.82	0.23	1.63

\* 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	0.23	0.19	0.24	0.36
EUR	0.00	-0.53	-0.51	-0.48	-0.49	-0.43
GBP	0.10	0.04	0.06	0.06	0.08	0.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

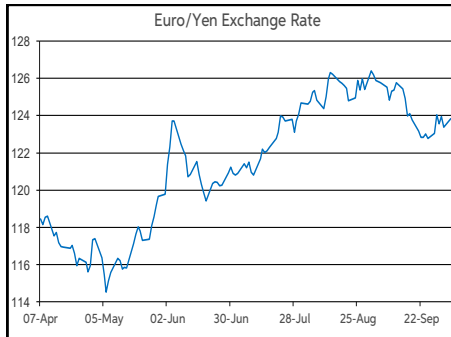
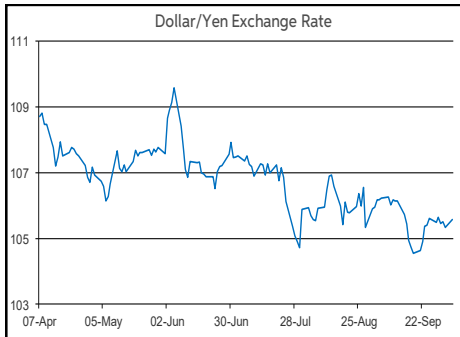
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

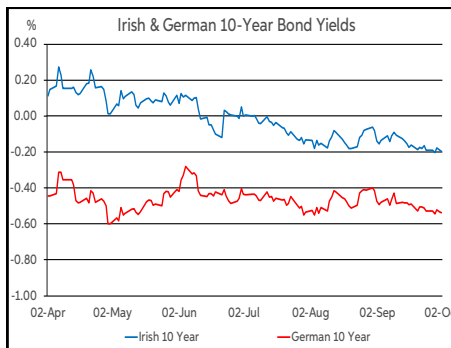
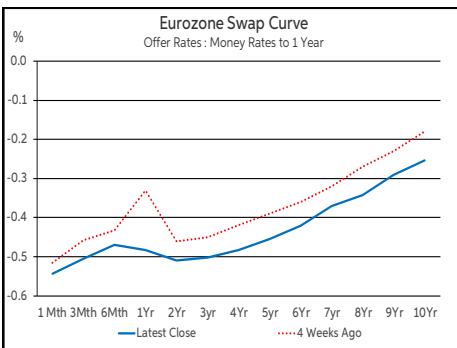
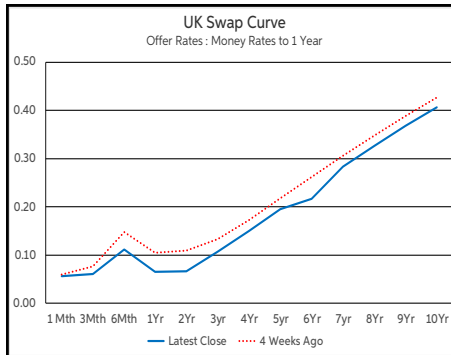
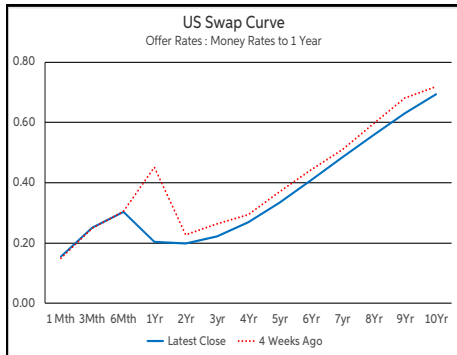
Monday 05 October 2020  
07:34 am



Euro		Sterling		Dollar	
EUR/GBP	0.9067	GBP/EUR	1.1026	USD/JPY	105.56
EUR/USD	1.1727	GBP/USD	1.2931	USD/CAD	1.3276
EUR/JPY	123.81	GBP/CAD	1.7168	USD/CHF	0.9174
EUR/SEK	10.456	GBP/NZD	1.9468	USD/CNY	6.7898
EUR/DKK	7.4406	GBP/JPY	136.52	USD/BRL	5.6832
EUR/NOK	10.8827	GBP/SEK	11.5261	USD/RUB	77.99
EUR/CHF	1.0761	GBP/DKK	8.2039	USD/INR	73.245
EUR/AUD	1.6346	GBP/NOK	11.9951	AUD/USD	0.7172
EUR/HKD	9.0888	GBP/CHF	1.1866	NZD/USD	0.664
EUR/CAD	1.557	GBP/AUD	1.8026		



	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.70	+2	-2	-122
Germany	-0.53	-1	-6	-35
UK	0.25	+1	-2	-58
<b>5 Year Swap %</b>				
US	0.34	-1	-1	-137
Eurozone	-0.46	-3	-6	-33
UK	0.19	+0	-2	-68
<b>2 Year Swap %</b>				
US	0.20	-2	-2	-146
Eurozone	-0.51	-2	-4	-21
UK	0.07	-0	-3	-73
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	+0	-1	+7
Belgium	22	-0	-4	-6
France	27	-1	-4	-4
Italy	132	-4	-24	-29
Spain	76	-1	-7	+10
Portugal	76	-3	-10	+13
Greece	152	-3	-10	-12



	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	39.27	-4.06	-7.95	-40.50
West Texas Oil	36.9	-4.18	-7.03	-39.65
Gold \$	1898.7	-0.33	-1.75	+25.16

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