

## Markets off to a strong start

Markets got off to a strong start this week, with improved risk appetite apparent across the board. Equities were higher on both sides of the Atlantic, oil prices picked up, and there was a marked steepening of the US Treasury curve, as longer dated bond yields rose. On currency markets, the firmer risk appetite was evident in some downward pressure on safe-haven currencies such as the yen and the dollar.

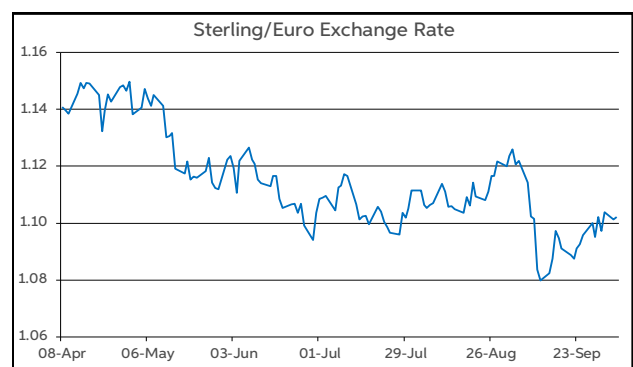
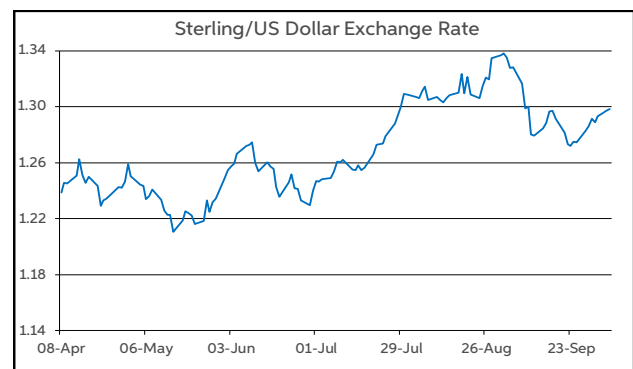
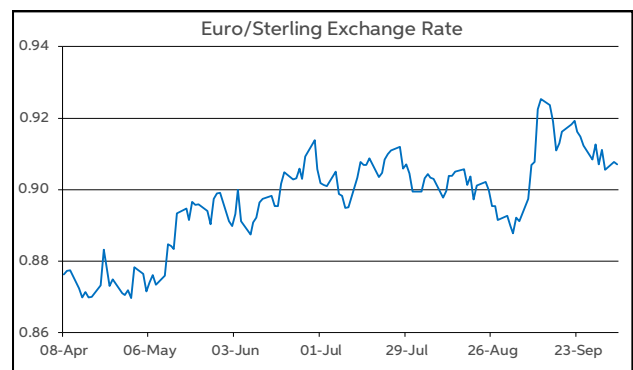
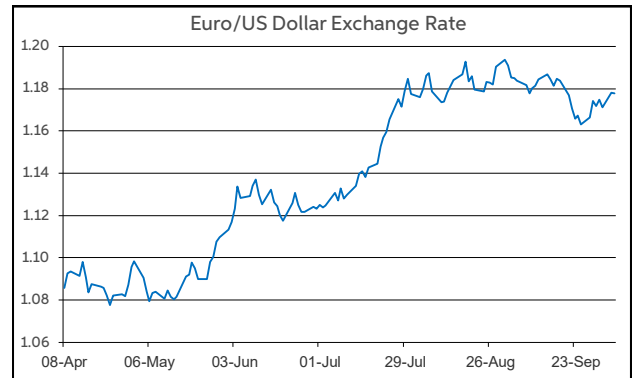
Renewed hopes of another fiscal package in the US, and news flow suggesting President Trump was to be released from hospital were the main factors contributing to the “risk-on” tone. Indeed, President Trump was released from military hospital over night, as the Asian session carried through the improved risk sentiment.

In level terms, the weaker dollar is reflected in EUR/USD opening in the top half of \$1.17-1.18, while Cable (GBP/USD) is near the \$1.30 handle. Meanwhile, EUR/GBP is operating in the upper half of the 90-91p range.

Data-wise yesterday, the German services PMI for September was revised higher to 50.6 from 49.1. Eurozone retail sales increased by 4.4% in August, beating expectations. Retail sales are now back above their pre-Covid levels. Elsewhere, the Eurozone Sentix index slipped to -8.3 from -8.0 in October, as investor sentiment remains subdued. In the US, the non-manufacturing ISM unexpectedly rose to 57.8 from 56.3 in September, led by a rise in new orders.

Already this morning, German industrial orders for August have beat expectations, up 4.5% vs. 2.6% f'cast. A sparse macro calendar for the rest of the day suggests markets are likely to remain sentiment driven.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1776	0.38	5.05
EUR/GBP	0.9071	0.06	7.30
GBP/USD	1.2981	0.35	-2.10
GBP/EUR	1.102	-0.06	-6.80
USD/JPY	105.67	0.10	-2.71
EUR/JPY	124.45	0.50	2.15

\* 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	0.14	0.23	0.20	0.24	0.38
EUR	0.00	-0.53	-0.51	-0.49	-0.49	-0.42
GBP	0.10	0.04	0.06	0.06	0.08	0.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

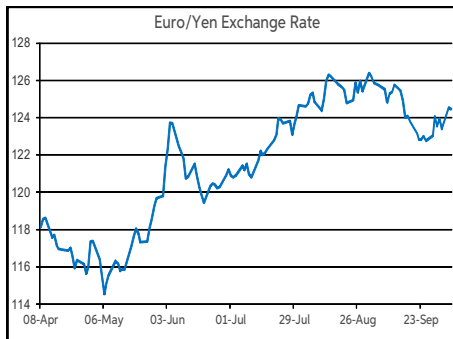
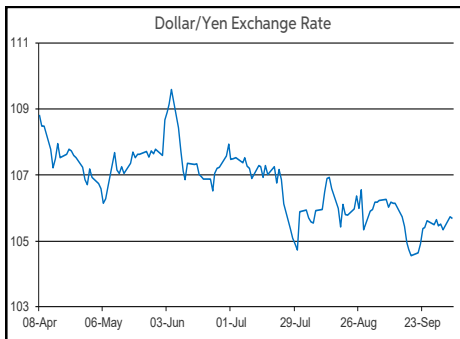
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

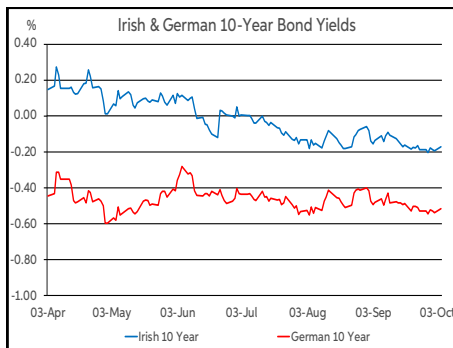
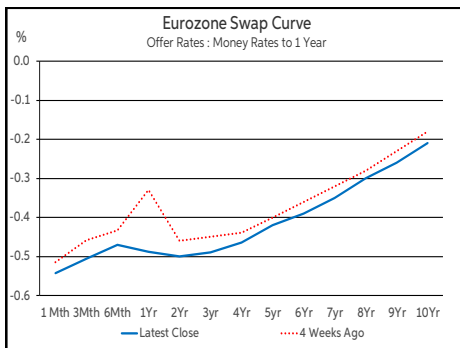
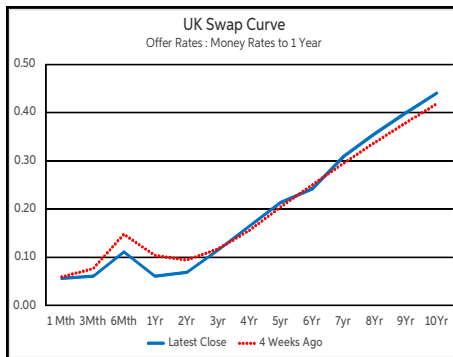
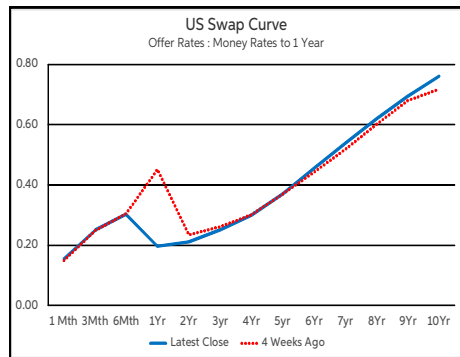
Tuesday 06 October 2020  
07:38 am



Euro		Sterling		Dollar	
EUR/GBP	0.9071	GBP/EUR	1.102	USD/JPY	105.67
EUR/USD	1.1776	GBP/USD	1.2981	USD/CAD	1.3266
EUR/JPY	124.45	GBP/CAD	1.7217	USD/CHF	0.9151
EUR/SEK	10.49	GBP/NZD	1.9576	USD/CNY	6.7898
EUR/DKK	7.4401	GBP/JPY	137.17	USD/BRL	5.5745
EUR/NOK	10.8675	GBP/SEK	11.5646	USD/RUB	78.19
EUR/CHF	1.0778	GBP/DKK	8.2009	USD/INR	73.35
EUR/AUD	1.6458	GBP/NOK	11.9815	AUD/USD	0.7152
EUR/HKD	9.1267	GBP/CHF	1.188	NZD/USD	0.663
EUR/CAD	1.5623	GBP/AUD	1.8142		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.78	+7	+6	-114
Germany	-0.51	+2	-5	-33
UK	0.29	+4	+4	-54
Ireland	-0.14	+2	-5	-26
Belgium	-0.29	+2	-9	-39
France	-0.24	+2	-8	-36
Italy	0.80	+1	-32	-63
Spain	0.26	+4	-10	-21
Portugal	0.24	+2	-14	-20
Greece	0.98	-1	-18	-48
<b>5 Year Swap %</b>				
US	0.37	+3	+3	-134
Eurozone	-0.42	+2	-1	-30
UK	0.21	+2	+1	-66
<b>2 Year Swap %</b>				
US	0.21	+0	+1	-145
Eurozone	-0.50	+0	-3	-20
UK	0.07	+0	-2	-73
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	37	-0	+0	+7
Belgium	22	-0	-4	-6
France	27	+0	-3	-4
Italy	131	-1	-27	-30
Spain	77	+2	-5	+12
Portugal	76	-1	-9	+12
Greece	149	-3	-13	-16



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	41.29	+5.14	-1.71	-37.44
West Texas Oil	39.12	+6.02	-1.44	-36.02
Gold \$	1912.9	+0.75	-0.83	+26.10

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