

## Momentum fades

Yesterday, the European morning session on markets carried through the positive risk sentiment from a day previous. The Eurostoxx continued to rise, oil prices moved higher and credit spreads tightened. However, the early US session saw this momentum fade.

The reduction in risk was apparent as investors waited for further developments in the US on another fiscal stimulus package. Last night news broke that President Trump had called a halt to the negotiations. Economic supports are now unlikely until after the election or possibly not until the new year. Risk appetite dissipated.

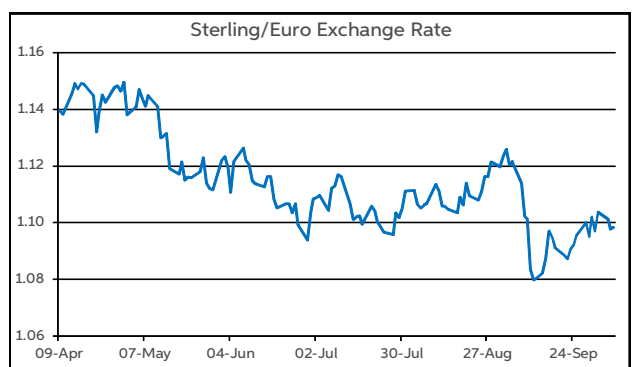
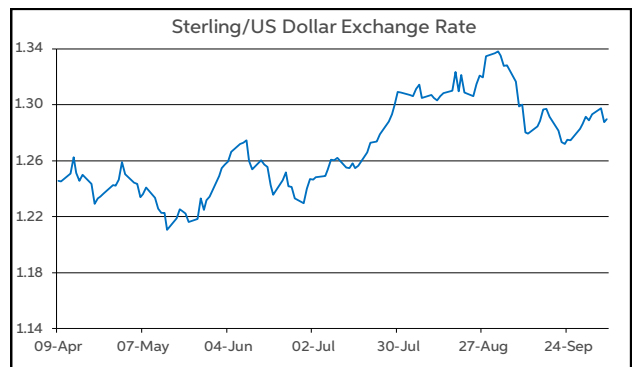
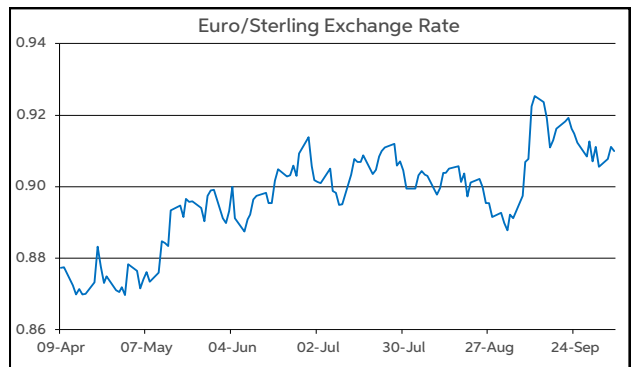
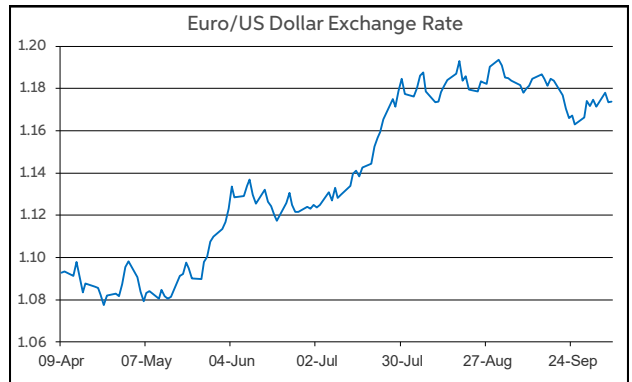
On forex markets, the euro moved above \$1.18 for the first time in 3 weeks. Sterling also came under some pressure as reports emerged that October 15th remained the deadline in Brexit talks for the UK. Although, the pound recovered these losses. The dollar gained support over night as the delay to stimulus hit sentiment.

In level terms, EUR/USD opens this morning below the midpoint of \$1.17-1.18. Meanwhile, EUR/GBP is changing hands around 91p, as cable (GBP/USD) is operating near the \$1.29 handle.

Data-wise, and already this morning German industrial output has printed below expectations, falling by -0.2% in August. Elsewhere, another rise is pencilled in for UK house prices in September, as the sector has proved to be somewhat resilient to the Covid shock.

An otherwise quiet macro-calendar suggests that markets are likely to remain driven by political developments. In the US, the only Vice-Presidential debate will take place later tonight. Brexit negotiations resume in London today also.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1739	-0.41	4.72
EUR/GBP	0.91	0.28	7.64
GBP/USD	1.2897	-0.71	-2.73
GBP/EUR	1.0983	-0.27	-7.10
USD/JPY	105.72	0.10	-2.66
EUR/JPY	124.12	-0.31	1.88

\* 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	0.22	0.21	0.25	0.41
EUR	0.00	-0.53	-0.51	-0.49	-0.49	-0.43
GBP	0.10	0.05	0.05	0.06	0.08	0.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

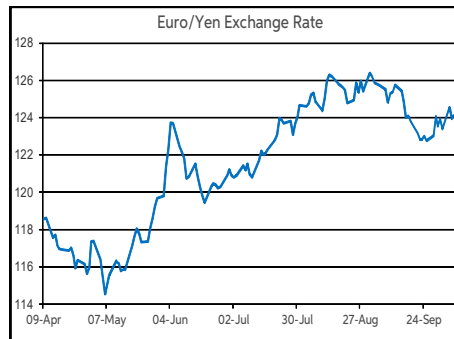
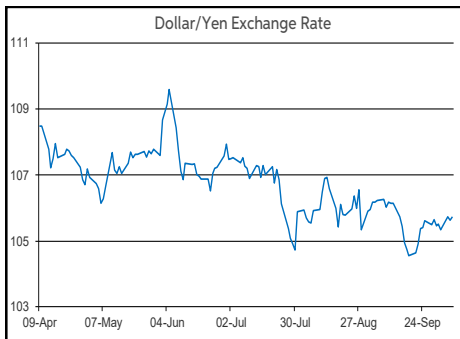
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

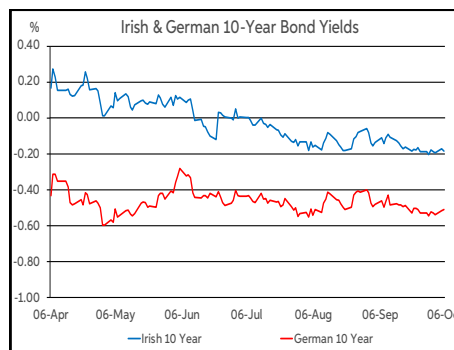
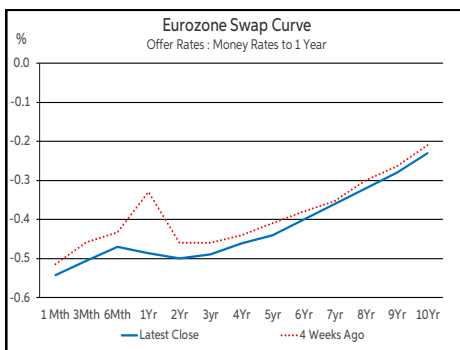
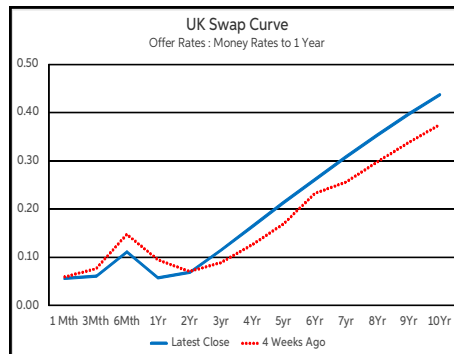
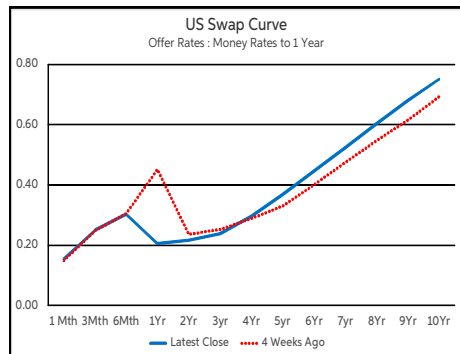
Wednesday 07 October 2020  
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.91	GBP/EUR	1.0983	USD/JPY	105.72
EUR/USD	1.1739	GBP/USD	1.2897	USD/CAD	1.3305
EUR/JPY	124.12	GBP/CAD	1.7162	USD/CHF	0.9174
EUR/SEK	10.5029	GBP/NZD	1.955	USD/CNY	6.7898
EUR/DKK	7.4413	GBP/JPY	136.35	USD/BRL	5.593
EUR/NOK	10.9557	GBP/SEK	11.5387	USD/RUB	78.1149
EUR/CHF	1.0774	GBP/DKK	8.1734	USD/INR	73.385
EUR/AUD	1.6459	GBP/NOK	12.0363	AUD/USD	0.713
EUR/HKD	9.0975	GBP/CHF	1.1835	NZD/USD	0.6595
EUR/CAD	1.5621	GBP/AUD	1.8082		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.73	-4	+5	-119
Germany	-0.51	+1	-1	-32
UK	0.29	-0	+10	-54
<b>Ireland</b>				
Ireland	-0.16	-2	-4	-28
Belgium	-0.29	+0	-6	-39
France	-0.24	-0	-5	-36
Italy	0.78	-2	-32	-64
Spain	0.24	-2	-9	-23
Portugal	0.24	-1	-13	-21
Greece	0.98	-0	-20	-48
<b>5 Year Swap %</b>				
US	0.37	-1	+4	-134
Eurozone	-0.44	-2	-2	-32
UK	0.21	+0	+5	-66
<b>2 Year Swap %</b>				
US	0.22	+0	-0	-144
Eurozone	-0.50	+0	-3	-20
UK	0.07	-0	+1	-73
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	35	-2	-3	+5
Belgium	22	-1	-5	-7
France	27	-1	-4	-4
Italy	129	-2	-31	-32
Spain	75	-2	-8	+9
Portugal	75	-1	-11	+11
Greece	148	-1	-19	-16



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	42.65	+3.29	+7.21	-35.38
West Texas Oil	40.52	+3.58	+9.90	-33.73
Gold \$	1877.1	-1.87	-2.79	+23.74

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