

EU Summit ahead this week

Markets were in an upbeat mood last week, despite fading hopes of further fiscal stimulus in the US. Equity markets moved higher, with the S&P 500 up over 3%. European bond yields moved lower, with spreads narrowing also, as Italian bond yields reached record lows. On forex markets, the main pairs were range bound, although the dollar was slightly softer over the period.

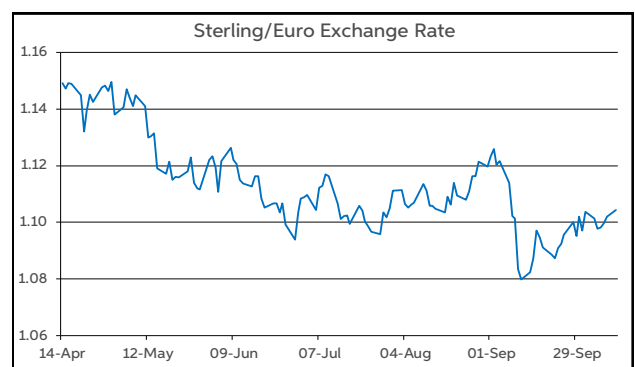
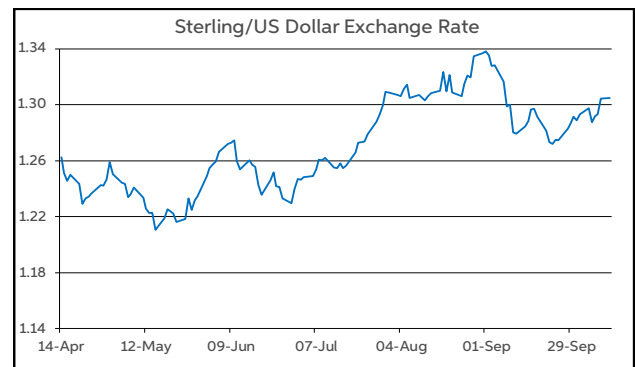
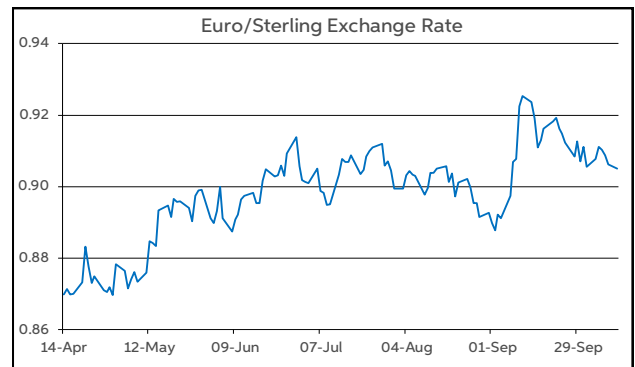
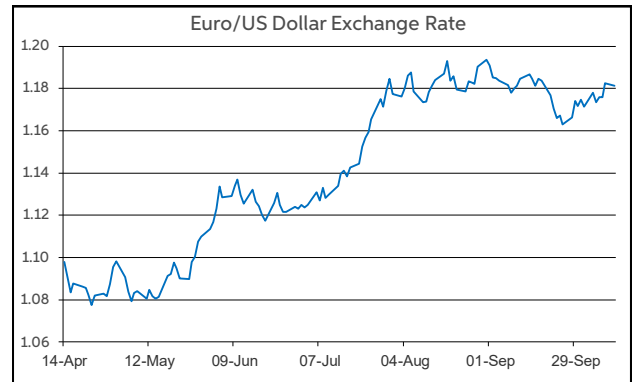
In level terms, a slightly firmer tone to sterling is reflected in EUR/GBP starting the week near the midpoint of 90-91p. Meanwhile EUR/USD is changing hands above \$1.18. Meantime, Cable (GBP/USD) is trading just below the halfway mark of \$1.30-1.31.

Turning to the week ahead, a busy calendar in the US sees the release of retail sales figures for September. Headline sales are expected to rise by 0.6% m/m. The Michigan measure of consumer sentiment for October is projected to rise to 81, still a very subdued level. It is envisaged that core CPI inflation will edge higher to 1.8% from 1.7% also.

In the UK, the labour market report for August is forecast to show a small uptick in the unemployment rate to 4.3% from 4.1%. The only release of note in the Eurozone is industrial production. Output is expected to rise by 0.4%, leaving it 6.8% below its pre-Covid level. The EU Leaders' Summit at the end of the week poses some event risk for sterling, with Brexit trade-talks one of the main items on the agenda.

A public holiday in the US today, and the lack of any top tier data releases suggest markets may have a quiet start to the week. However, the euro may be sensitive to a host of ECB Governing Council members due to speak later, including President Lagarde.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1812	0.32	5.37
EUR/GBP	0.9052	-0.41	7.07
GBP/USD	1.3046	0.72	-1.61
GBP/EUR	1.1042	0.41	-6.61
USD/JPY	105.47	-0.35	-2.89
EUR/JPY	124.59	-0.04	2.27

* 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	0.15	0.22	0.21	0.26	0.43
EUR	0.00	-0.53	-0.51	-0.50	-0.50	-0.44
GBP	0.10	0.05	0.05	0.05	0.08	0.22

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

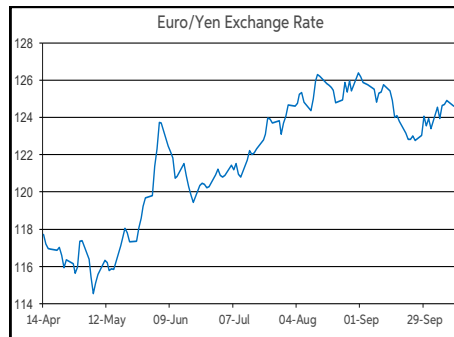
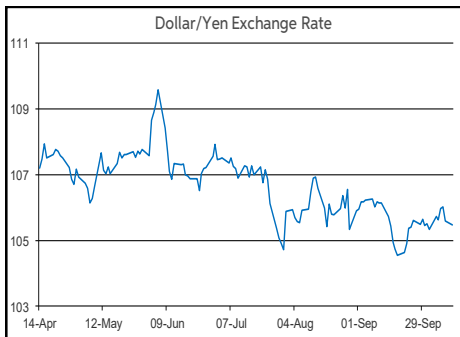
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

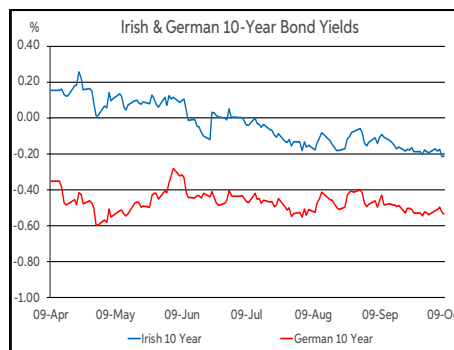
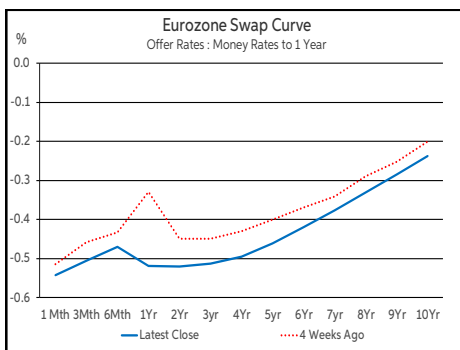
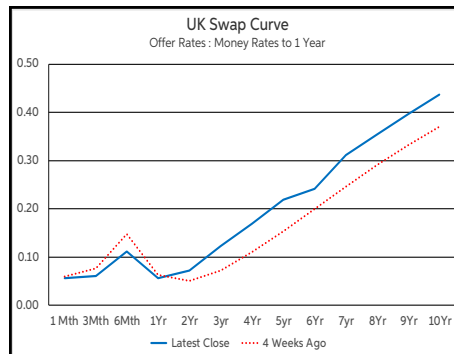
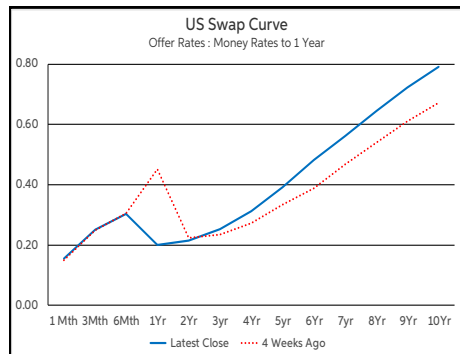
Monday 12 October 2020
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.9053	GBP/EUR	1.1042	USD/JPY	105.47
EUR/USD	1.1813	GBP/USD	1.3046	USD/CAD	1.3127
EUR/JPY	124.59	GBP/CAD	1.7127	USD/CHF	0.9103
EUR/SEK	10.396	GBP/NZD	1.9586	USD/CNY	6.7166
EUR/DKK	7.4423	GBP/JPY	137.6	USD/BRL	5.5316
EUR/NOK	10.7957	GBP/SEK	11.4777	USD/RUB	76.905
EUR/CHF	1.0757	GBP/DKK	8.2186	USD/INR	73.074
EUR/AUD	1.6346	GBP/NOK	11.9207	AUD/USD	0.7224
EUR/HKD	9.1548	GBP/CHF	1.1878	NZD/USD	0.6659
EUR/CAD	1.5507	GBP/AUD	1.8053		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.78	+0	+11	-114
Germany	-0.53	-1	-5	-35
UK	0.28	-1	+10	-54
5 Year Swap %				
US	0.39	+0	+10	-132
Eurozone	-0.46	-2	-5	-34
UK	0.22	-0	+7	-66
2 Year Swap %				
US	0.22	-0	+2	-145
Eurozone	-0.52	-1	-6	-22
UK	0.07	-0	+3	-72
10 Year Government Bond Spreads to Benchmark bps				
Ireland	34	-0	-7	+3
Belgium	22	+1	-4	-6
France	27	+1	-3	-4
Italy	125	-3	-28	-37
Spain	71	-2	-9	+5
Portugal	72	-2	-11	+8
Greece	141	-1	-19	-24



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	42.85	-1.13	+7.58	-35.08
West Texas Oil	40.44	-1.46	+8.33	-33.86
Gold \$	1929.4	+1.92	-0.62	+27.19

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