

## Cautious tone to markets

There was a cautious tone to markets yesterday as equities moved lower on both sides of the Atlantic. Negative news flow in relation to Covid-19 weighed on sentiment. This included reports of another pause to a trial of a potential vaccine, as well as growing coronavirus case numbers in Europe and parts of the US.

Data-wise yesterday, the German ZEW for October tumbled to 56.1 from 77.4, well below the consensus 73.0. However, the release had little impact on the euro.

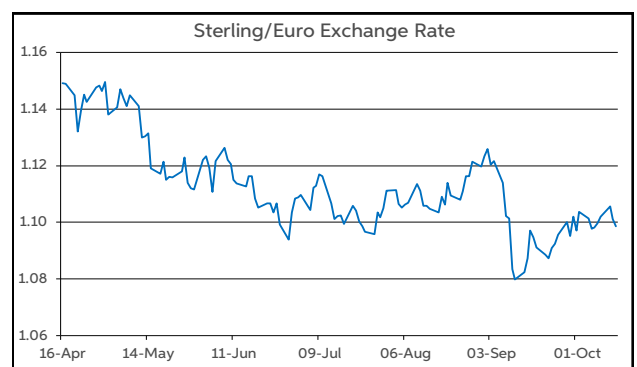
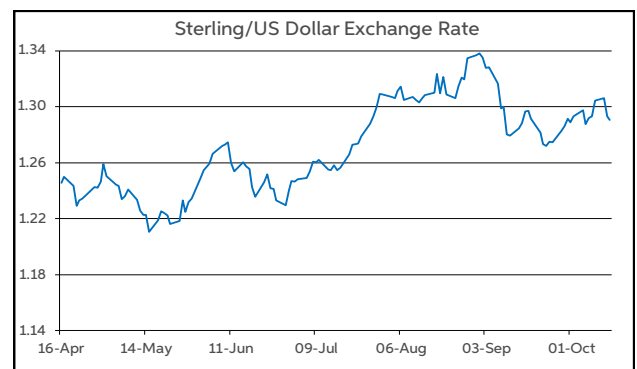
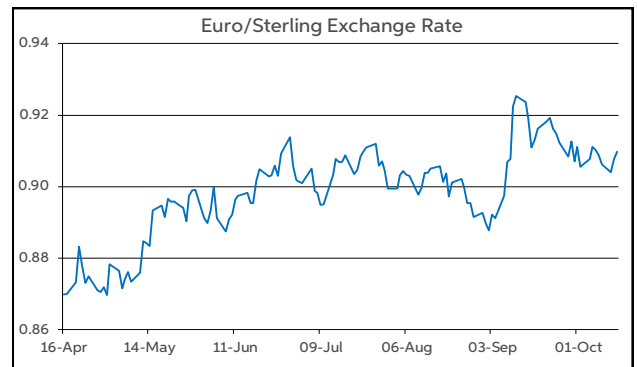
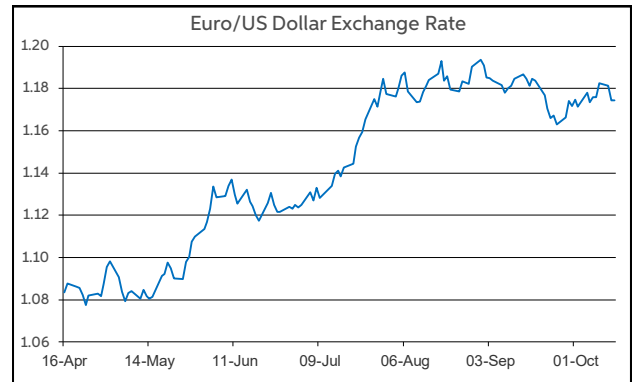
On the currency front, sterling weakened yesterday amid the ongoing trade-talks. Both sides continue to emphasize their willingness to make progress on a deal, although, PM Johnson reiterated the UK is “ready and willing” for a no trade deal scenario. Elsewhere, against the cautious backdrop to risk appetite, the dollar made some modest gains.

The weaker tone to sterling is reflected in EUR/GBP opening just below 91p. Meanwhile, EUR/USD is changing hands close to the midpoint of \$1.17-1.18. Cable (GBP/USD) is trading below \$1.30.

Turning to the day ahead, the only release of note is Eurozone industrial production for August. Output is forecast to rise by 0.8%. However, this would mean it is still 6.4% below its pre-Covid level. The release is unlikely to cause a reaction for the euro.

An otherwise quiet macro-calendar suggests that sentiment is likely to remain driven by Covid related developments. ECB President Lagarde is due to speak today which may be of interest to euro watchers. Meanwhile, Brexit news flow may act as a source of direction for the pound.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1745	-0.43	4.77
EUR/GBP	0.9099	0.67	7.63
GBP/USD	1.2906	-1.09	-2.66
GBP/EUR	1.0987	-0.67	-7.09
USD/JPY	105.45	0.03	-2.91
EUR/JPY	123.85	-0.42	1.66

\* 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	0.20	0.25	0.40
EUR	0.00	-0.54	-0.51	-0.50	-0.50	-0.45
GBP	0.10	0.04	0.05	0.05	0.07	0.20

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

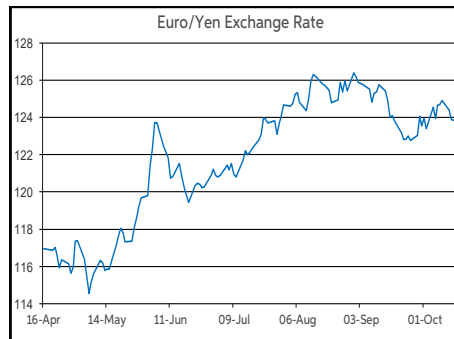
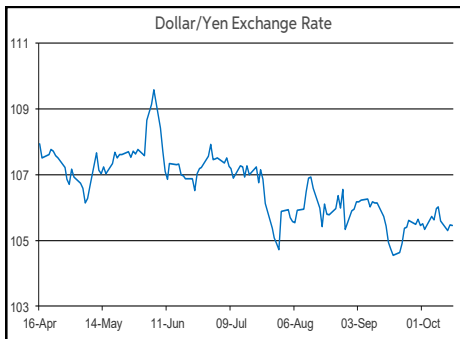
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

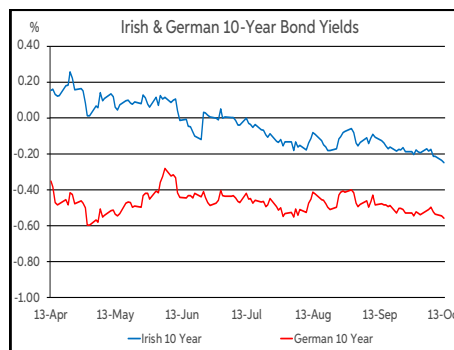
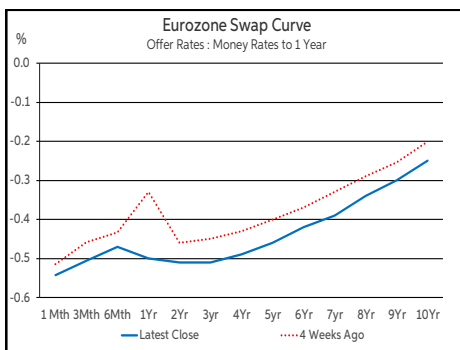
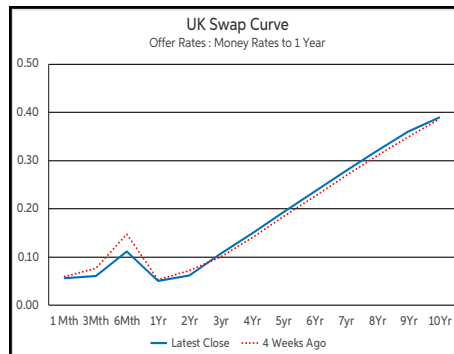
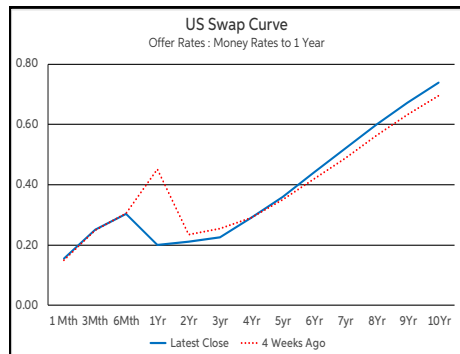
Wednesday 14 October 2020  
07:32 am



Euro		Sterling		Dollar	
EUR/GBP	0.9098	GBP/EUR	1.0988	USD/JPY	105.45
EUR/USD	1.1743	GBP/USD	1.2905	USD/CAD	1.3135
EUR/JPY	123.85	GBP/CAD	1.6952	USD/CHF	0.9145
EUR/SEK	10.374	GBP/NZD	1.9386	USD/CNY	6.7382
EUR/DKK	7.4429	GBP/JPY	136.08	USD/BRL	5.5693
EUR/NOK	10.8575	GBP/SEK	11.3949	USD/RUB	77.105
EUR/CHF	1.0741	GBP/DKK	8.1778	USD/INR	73.45
EUR/AUD	1.6382	GBP/NOK	11.9279	AUD/USD	0.7165
EUR/HKD	9.1007	GBP/CHF	1.1802	NZD/USD	0.6655
EUR/CAD	1.5427	GBP/AUD	1.8007		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.73	-5	+5	-119
Germany	-0.55	-1	-7	-37
UK	0.24	-3	+2	-58
<b>5 Year Swap %</b>				
US	0.36	-4	+5	-135
Eurozone	-0.46	-1	-5	-34
UK	0.19	-2	+1	-68
<b>2 Year Swap %</b>				
US	0.21	-1	+1	-145
Eurozone	-0.51	+0	-4	-21
UK	0.06	-0	+0	-73
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	34	+0	-5	+3
Belgium	21	+0	-3	-7
France	26	+0	-1	-5
Italy	122	+0	-26	-40
Spain	70	+1	-5	+5
Portugal	71	+1	-8	+7
Greece	134	-2	-23	-30



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	42.45	+1.75	+4.74	-35.68
West Texas Oil	40.03	+2.07	+4.54	-34.53
Gold \$	1890.8	-1.62	-3.31	+24.64

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by First Trust Bank. In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and First Trust Bank are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.