

Cautious mood remains

Markets remained in a cautious mood yesterday. European equities edged lower as further restrictions were introduced across the continent. In the US, stocks also traded lower as Q3 earnings season continued. Meantime, bond yields edged downwards.

Data-wise, Eurozone industrial production for August rose by 0.7%, slightly lower than the consensus 0.8%. Output is still over 6% below its pre-Covid level, and the data suggests the recovery is slowing. The release caused little reaction for the euro.

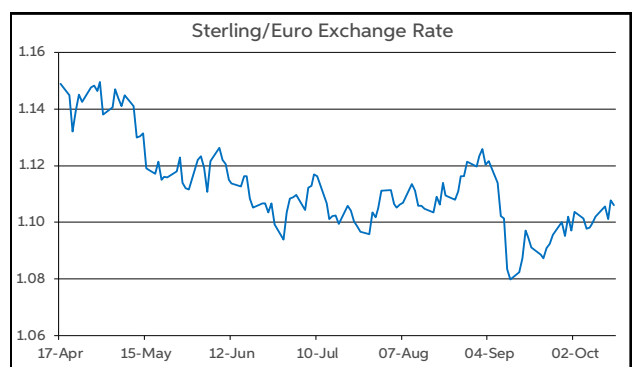
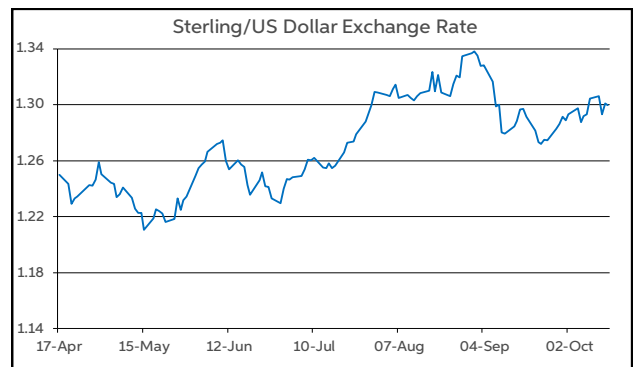
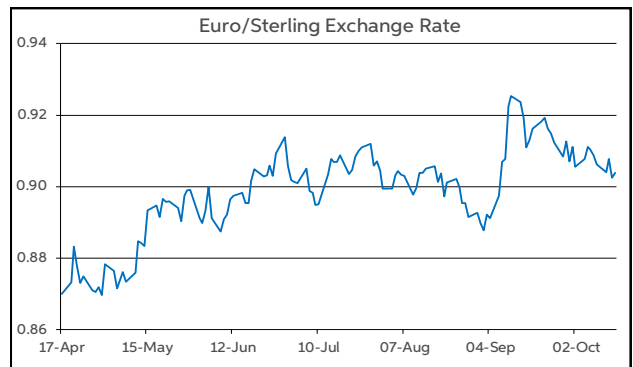
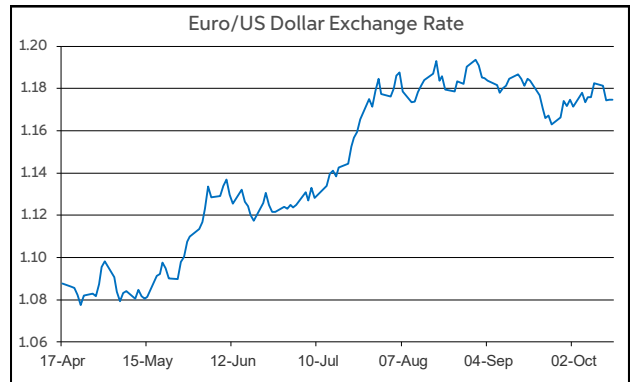
Meanwhile, sterling made some gains in volatile trading yesterday. Cable (GBP/USD) moved from \$1.286, its lowest level in a week up to \$1.30. Likewise, a firmer pound saw EUR/GBP fall from 91p towards 90p.

The moves in sterling trading were in reaction to Brexit news flow. Reports emerged that PM Johnson was likely to allow talks to continue past his original deadline of today, as the EU Leaders' Summit gets underway. Indeed, a call between Johnson and the Leaders of the EU took place last night, with all parties expressing their desire for a deal. Reports also indicate some signs of progress in the negotiations. However, key sticking points remain.

Elsewhere, the action in EUR/USD has remained subdued over the past 24 hours. The pair remains tightly range bound and starts the day once again near the midpoint of \$1.17-1.18.

Today, the only release of note is initial claims data in the US with another print above 800k expected. The release is unlikely to impact the dollar. The main source of direction for markets is likely to come from Brexit (EU Summit) and Covid related developments.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1748	0.06	4.80
EUR/GBP	0.9038	-0.51	6.91
GBP/USD	1.2996	0.57	-1.98
GBP/EUR	1.106	0.51	-6.46
USD/JPY	105.27	-0.16	-3.08
EUR/JPY	123.67	-0.11	1.51

* 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	0.15	0.24	0.20	0.24	0.39
EUR	0.00	-0.54	-0.51	-0.52	-0.51	-0.47
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

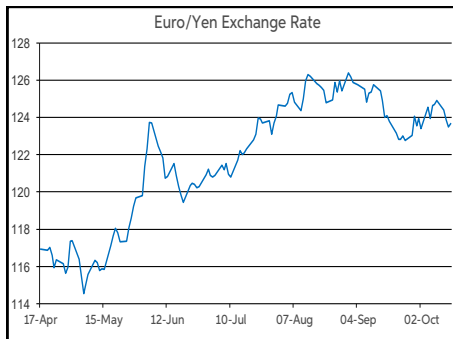
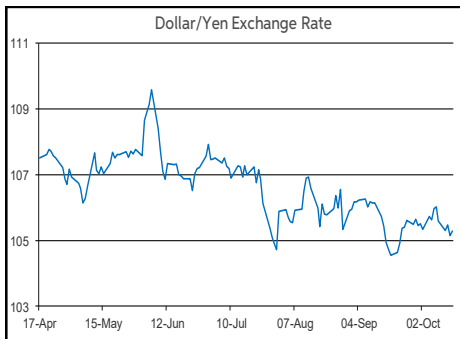
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

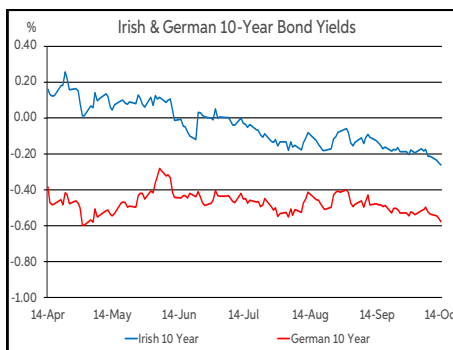
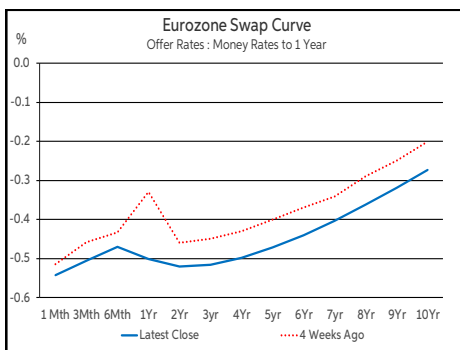
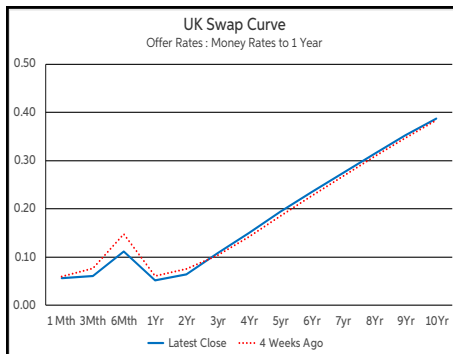
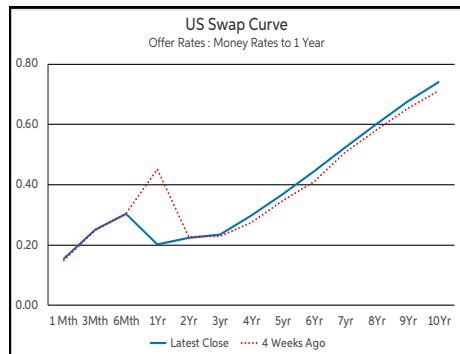
Thursday 15 October 2020
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.9039	GBP/EUR	1.1059	USD/JPY	105.27
EUR/USD	1.1747	GBP/USD	1.2996	USD/CAD	1.3152
EUR/JPY	123.68	GBP/CAD	1.7096	USD/CHF	0.9131
EUR/SEK	10.3758	GBP/NZD	1.9564	USD/CNY	6.7216
EUR/DKK	7.4429	GBP/JPY	136.81	USD/BRL	5.5912
EUR/NOK	10.8746	GBP/SEK	11.4774	USD/RUB	77.7216
EUR/CHF	1.0727	GBP/DKK	8.2319	USD/INR	73.245
EUR/AUD	1.6488	GBP/NOK	12.0243	AUD/USD	0.7122
EUR/HKD	9.1032	GBP/CHF	1.1868	NZD/USD	0.6641
EUR/CAD	1.5454	GBP/AUD	1.8243		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.73	-0	+3	-119
Germany	-0.58	-2	-9	-39
UK	0.22	-2	+1	-60
5 Year Swap %				
US	0.37	+1	+5	-134
Eurozone	-0.47	-1	-6	-35
UK	0.19	+0	+1	-68
2 Year Swap %				
US	0.22	-0	+3	-144
Eurozone	-0.52	-1	-5	-23
UK	0.06	+0	-0	-73
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	+1	-1	+5
Belgium	23	+1	+0	-6
France	27	+1	+1	-4
Italy	123	+2	-22	-38
Spain	71	+1	-3	+6
Portugal	72	+1	-6	+8
Greece	135	+1	-20	-30



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	43.32	+2.05	+2.61	-34.36
West Texas Oil	40.86	+2.07	+1.72	-33.17
Gold \$	1900.9	+0.53	-2.98	+25.30

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