

## Euro continues to edge higher

There was a mixed tone to investor sentiment yesterday. The mood in Europe remained cautious amid rising Covid-19 numbers and the re-imposition of restrictions in some countries over recent days.

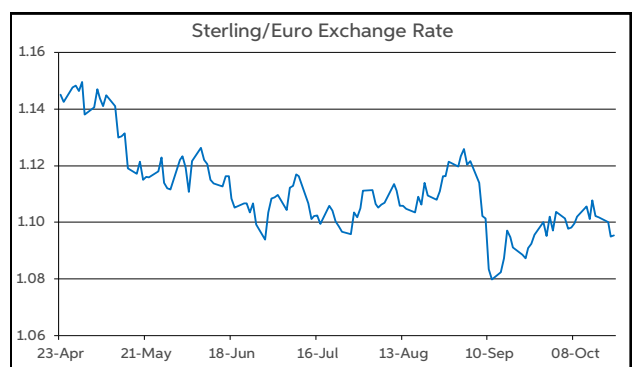
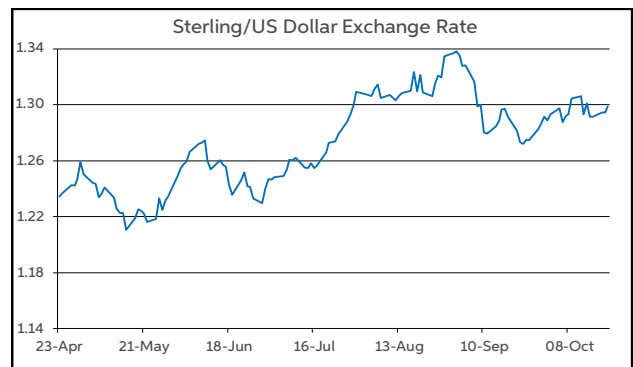
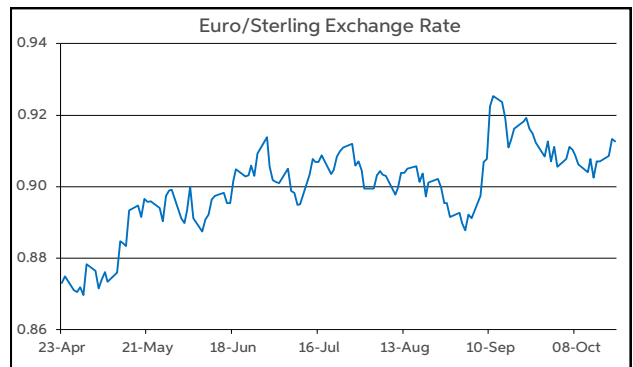
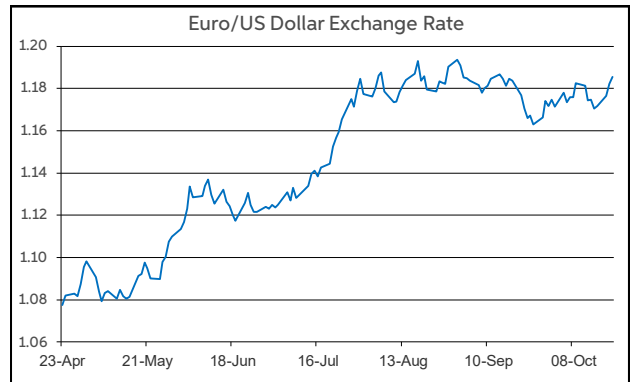
On Wall Street, positive newsflow regarding US stimulus negotiations provided a more supportive backdrop to risk appetite. As a result, at the closing bell last night, the S&P 500 was up 0.5% on the day, following a 1.6% fall the previous day.

On the currency front, the euro maintained some of its upward momentum from Monday. It made some slight gains against the dollar and sterling. The dollar was modestly softer amid the improvement in risk appetite. Meanwhile, sterling came under some mild downward pressure against the on-going trade talks uncertainty and dovish comments from the BoE's Vlieghe. However, the magnitude of the moves amongst the main pairs were contained within fairly narrow ranges.

The gains for the euro over the past 24 hours are evident in EUR/USD opening this morning back above the \$1.18 threshold and EUR/GBP edging up into 91p territory. Elsewhere, GBP/USD is changing hands this morning in the upper half of the \$1.29-1.30 trading band.

Looking ahead to today, the macro calendar remains sparse. There are no major data releases due on either side of the Atlantic. On the monetary policy front, ECB President Lagarde is scheduled to speak. Overall then, barring any major Brexit related developments, which could impact sterling, the main FX pairs may operate in relatively confined ranges today.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1854	0.65	5.74
EUR/GBP	0.9126	0.32	7.95
GBP/USD	1.2987	0.33	-2.05
GBP/EUR	1.0953	-0.32	-7.36
USD/JPY	105.27	-0.23	-3.08
EUR/JPY	124.79	0.43	2.43

\* 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	0.19	0.25	0.45
EUR	0.00	-0.54	-0.51	-0.51	-0.51	-0.46
GBP	0.10	0.05	0.05	0.04	0.06	0.18

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

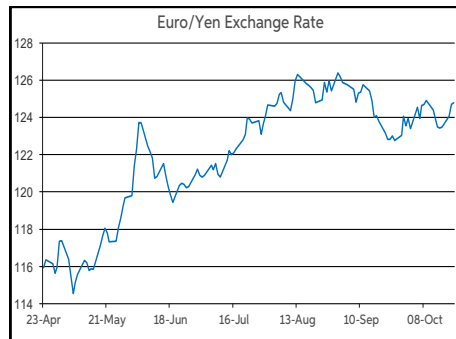
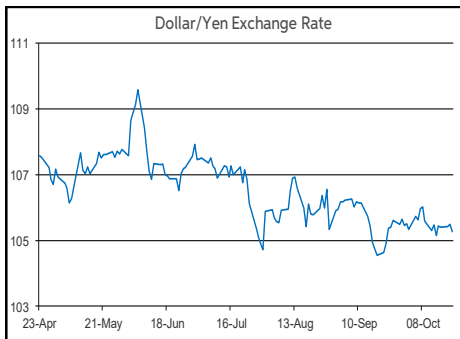
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

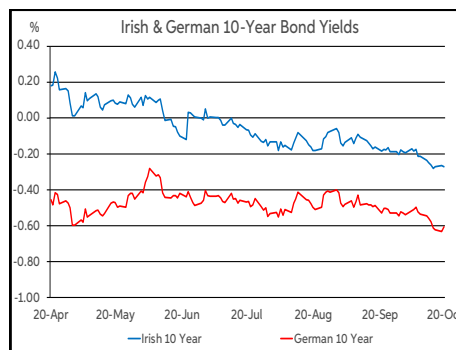
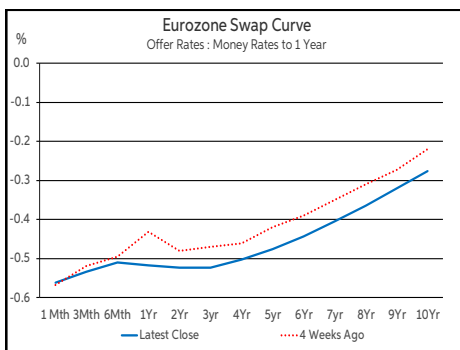
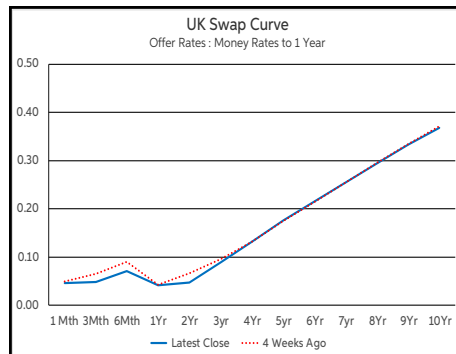
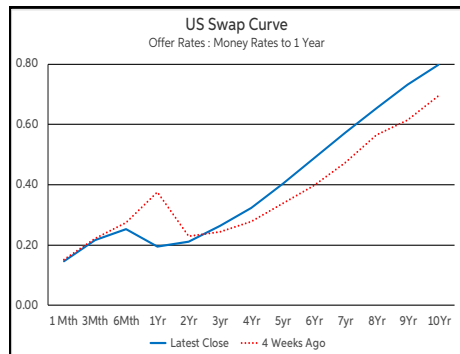
Wednesday 21 October 2020  
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.9126	GBP/EUR	1.0953	USD/JPY	105.27
EUR/USD	1.1854	GBP/USD	1.2987	USD/CAD	1.309
EUR/JPY	124.79	GBP/CAD	1.7	USD/CHF	0.9047
EUR/SEK	10.3237	GBP/NZD	1.9638	USD/CNY	6.6452
EUR/DKK	7.4421	GBP/JPY	136.71	USD/BRL	5.6053
EUR/NOK	10.9205	GBP/SEK	11.3075	USD/RUB	77.1798
EUR/CHF	1.0727	GBP/DKK	8.1515	USD/INR	73.45
EUR/AUD	1.6738	GBP/NOK	11.9613	AUD/USD	0.708
EUR/HKD	9.1872	GBP/CHF	1.1751	NZD/USD	0.6612
EUR/CAD	1.5516	GBP/AUD	1.8342		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.79	+1	+11	-113
Germany	-0.60	+2	-10	-42
UK	0.19	+2	-2	-64
<b>5 Year Swap %</b>				
US	0.40	+1	+10	-131
Eurozone	-0.48	+2	-5	-35
UK	0.18	+0	+1	-70
<b>2 Year Swap %</b>				
US	0.21	-1	+1	-145
Eurozone	-0.52	+1	-3	-23
UK	0.05	-1	-1	-75
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	38	-1	+3	+7
Belgium	24	-2	+1	-4
France	28	-1	+1	-3
Italy	134	-0	-3	-27
Spain	79	-0	+5	+13
Portugal	77	+0	+1	+14
Greece	146	+0	-10	-19



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	43.16	+1.27	+3.45	-34.61
West Texas Oil	41.37	+1.67	+4.60	-32.34
Gold \$	1906.4	+0.11	+0.37	+25.67

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