

Brexit Backlash

Sterling found itself the centre of attention from a currency market perspective last week. It suffered amid increasing concerns over the risk that the UK and EU will not be able to agree a trade deal before the end of the this year when the transition period ends. Such a scenario would mean a move to WTO rules, resulting in another severe blow to the UK economy. This would come on the back of an expected 10% fall in GDP this year.

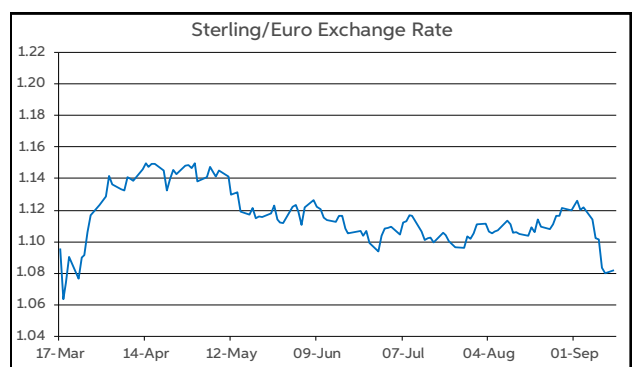
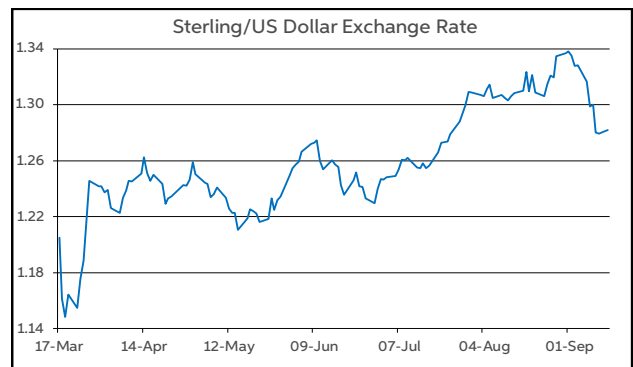
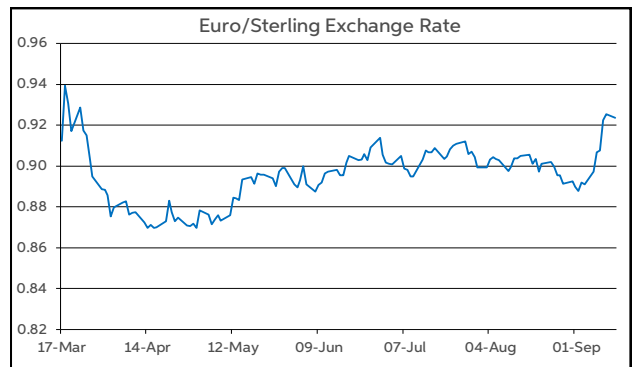
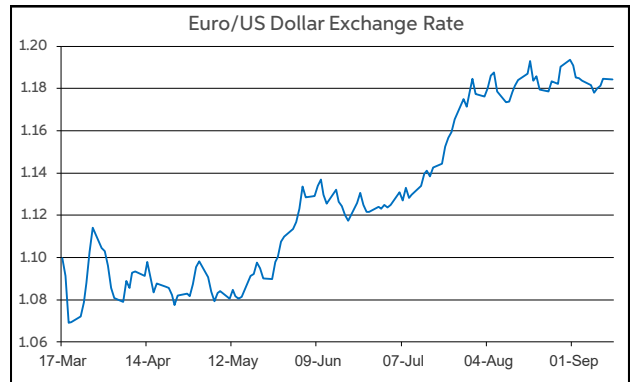
Not surprisingly then, the currency was very much out of favour on the exchanges, falling by around 3%. In level terms, EUR/GBP starts this week near to the midpoint of 92-93p and GDP/USD is changing hands down close to the \$1.28 threshold.

Elsewhere on the currency front, the dollar action was relatively muted last week. The currency tended to move somewhat in line with the prevailing mood on markets, making some gains when markets were risk averse, and edging lower when the mood was 'risk-on'. Meantime, for the euro, the main moves of note came during the ECB press conference. However, these proved to be short lived. EUR/USD opens this morning around the midpoint of \$1.18-1.19, very similar to where it was last Monday.

This week, there is a busy macro schedule for sterling to digest. This includes the BoE meeting (no changes expected) and a packed data diary (incl. unemployment, retail sales). However, the main source of direction is likely to remain Brexit newsflow.

For the dollar, there is also a packed calendar including the FOMC (no changes expected), retail sales and consumer confidence. Overall though, unless the data surprises, the dollar may not show much reaction. Meanwhile, the Eurozone calendar is uneventful.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1843	0.07	5.65
EUR/GBP	0.9238	0.08	9.27
GBP/USD	1.2815	-0.02	-3.35
GBP/EUR	1.0819	-0.08	-8.49
USD/JPY	106.03	-0.12	-2.38
EUR/JPY	125.59	-0.03	3.09

* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.15	0.25	0.22	0.24	0.33
EUR	0.00	-0.52	-0.48	-0.49	-0.47	-0.42
GBP	0.10	0.05	0.06	0.05	0.05	0.15

All rates quoted are indicative market rates

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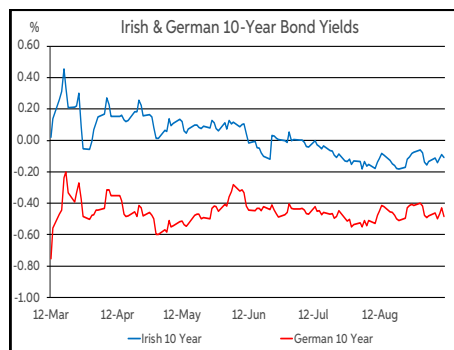
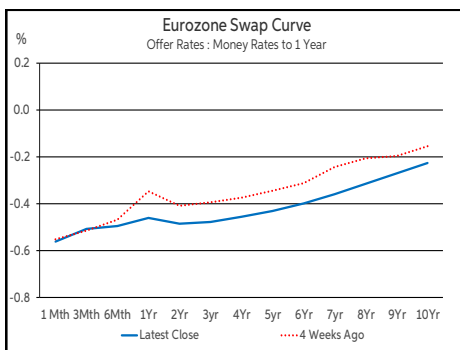
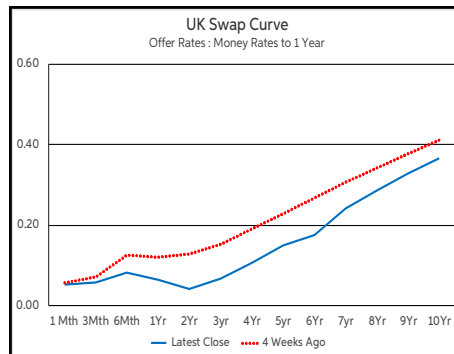
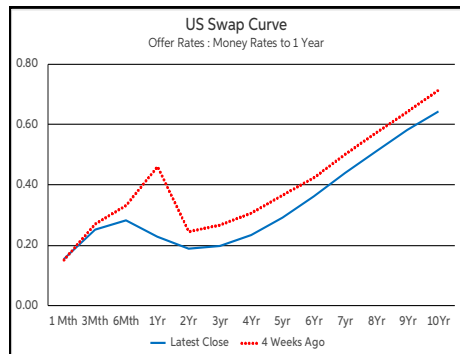
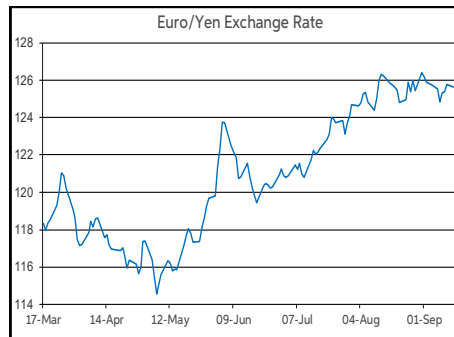
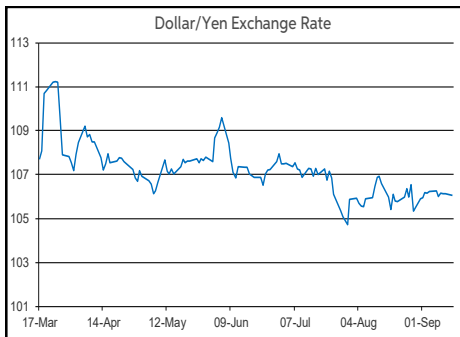
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		Equity Options	Gary Luff				

Opening Levels

Monday 14 September 2020
07:29 am



Euro		Sterling		Dollar	
EUR/GBP	0.9238	GBP/EUR	1.0819	USD/JPY	106.03
EUR/USD	1.1843	GBP/USD	1.2815	USD/CAD	1.3163
EUR/JPY	125.59	GBP/CAD	1.6872	USD/CHF	0.909
EUR/SEK	10.3894	GBP/NZD	1.9139	USD/CNY	6.8303
EUR/DKK	7.4398	GBP/JPY	135.88	USD/BRL	5.3174
EUR/NOK	10.6794	GBP/SEK	11.242	USD/RUB	74.7352
EUR/CHF	1.0766	GBP/DKK	8.0502	USD/INR	73.365
EUR/AUD	1.6266	GBP/NOK	11.5541	AUD/USD	0.728
EUR/HKD	9.1773	GBP/CHF	1.1653	NZD/USD	0.6692
EUR/CAD	1.5588	GBP/AUD	1.7603		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.67	-1	-4	-125
Germany	-0.48	-6	-6	-30
UK	0.19	-5	-6	-64
Ireland	-0.08	-1	-1	-20
Belgium	-0.22	-5	-7	-31
France	-0.19	-5	-7	-31
Italy	1.04	-3	-2	-39
Spain	0.31	-4	-5	-16
Portugal	0.34	-4	-5	-11
Greece	1.12	-2	-2	-34
5 Year Swap %				
US	0.29	-2	-4	-142
Eurozone	-0.43	-4	-8	-31
UK	0.15	-2	-8	-73
2 Year Swap %				
US	0.19	+0	-4	-147
Eurozone	-0.48	-3	-7	-19
UK	0.04	-1	-8	-75
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+5	+6	+10
Belgium	27	+1	-1	-2
France	29	+1	-0	-2
Italy	152	+2	+5	-9
Spain	79	+2	+1	+14
Portugal	82	+2	+2	+19
Greece	160	+4	+4	-5

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	39.83	-0.57	-11.09	-39.65
West Texas Oil	37.33	+0.21	-11.22	-38.94
Gold \$	1941.5	-0.64	-0.12	+27.98

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