

Sterling stabilises, for now

The focus for currency markets remained on sterling yesterday following the reaffirmation of Brexit concerns last week. The currency managed to stabilise somewhat yesterday, edging off its recent lows, amid a relatively quieter day of Brexit newsflow.

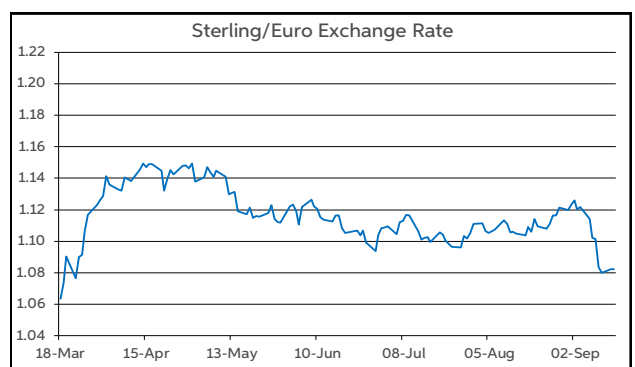
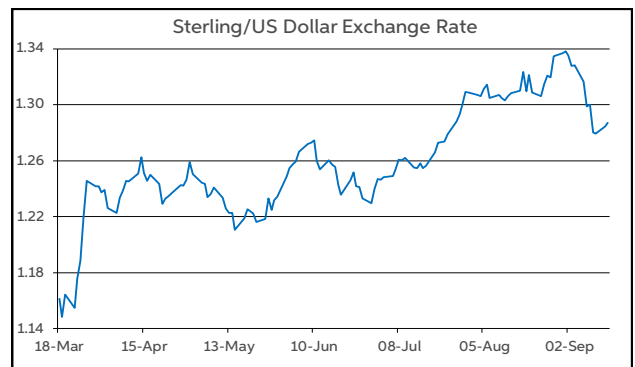
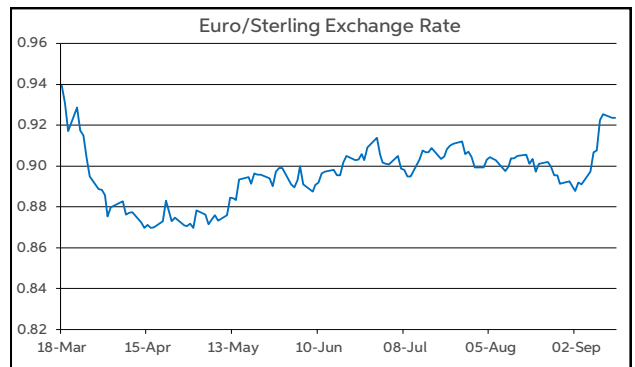
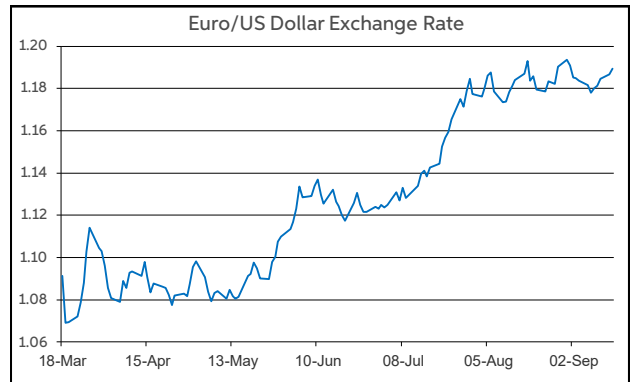
The macro data calendar was also fairly sparse yesterday. Indeed, the only release of note on either side of the Atlantic was Eurozone industrial production (July). Headline output printed broadly in line with expectations, registering monthly growth of 4.1%. However, despite the strong rebound in recent months, production is still around 7% below its pre-Covid February level. From a euro viewpoint, the release had no noticeable impact.

So as trading gets underway this morning, EUR/GBP continues to operate within the 92-93p band, little changed from 24 hours earlier. Cable (GBP/USD) has seen some modest gains, moving into the upper half of \$1.28-1.29 amid a slightly softer dollar tone. Meanwhile, EUR/USD has also edged higher, up towards \$1.19.

Already this morning we have had a raft of UK labour market data, which so far has generated no reaction from sterling. The data included the unemployment rate for July rising slightly, as expected, from 3.9 to 4.1% and smaller than forecast falls in employment. However, it is likely that job losses/unemployment will rise over the coming months as the furlough scheme unwinds.

For the euro, today's diary is largely uneventful, with the German ZEW (Sept), being the main release of note. Meantime, from a dollar perspective, the data highlights are industrial production (Aug) and the Empire survey (Sept). Overall, though unless the data surprise significantly, no major currency impact is envisaged.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1892	0.38	6.08
EUR/GBP	0.9237	-0.03	9.26
GBP/USD	1.2873	0.44	-2.91
GBP/EUR	1.0821	0.03	-8.48
USD/JPY	105.66	-0.36	-2.72
EUR/JPY	125.68	0.05	3.16

* 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	0.22	0.23	0.33
EUR	0.00	-0.52	-0.48	-0.49	-0.46	-0.41
GBP	0.10	0.05	0.06	0.05	0.05	0.16

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

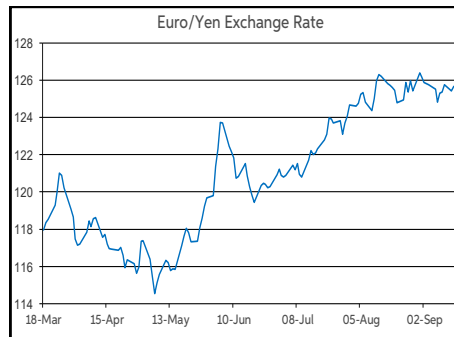
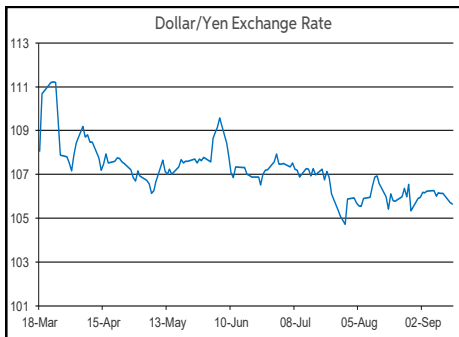
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

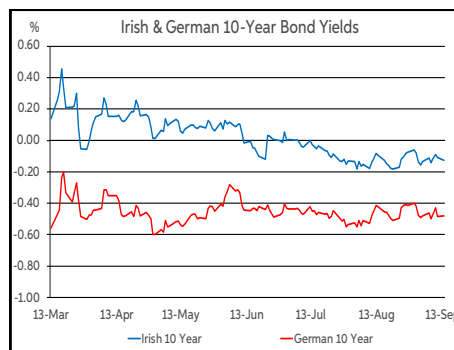
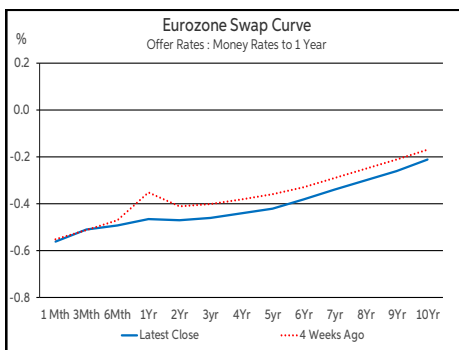
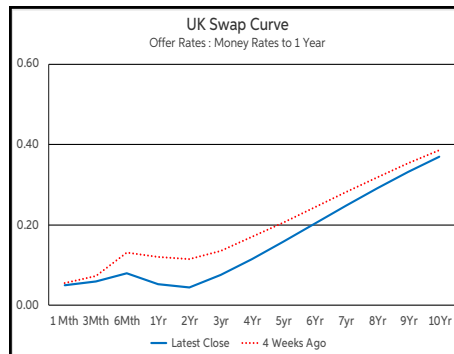
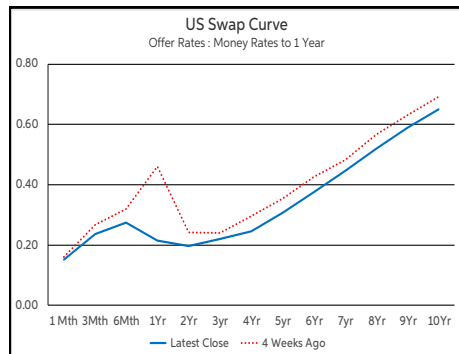
Tuesday 15 September 2020
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.9237	GBP/EUR	1.0821	USD/JPY	105.66
EUR/USD	1.1892	GBP/USD	1.2873	USD/CAD	1.3137
EUR/JPY	125.68	GBP/CAD	1.6912	USD/CHF	0.9063
EUR/SEK	10.4003	GBP/NZD	1.9144	USD/CNY	6.7779
EUR/DKK	7.4394	GBP/JPY	136.02	USD/BRL	5.2695
EUR/NOK	10.6989	GBP/SEK	11.2536	USD/RUB	74.9636
EUR/CHF	1.0779	GBP/DKK	8.0526	USD/INR	73.433
EUR/AUD	1.6223	GBP/NOK	11.5781	AUD/USD	0.7328
EUR/HKD	9.2155	GBP/CHF	1.1669	NZD/USD	0.6722
EUR/CAD	1.5625	GBP/AUD	1.7565		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.68	+1	-2	-124
Germany	-0.48	+1	-2	-29
UK	0.20	+1	-2	-63
Ireland	-0.08	-0	+2	-20
Belgium	-0.23	-1	-5	-33
France	-0.20	-1	-4	-32
Italy	1.02	-2	+2	-41
Spain	0.28	-3	-5	-19
Portugal	0.31	-3	-5	-14
Greece	1.09	-2	-2	-37
5 Year Swap %				
US	0.31	+1	-1	-140
Eurozone	-0.42	-1	-5	-30
UK	0.16	+1	-4	-72
2 Year Swap %				
US	0.20	+0	-2	-146
Eurozone	-0.47	-1	-5	-17
UK	0.04	+0	-6	-75
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-1	+5	+9
Belgium	25	-2	-3	-4
France	28	-2	-1	-3
Italy	150	-3	+4	-12
Spain	76	-3	-2	+10
Portugal	79	-3	-3	+15
Greece	157	-3	+1	-8



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	39.61	-0.55	-12.70	-39.98
West Texas Oil	37.23	-0.27	-13.20	-39.11
Gold \$	1956.4	+0.77	-1.47	+28.96

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