

Dollar gains as stocks fall

There was a risk-off tone to the start of the week on markets, as fears of growing new Covid cases numbers leading to further restrictions across Western Europe weighed on investor sentiment. European equities were down over 3%, while across the Atlantic, the S&P 500 was also down over 1%.

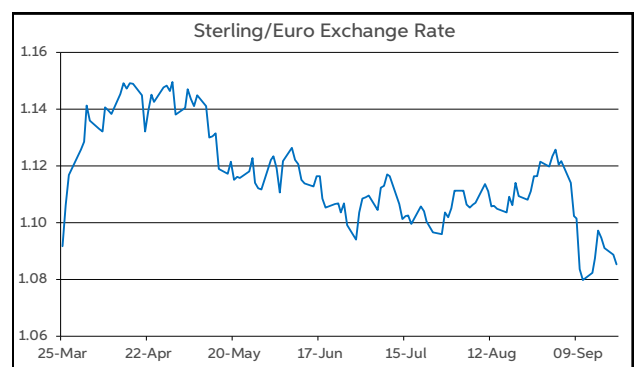
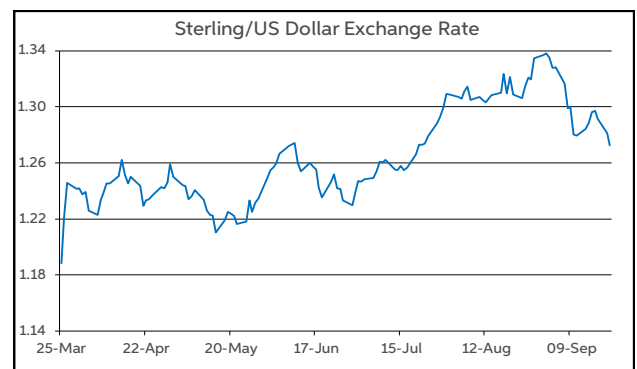
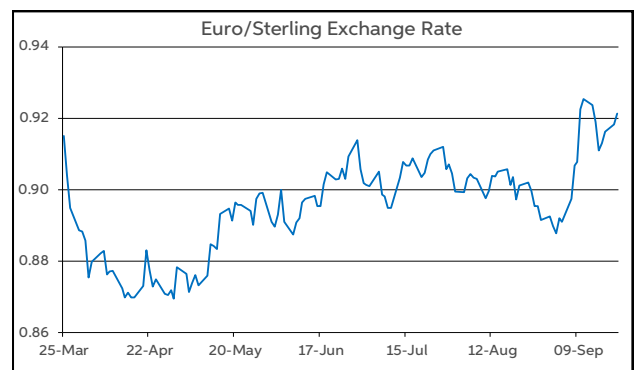
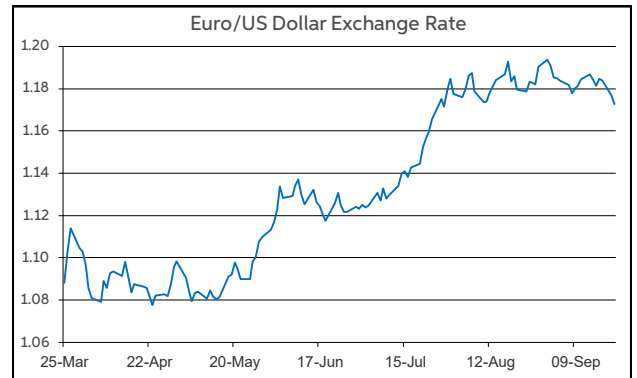
Elsewhere, Congress's inability to pass further fiscal stimulus in the US also weighed on investor sentiment. Increased bipartisan tension in Washington in picking a new Supreme Court Justice, and the run up to the election are seen as making it less likely that a package can be agreed upon before November.

The risk-off sentiment is reflected in a stronger dollar against the main pairs, with the currency up 1% against the euro and sterling. In level terms, EUR/USD opens up in the lower half of \$1.17-1.18. Meanwhile, cable (GBP/USD) is operating below the \$1.28 handle, while EUR/GBP is changing hands above the midpoint of the 91-92p range.

Turning to the day ahead, and the only release of note is the flash September consumer confidence measure for the Eurozone. The index is forecast to edge higher to -14.6 (vs. -14.7 in August). This would leave the index at a very subdued level, and barring any major surprises, the release is unlikely to impact the euro.

The lack of top tier releases suggests that moves on forex markets are likely to remain sentiment driven. Thus, markets will continue to be impacted by developments in relation to further Covid restrictions. Sterling will likely remain sensitive to any Brexit newsflow also, with strong historical support for the currency at the 93p level.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1726	-1.18	4.60
EUR/GBP	0.9168	0.12	8.45
GBP/USD	1.2787	-1.30	-3.56
GBP/EUR	1.0902	-0.12	-7.79
USD/JPY	104.69	0.39	-3.61
EUR/JPY	122.77	-0.79	0.77

* v Previous Day's European Open

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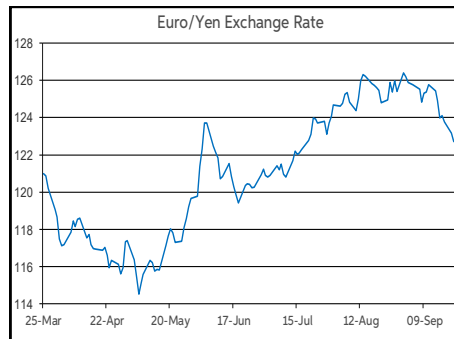
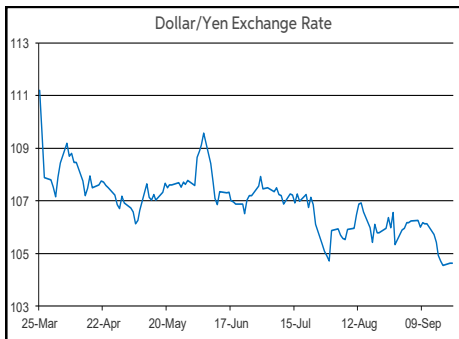
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.16	0.23	0.22	0.24	0.35
EUR	0.00	-0.52	-0.50	-0.49	-0.49	-0.43
GBP	0.10	0.05	0.05	0.06	0.05	0.15

All rates quoted are indicative market rates

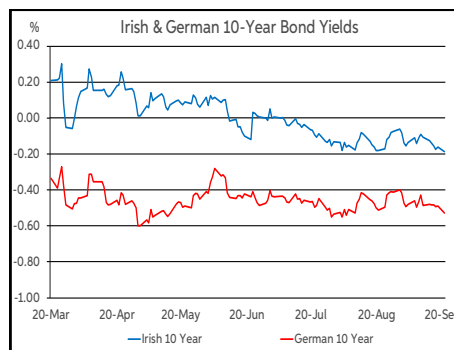
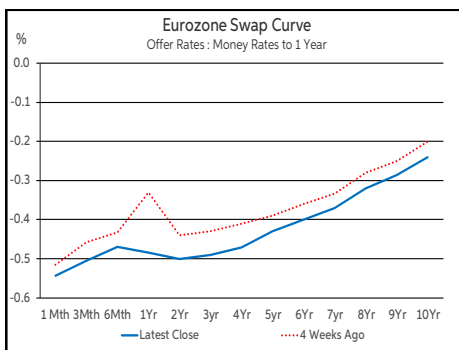
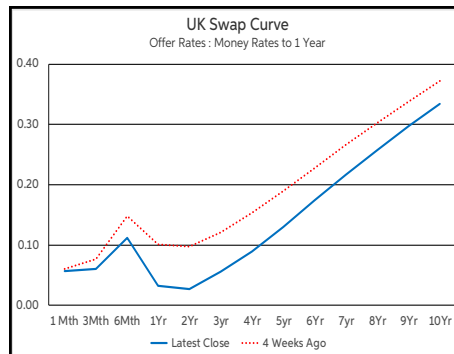
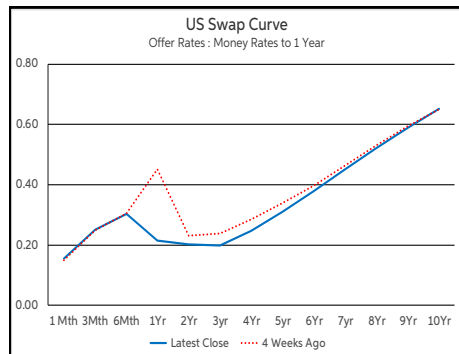
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.9163	GBP/EUR	1.0914	USD/JPY	104.7
EUR/USD	1.1726	GBP/USD	1.2801	USD/CAD	1.332
EUR/JPY	122.78	GBP/CAD	1.7049	USD/CHF	0.9165
EUR/SEK	10.3874	GBP/NZD	1.9234	USD/CNY	6.792
EUR/DKK	7.4406	GBP/JPY	134.03	USD/BRL	5.4144
EUR/NOK	10.9342	GBP/SEK	11.3387	USD/RUB	76.15
EUR/CHF	1.0751	GBP/DKK	8.1195	USD/INR	73.5671
EUR/AUD	1.6295	GBP/NOK	11.9351	AUD/USD	0.7194
EUR/HKD	9.0871	GBP/CHF	1.1732	NZD/USD	0.6654
EUR/CAD	1.5621	GBP/AUD	1.7784		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.67	-3	+1	-125
Germany	-0.53	-4	-3	-34
UK	0.16	-3	-5	-67
Ireland	-0.15	-3	-0	-27
Belgium	-0.29	-3	-8	-39
France	-0.25	-3	-6	-38
Italy	0.94	-3	-7	-49
Spain	0.26	-3	-7	-21
Portugal	0.28	-3	-9	-17
Greece	1.08	+1	-1	-38
5 Year Swap %				
US	0.31	-2	+0	-140
Eurozone	-0.43	-1	-3	-31
UK	0.13	+0	-5	-75
2 Year Swap %				
US	0.20	+0	+0	-146
Eurozone	-0.50	-2	-5	-20
UK	0.03	+1	-6	-77
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	+1	+3	+7
Belgium	24	+1	-4	-5
France	27	+1	-3	-4
Italy	147	+2	-3	-15
Spain	78	+2	-4	+13
Portugal	81	+2	-5	+17
Greece	161	+5	+2	-4



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	41.44	-3.96	-8.18	-37.21
West Texas Oil	39.26	-4.45	-7.49	-35.79
Gold \$	1912.6	-1.90	-1.03	+26.07

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