

Dollar hits two month highs

Markets remained in a cautious mood on Tuesday, though equity markets recovered some ground following sharp losses at the start of the week. On currency markets, the firmer dollar tone persisted. This is reflected in the euro moving below the \$1.17 support level for the first time since the end of July.

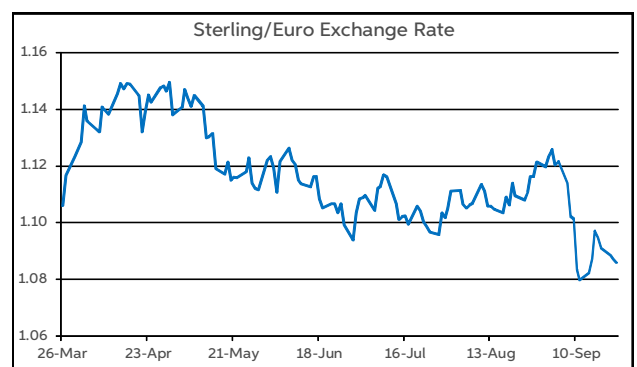
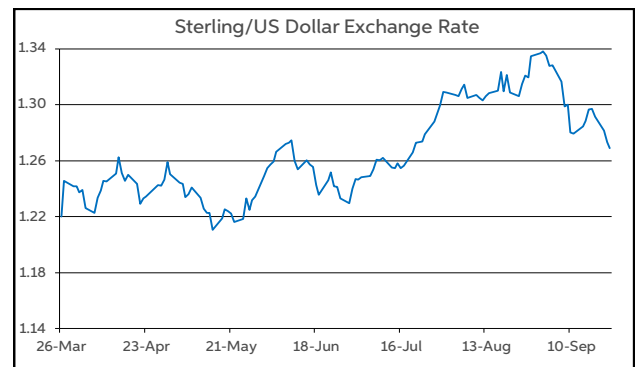
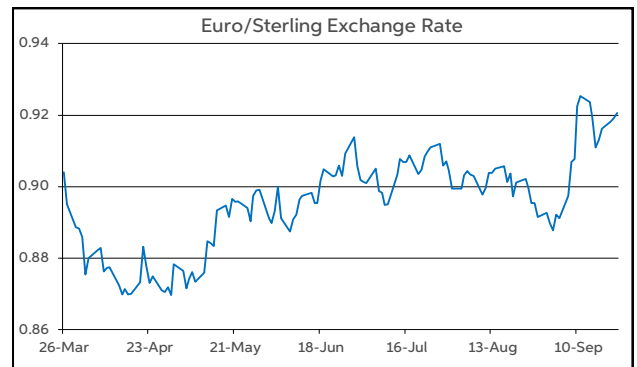
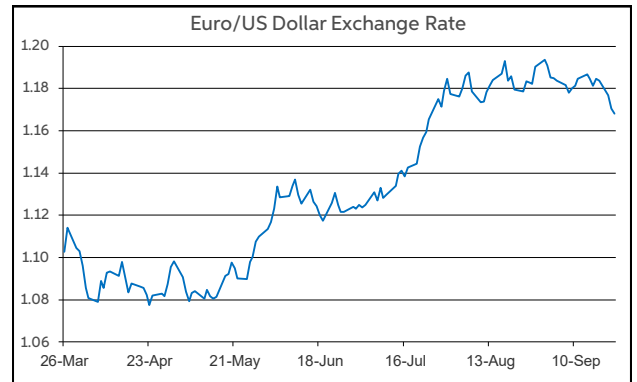
In level terms, EUR/USD opens this morning below \$1.17. Meanwhile EUR/GBP is changing hands just below 92p. Meantime, cable (GBP/USD) is operating at the \$1.27 mark, having fallen to \$1.268 in early morning trading. Sterling has not been below \$1.27 since the end of July.

The dollar's strength is largely due to its safe-haven status as the world's most liquid currency. As concerns over rising Covid case numbers in Western Europe and the imposition of stricter lockdown weigh on investor sentiment, the dollar is strengthening.

A busy macro calendar sees the release of key survey data in the Eurozone, UK and the US with Septembers flash PMIs due. Markets will be looking to the data to see if the recovery in activity continued at the end of the third quarter following a strong rebound over the summer. Already this morning, the German measure of consumer sentiment printed below expectations.

In the Eurozone, the PMIs are projected to remain close to their August levels, having fallen back in the month. In the UK, both the services and manufacturing PMIs are expected to pull back as they were at elevated levels in August, but should remain solidly expansionary. In the US, the surveys are forecast to remain solid, but to fall slightly.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.168	-0.74	4.19
EUR/GBP	0.9204	0.29	8.87
GBP/USD	1.269	-1.01	-4.29
GBP/EUR	1.0863	-0.29	-8.15
USD/JPY	105.12	0.57	-3.21
EUR/JPY	122.8	-0.17	0.80

* v Previous Day's European Open
See Next Page for More Rates

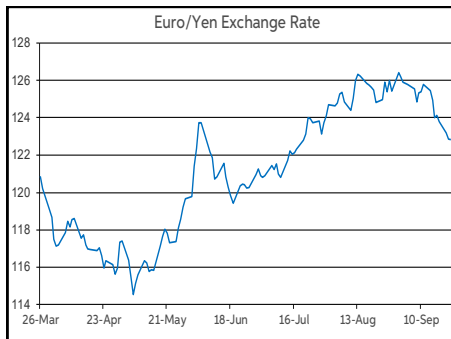
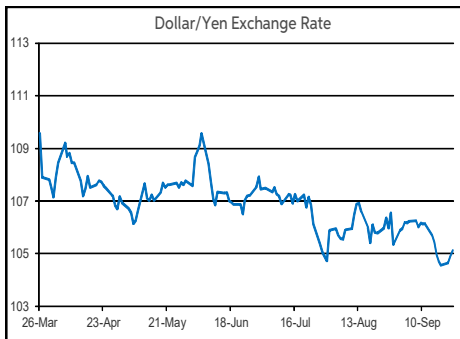
Opening Interest Rates						
		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.15	0.22	0.20	0.23	0.34
EUR	0.00	-0.53	-0.51	-0.48	-0.49	-0.42
GBP	0.10	0.05	0.06	0.07	0.07	0.17

All rates quoted are indicative market rates

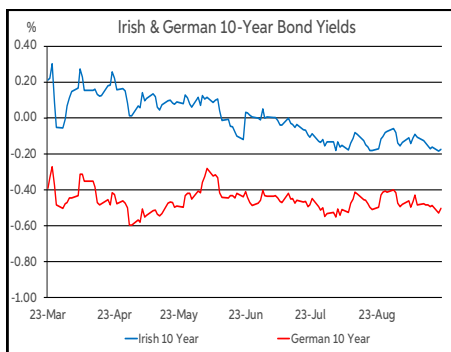
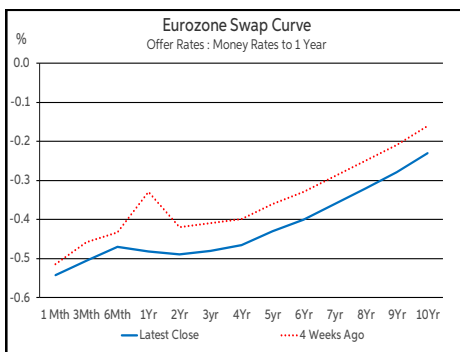
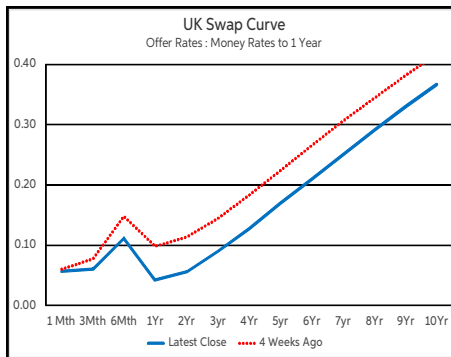
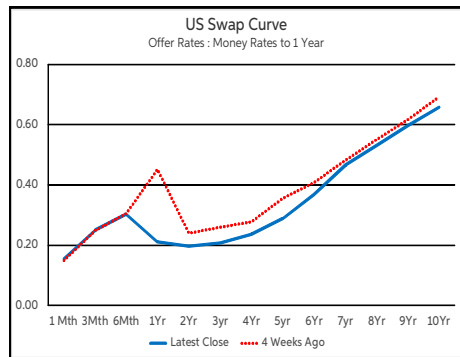
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.9204	GBP/EUR	1.0862	USD/JPY	105.12
EUR/USD	1.168	GBP/USD	1.269	USD/CAD	1.3332
EUR/JPY	122.79	GBP/CAD	1.6919	USD/CHF	0.9215
EUR/SEK	10.4394	GBP/NZD	1.9227	USD/CNY	6.7922
EUR/DKK	7.443	GBP/JPY	133.4	USD/BRL	5.4714
EUR/NOK	10.9736	GBP/SEK	11.3407	USD/RUB	76.1657
EUR/CHF	1.0765	GBP/DKK	8.085	USD/INR	73.615
EUR/AUD	1.6399	GBP/NOK	11.923	AUD/USD	0.712
EUR/HKD	9.0508	GBP/CHF	1.1686	NZD/USD	0.6596
EUR/CAD	1.5573	GBP/AUD	1.7817		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.67	+0	-2	-125
Germany	-0.50	+3	-8	-32
UK	0.21	+5	-6	-62
Ireland	-0.15	-0	-6	-27
Belgium	-0.27	+2	-11	-37
France	-0.24	+1	-10	-36
Italy	0.87	-7	-23	-56
Spain	0.24	-2	-15	-23
Portugal	0.26	-2	-17	-18
Greece	1.06	-3	-5	-40
5 Year Swap %				
US	0.29	-2	-4	-142
Eurozone	-0.43	+0	-6	-31
UK	0.17	+4	-5	-71
2 Year Swap %				
US	0.20	+0	-1	-146
Eurozone	-0.49	+1	-6	-19
UK	0.06	+3	-5	-74
10 Year Government Bond Spreads to Benchmark bps				
Ireland	35	-3	+2	+4
Belgium	23	-1	-4	-5
France	26	-1	-3	-5
Italy	137	-10	-15	-25
Spain	74	-4	-8	+8
Portugal	77	-4	-9	+13
Greece	156	-5	+3	-9



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	41.72	+0.68	-9.03	-36.79
West Texas Oil	39.55	+0.74	-8.39	-35.31
Gold \$	1899.3	-0.69	-1.49	+25.20

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