

Sterling slightly firmer

European stock markets were in a downbeat mood yesterday, with equities falling as Covid cases continue to surge. US markets stabilised after losses the previous day. On forex markets, there was a slightly firmer tone to sterling, after Chancellor Sunak announced further support for the UK economy.

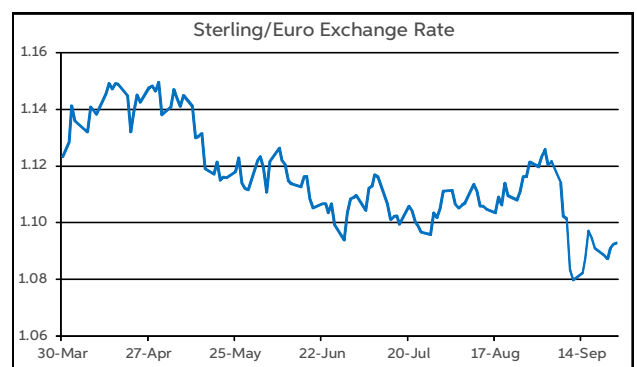
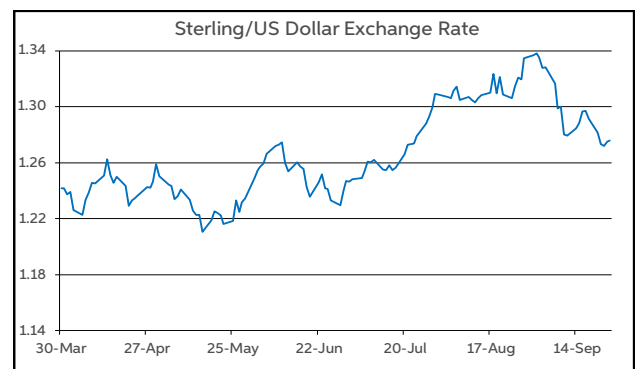
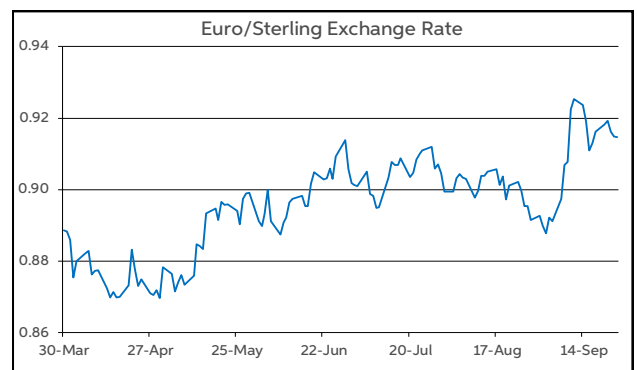
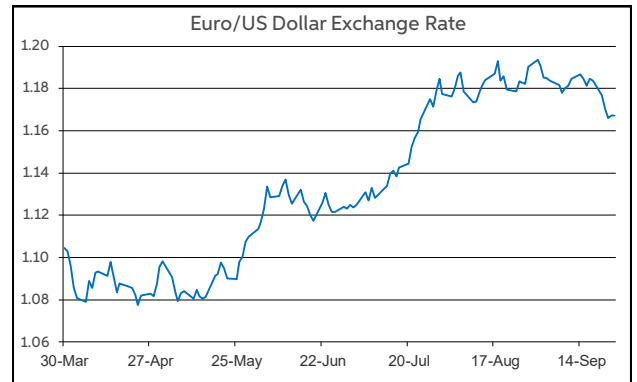
The measures have been introduced to help support the economy after new Covid restrictions were put in place earlier this week. Loan schemes for businesses, and VAT cuts for the hospitality sector were extended, while the UK furlough scheme will be replaced with a less generous wage top-up scheme.

The firmer sterling tone is reflected in EUR/GBP opening this morning below the midpoint of the 91-92p range. Meanwhile, EUR/USD is changing hands above \$1.165. Cable (GBP/USD) is operating in the upper half of the \$1.27-1.28 band.

Yesterday's data saw the German Ifo increase for the fifth month in a row, rising to 93.4 from 92.5 in August. However, the index still remains below its pre-crisis levels. In the US, jobless claims rose slightly to 870k. Claims have been relatively flat in September, suggesting the labour market recovery has slowed.

Turning to today, UK consumer confidence printed better than expected at -25. Although, the index remains at a very subdued level. A sparse macro calendar for the rest of the day suggests that any major moves are likely to be driven by Covid related headlines. Sterling will also remain sensitive to any Brexit related updates, as negotiations continued this week in London, with some media talk of progress being made.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2019 |
| EUR/USD | 1.1671 | 0.17 | 4.11 |
| EUR/GBP | 0.9148 | -0.28 | 8.21 |
| GBP/USD | 1.2758 | 0.46 | -3.78 |
| GBP/EUR | 1.0929 | 0.28 | -7.59 |
| USD/JPY | 105.31 | -0.11 | -3.04 |
| EUR/JPY | 122.92 | 0.05 | 0.89 |

* 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 | 0.23 | 0.22 | 0.25 | 0.36 |
| EUR | 0.00 | -0.53 | -0.50 | -0.48 | -0.47 | -0.41 |
| GBP | 0.10 | 0.05 | 0.07 | 0.07 | 0.07 | 0.18 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

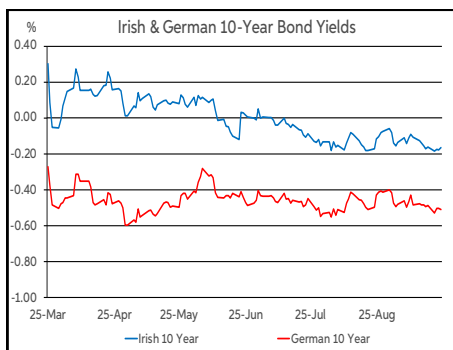
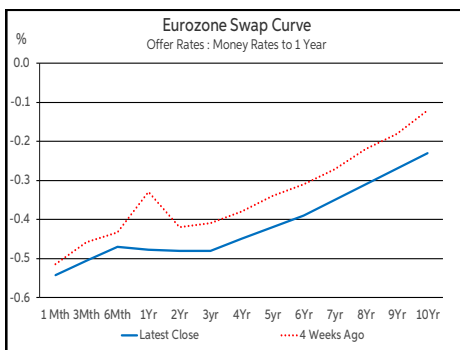
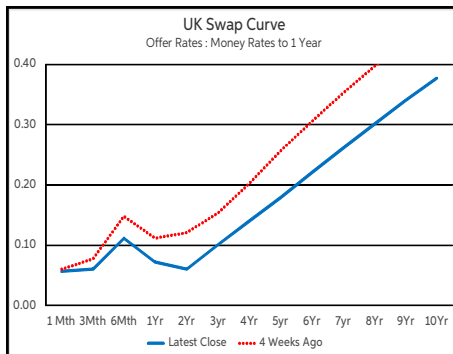
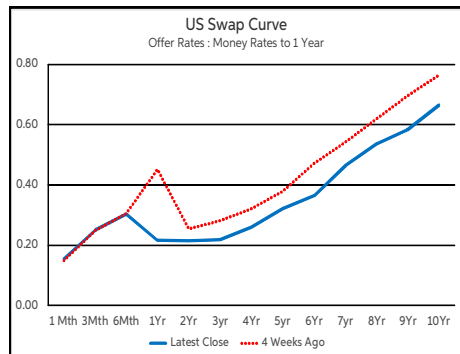
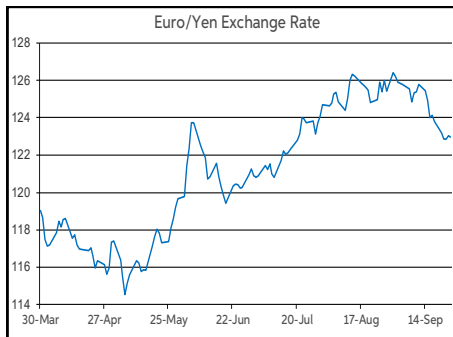
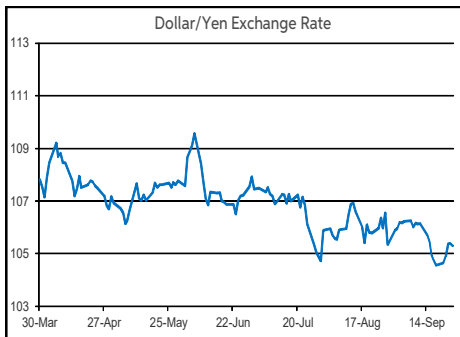
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

Friday 25 September 2020
07:28 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.915 | GBP/EUR | 1.0929 | USD/JPY | 105.32 |
| EUR/USD | 1.1671 | GBP/USD | 1.2758 | USD/CAD | 1.3358 |
| EUR/JPY | 122.92 | GBP/CAD | 1.7044 | USD/CHF | 0.9263 |
| EUR/SEK | 10.628 | GBP/NZD | 1.9459 | USD/CNY | 6.8199 |
| EUR/DKK | 7.4427 | GBP/JPY | 134.37 | USD/BRL | 5.5089 |
| EUR/NOK | 11.0925 | GBP/SEK | 11.6107 | USD/RUB | 77.04 |
| EUR/CHF | 1.0812 | GBP/DKK | 8.1339 | USD/INR | 73.7125 |
| EUR/AUD | 1.6536 | GBP/NOK | 12.118 | AUD/USD | 0.7056 |
| EUR/HKD | 9.0463 | GBP/CHF | 1.1818 | NZD/USD | 0.6555 |
| EUR/CAD | 1.5596 | GBP/AUD | 1.807 | | |



| Debt Markets | | | | |
|---|-------|-----|---------|--------|
| | Close | Day | 4 Weeks | End 19 |
| 10 Year Yield % | | | | |
| US | 0.67 | -1 | -9 | -125 |
| Germany | -0.51 | -0 | -10 | -32 |
| UK | 0.22 | +1 | -11 | -60 |
| Ireland | -0.13 | +1 | -9 | -25 |
| Belgium | -0.27 | +1 | -12 | -36 |
| France | -0.23 | +1 | -12 | -35 |
| Italy | 0.88 | +3 | -21 | -55 |
| Spain | 0.25 | +2 | -14 | -22 |
| Portugal | 0.28 | +3 | -14 | -17 |
| Greece | 1.02 | +1 | -9 | -43 |
| 5 Year Swap % | | | | |
| US | 0.32 | +1 | -4 | -139 |
| Eurozone | -0.42 | +1 | -7 | -30 |
| UK | 0.18 | -0 | -7 | -70 |
| 2 Year Swap % | | | | |
| US | 0.22 | +1 | -1 | -145 |
| Eurozone | -0.48 | +1 | -5 | -18 |
| UK | 0.06 | -0 | -5 | -73 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 37 | +2 | +1 | +7 |
| Belgium | 24 | +1 | -2 | -5 |
| France | 28 | +2 | -1 | -3 |
| Italy | 138 | +3 | -11 | -23 |
| Spain | 76 | +2 | -4 | +10 |
| Portugal | 79 | +3 | -4 | +15 |
| Greece | 153 | +1 | +1 | -12 |

| Commodities | | | | |
|----------------|--------|-------|---------|--------|
| | Close | Day | 4 Weeks | End 19 |
| Brent Oil | 41.94 | +0.41 | -6.99 | -36.45 |
| West Texas Oil | 40.11 | +0.48 | -6.46 | -34.40 |
| Gold \$ | 1868.0 | +0.24 | -3.16 | +23.14 |

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