

Make or Break Time on Trade Talks

Markets started the week in a more upbeat mood, with equities on both sides of the Atlantic up by 1.5-2.5%. On currency markets, there was a firmer tone to sterling, as some UK media reported that recent informal Brexit talks had been relatively positive.

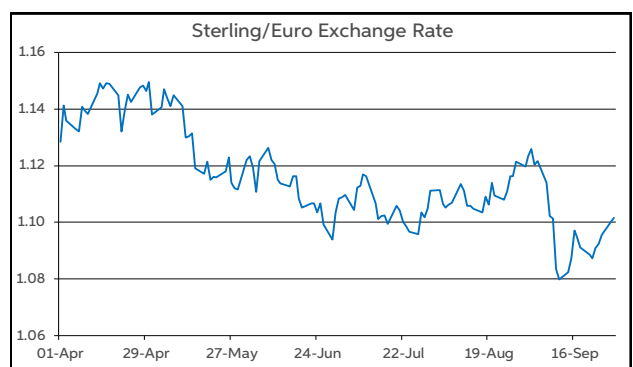
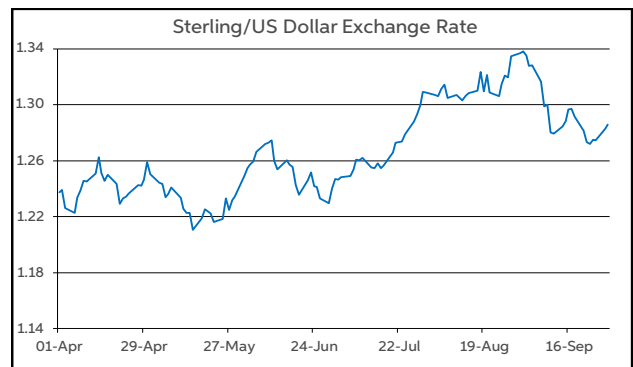
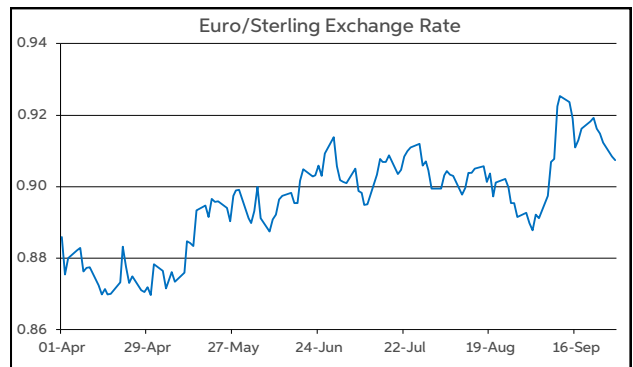
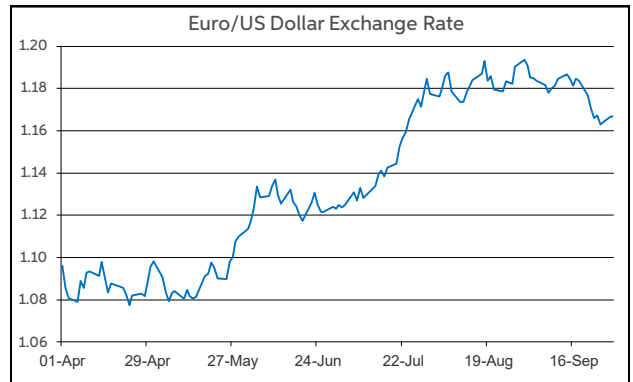
Today marks the start of three days of negotiations in Brussels between the UK and EU. It is hoped that enough progress can be made between both sides to allow them enter the intense "tunnel" phase of talks in early October, where the remaining key issues can be hammered out by senior officials.

However, key sticking points still remain in the areas of state aid and fisheries. Although, it is hoped that signs of flexibility in recent informal contacts can turn into real movement. There are reports in the UK media this morning, that European negotiators have indicated they are prepared to start writing a joint legal text of a trade agreement with the UK, and that this week's talks have been extended to include more sessions on the remaining key issues.

The firmer sterling tone is evident in EUR/GBP opening this morning in the upper half of 90-91p. Meanwhile EUR/USD is changing hands just above the midpoint of the \$1.16-1.17 range. Cable (GBP/USD) is operating around \$1.285.

Elsewhere today, the headline EC Economic Sentiment index for September is forecast to rise to 89.0 from 87.7. This would be a much smaller rise than in previous months, as a resurgence in Covid cases weighs on activity. In the US, consumer confidence for September is expected to remain at a very subdued level, rising to 89.5 from 84.8. Sticking with the US, the first Presidential debate will take place late tonight.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1673	0.37	4.13
EUR/GBP	0.9077	-0.34	7.37
GBP/USD	1.2858	0.70	-3.02
GBP/EUR	1.1012	0.34	-6.86
USD/JPY	105.61	0.30	-2.76
EUR/JPY	123.26	0.65	1.17

* 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	0.22	0.21	0.24	0.35
EUR	0.00	-0.52	-0.50	-0.48	-0.48	-0.42
GBP	0.10	0.05	0.06	0.06	0.07	0.18

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 29 September 2020
07:28 am



Euro

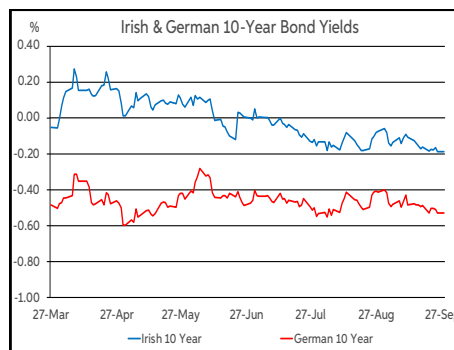
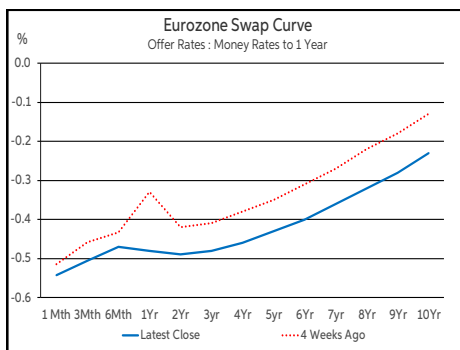
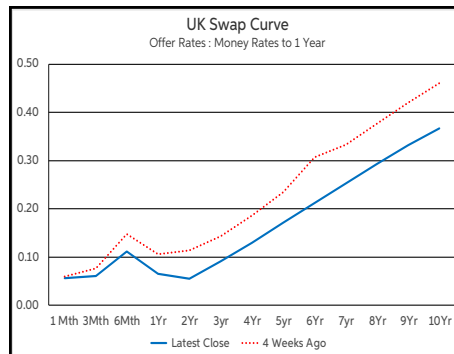
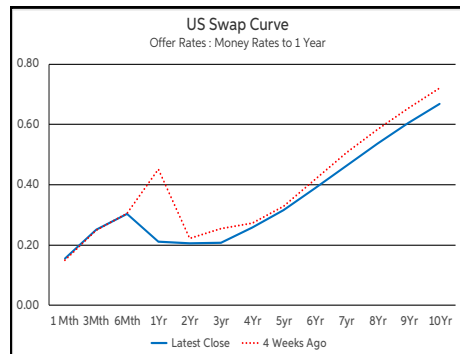
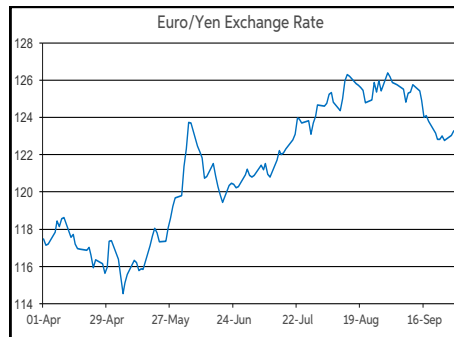
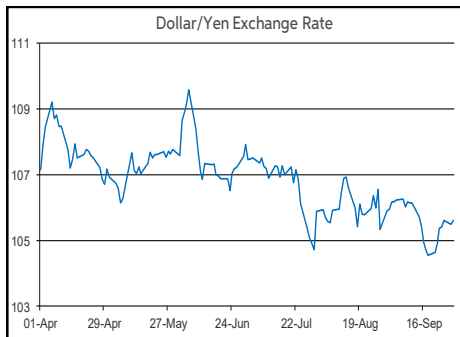
EUR/GBP	0.9076
EUR/USD	1.1673
EUR/JPY	123.26
EUR/SEK	10.5484
EUR/DKK	7.445
EUR/NOK	11.059
EUR/CHF	1.0781
EUR/AUD	1.6471
EUR/HKD	9.0464
EUR/CAD	1.561

Sterling

GBP/EUR	1.1014
GBP/USD	1.2857
GBP/CAD	1.7192
GBP/NZD	1.9589
GBP/JPY	135.78
GBP/SEK	11.6142
GBP/DKK	8.1994
GBP/NOK	12.1791
GBP/CHF	1.1876
GBP/AUD	1.8141

Dollar

USD/JPY	105.6
USD/CAD	1.3376
USD/CHF	0.9238
USD/CNY	6.8231
USD/BRL	5.6612
USD/RUB	79.1721
USD/INR	73.84
AUD/USD	0.7083
NZD/USD	0.6561



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.66	+0	-5	-126
Germany	-0.53	-0	-13	-34
UK	0.20	+1	-11	-62
Ireland				
Ireland	-0.15	+0	-12	-27
Belgium	-0.29	-1	-15	-39
France	-0.25	-0	-16	-37
Italy	0.88	-2	-28	-55
Spain	0.25	+0	-16	-22
Portugal				
Portugal	0.27	-1	-18	-18
Greece				
Greece	1.04	+1	-8	-42
5 Year Swap %				
US	0.32	+0	-1	-139
Eurozone	-0.43	+0	-7	-31
UK	0.17	+0	-6	-71
2 Year Swap %				
US	0.21	-0	-1	-146
Eurozone	-0.49	-0	-6	-19
UK	0.05	-0	-5	-74
10 Year Government Bond Spreads to Benchmark bps				
Ireland	38	+0	+1	+7
Belgium	24	-0	-3	-5
France	28	+0	-3	-3
Italy	141	-2	-15	-21
Spain	78	+0	-3	+12
Portugal	79	-1	-5	+16
Greece	156	+1	+5	-8

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	42.43	+1.22	-6.29	-35.71
West Texas Oil	40.47	+1.02	-5.02	-33.81
Gold \$	1880.9	+1.12	-4.51	+23.98

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