

Euro regains some lost ground

There was a cautious mood on markets yesterday, as the main equity indices traded somewhat lower. Elsewhere, oil prices dipped, down over 3%. On currency markets, the euro regained some lost ground against the main pairs. Safe haven currencies, such as the dollar and yen gained some support overnight.

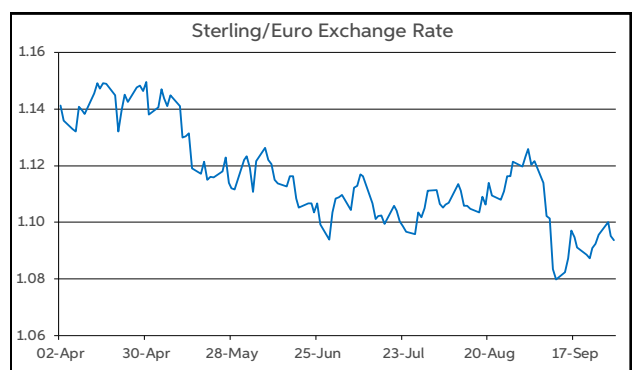
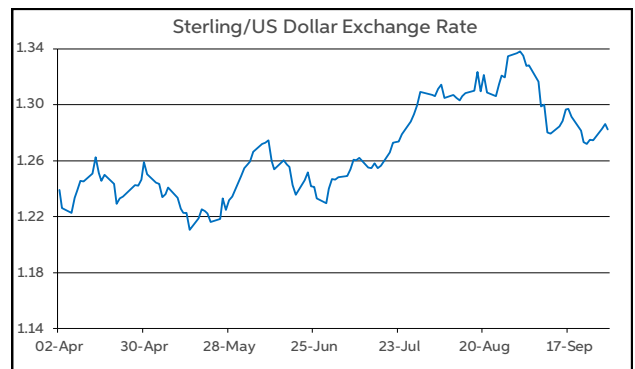
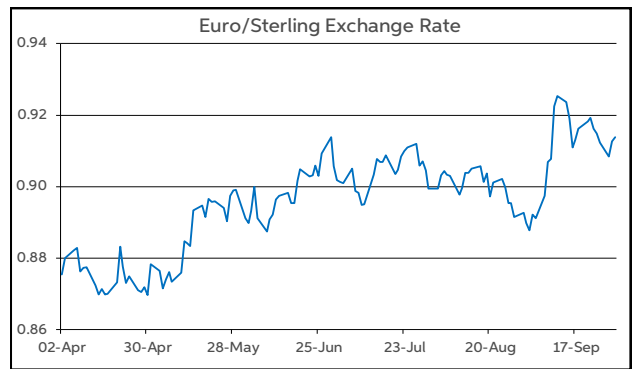
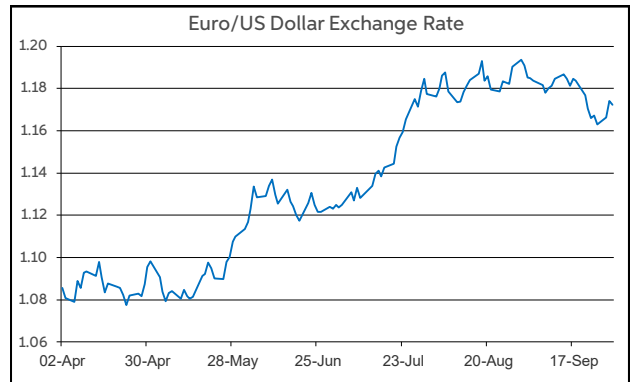
Brexit talks resumed yesterday, in the hope that sufficient progress can be made to allow both sides to enter the intense “tunnel” phase of negotiations before long. In the US, the Presidential debate took place last night, with both candidates clashing throughout a fractious encounter. However, the debate had little impact on the greenback.

Data-wise yesterday, the headline EC economic sentiment index beat expectations, although the index remains at a subdued level. In the US, consumer confidence jumped to 101.8 from 86.3, well above the consensus of 89.5. The jump was the biggest in 17 years, although, the index remains well below its pre-Covid level.

In level terms, the firmer euro tone saw EUR/USD move back above the \$1.17 handle. It is currently trading just below the midpoint of \$1.17-1.18. Meanwhile, EUR/GBP is changing hands above the 91p mark. Cable (GBP/USD) opens below the midpoint of the \$1.28-1.29 band.

Turning to the day ahead, and a slew of national data are due from Germany, France and Italy. Inflation in France and Italy is forecast to remain very weak, while German retail sales for August and employment data for September will also be closely monitored. However, currency market moves are likely to remain largely driven by political and Covid related developments.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2019 |
| EUR/USD | 1.1724 | 0.42 | 4.59 |
| EUR/GBP | 0.9141 | 0.68 | 8.13 |
| GBP/USD | 1.2824 | -0.25 | -3.28 |
| GBP/EUR | 1.0936 | -0.68 | -7.52 |
| USD/JPY | 105.45 | -0.09 | -2.91 |
| EUR/JPY | 123.63 | 0.32 | 1.48 |

* 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 | -0.52 | -0.49 | -0.49 | -0.49 | -0.43 |
| GBP | 0.10 | 0.05 | 0.06 | 0.06 | 0.07 | 0.17 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

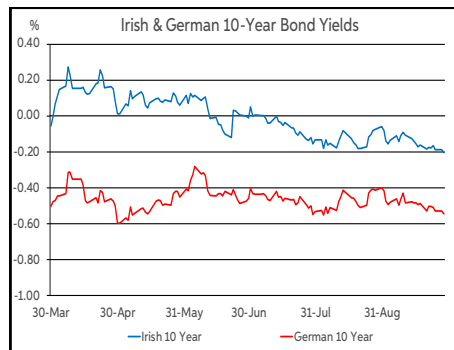
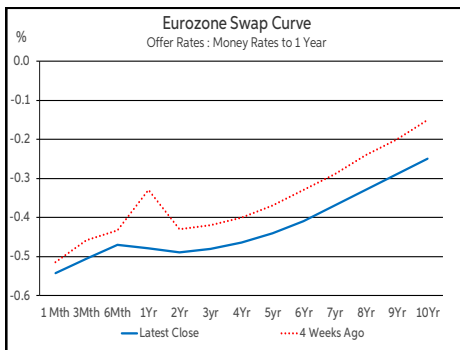
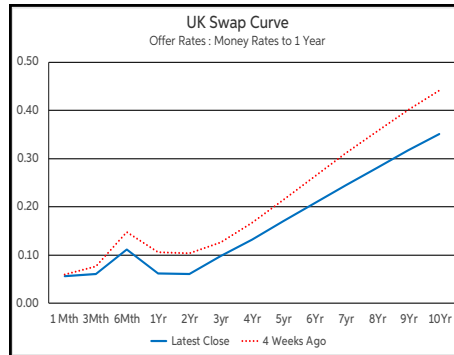
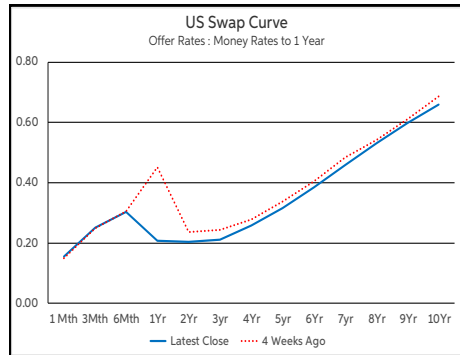
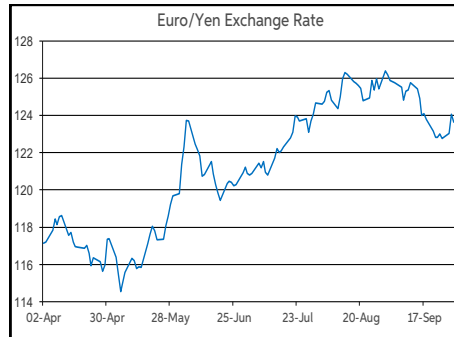
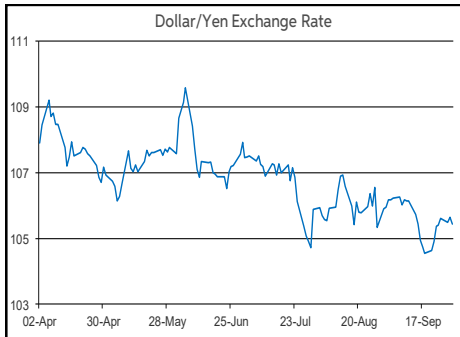
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

Wednesday 30 September 2020
07:25 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.9139 | GBP/EUR | 1.0936 | USD/JPY | 105.43 |
| EUR/USD | 1.1723 | GBP/USD | 1.2824 | USD/CAD | 1.3417 |
| EUR/JPY | 123.62 | GBP/CAD | 1.7209 | USD/CHF | 0.9211 |
| EUR/SEK | 10.5456 | GBP/NZD | 1.95 | USD/CNY | 6.8153 |
| EUR/DKK | 7.4461 | GBP/JPY | 135.2 | USD/BRL | 5.6319 |
| EUR/NOK | 11.096 | GBP/SEK | 11.5326 | USD/RUB | 79.2417 |
| EUR/CHF | 1.0798 | GBP/DKK | 8.1438 | USD/INR | 73.8 |
| EUR/AUD | 1.6503 | GBP/NOK | 12.1349 | | |
| EUR/HKD | 9.0846 | GBP/CHF | 1.1803 | AUD/USD | 0.7103 |
| EUR/CAD | 1.5724 | GBP/AUD | 1.8052 | NZD/USD | 0.6574 |



| Debt Markets | | | | |
|---|-------|-----|---------|--------|
| | Close | Day | 4 Weeks | End 19 |
| 10 Year Yield % | | | | |
| US | 0.65 | -1 | -2 | -127 |
| Germany | -0.54 | -2 | -13 | -36 |
| UK | 0.18 | -2 | -11 | -64 |
| Ireland | -0.17 | -2 | -11 | -29 |
| Belgium | -0.32 | -3 | -17 | -42 |
| France | -0.27 | -2 | -16 | -39 |
| Italy | 0.84 | -4 | -27 | -59 |
| Spain | 0.22 | -3 | -18 | -25 |
| Portugal | 0.24 | -3 | -20 | -21 |
| Greece | 1.02 | -2 | -14 | -44 |
| 5 Year Swap % | | | | |
| US | 0.32 | +1 | +1 | -139 |
| Eurozone | -0.44 | -1 | -6 | -32 |
| UK | 0.17 | -0 | -4 | -71 |
| 2 Year Swap % | | | | |
| US | 0.20 | +0 | -0 | -146 |
| Eurozone | -0.49 | -0 | -5 | -19 |
| UK | 0.06 | +1 | -3 | -73 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 37 | -0 | +2 | +7 |
| Belgium | 22 | -1 | -4 | -6 |
| France | 27 | -1 | -3 | -4 |
| Italy | 138 | -2 | -14 | -23 |
| Spain | 76 | -1 | -5 | +11 |
| Portugal | 78 | -1 | -7 | +15 |
| Greece | 156 | +0 | -1 | -8 |

| Commodities | | | | |
|----------------|--------|-------|---------|--------|
| | Close | Day | 4 Weeks | End 19 |
| Brent Oil | 41.03 | -3.30 | -9.98 | -37.83 |
| West Texas Oil | 39.03 | -3.56 | -8.72 | -36.16 |
| Gold \$ | 1897.7 | +0.90 | -3.68 | +25.09 |

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