

## Softer tone to sterling

There was a risk averse tone to investor sentiment yesterday across financial markets. The Euro Stoxx 50 finished the day down 1.5%. In the US, the S&P 500 finished flat having suffered losses the day before. On bond markets, benchmark sovereign bond yields edged lower. Meanwhile, oil prices continued to fall, dropping by a further 2.6%.

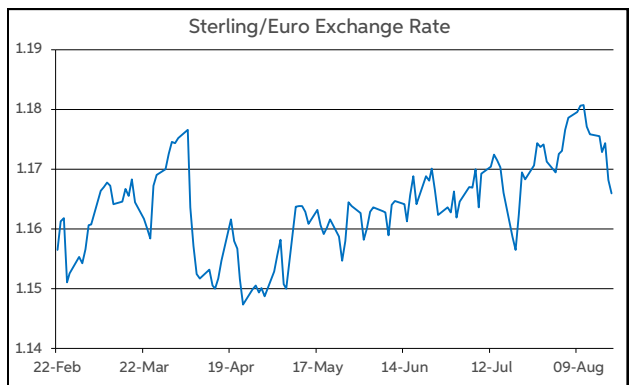
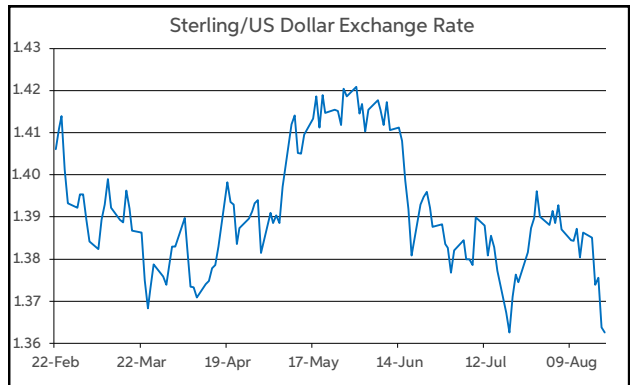
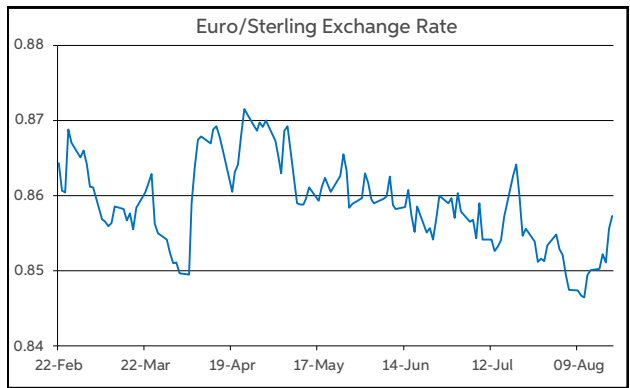
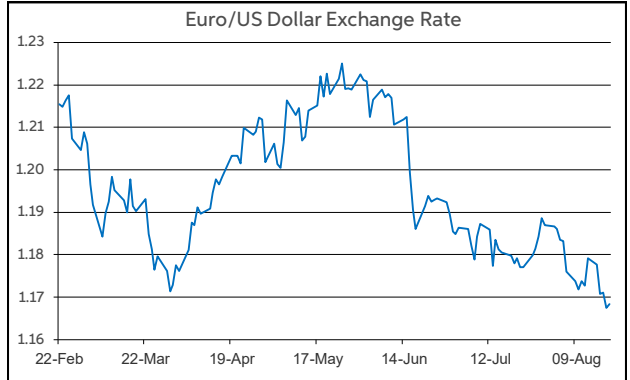
Currency-wise, sterling was holding a somewhat softer tone on the exchanges. The pound lost circa 0.7% against both the dollar and the euro. However, there was no obvious catalysts for the move lower in sterling as there was a quiet UK macro schedule.

Indeed, the only releases of note yesterday came from the US. Initial jobless claims fell to a post-Covid low of 348k. Elsewhere, the Philly Fed Index (August) missed expectations, falling to 19.4 from 23.0. However, the data did not impact the dollar.

Meanwhile, this morning, UK retail sales data for July have already been released. Headline retail sales fell by 2.5% in July (vs. +0.4% f'cast). They were also revised lower to +0.2% (from +0.5%) in June. This suggests that the economic recovery may have slowed over the past couple of months. UK consumer confidence also edged lower in August, for the first time since January. The data have been unhelpful to sterling so far in early trading.

The softer tone to sterling over the past 24 hours sees EUR/GBP opening this morning up above the midpoint of the 85-86p range. Meantime, GBP/USD is changing hands down in the bottom half of \$1.36-1.37. Elsewhere, EUR/USD continues to operate below the \$1.17 handle. A sparse macro calendar for the rest of the day indicates that we may be in for a quiet end to the week.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1683	0.07	-4.34
EUR/GBP	0.8574	0.75	-4.06
GBP/USD	1.3623	-0.71	-0.37
GBP/EUR	1.1657	-0.75	4.23
USD/JPY	109.68	-0.44	6.24
EUR/JPY	128.15	-0.37	1.58

\* 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	0.09	0.13	0.15	0.33	0.86
EUR	0.00	-0.56	-0.55	-0.54	-0.48	-0.37
GBP	0.10	0.05	0.07	0.26	0.48	0.68

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

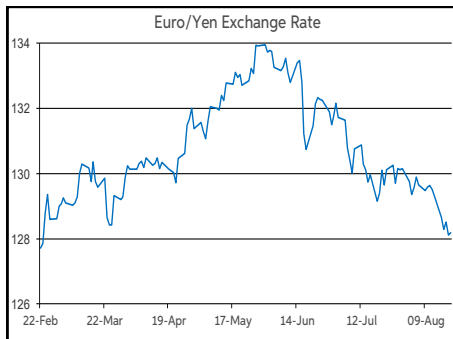
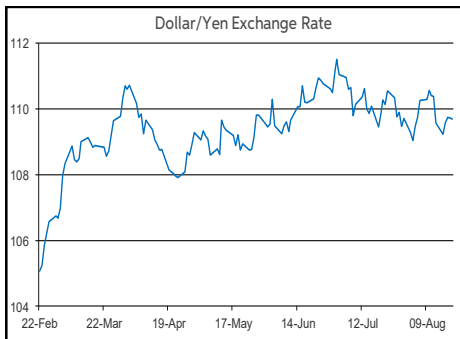
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

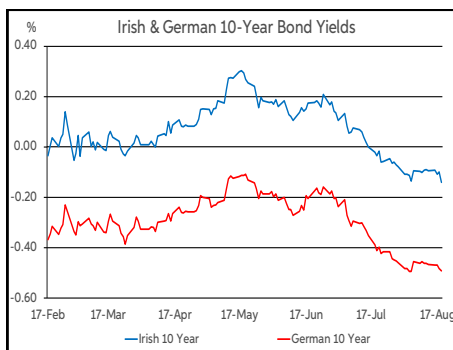
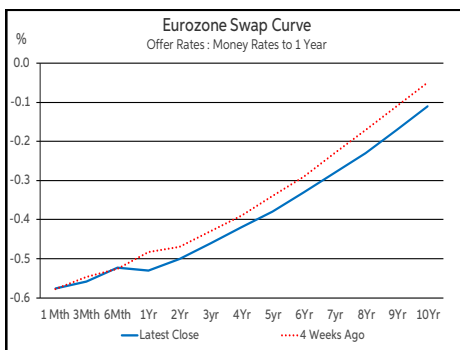
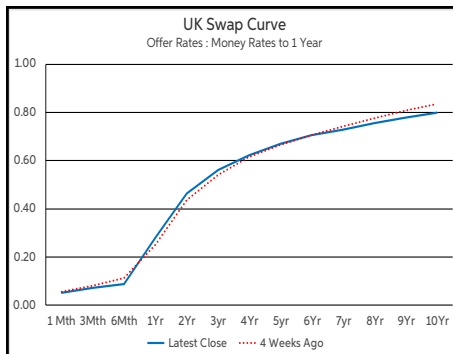
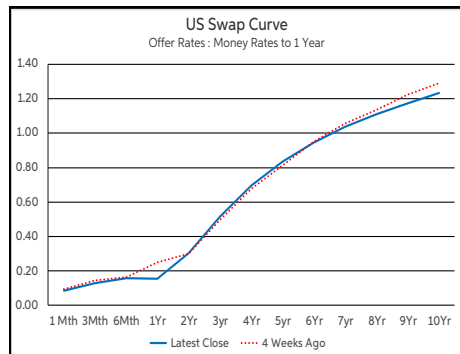
Friday 20 August 2021  
07:24 am



Euro		Sterling		Dollar	
EUR/GBP	0.8574	GBP/EUR	1.1657	USD/JPY	109.68
EUR/USD	1.1683	GBP/USD	1.3623	USD/CAD	1.2865
EUR/JPY	128.14	GBP/CAD	1.7525	USD/CHF	0.9164
EUR/SEK	10.2847	GBP/NZD	1.9954	USD/CNY	6.5005
EUR/DKK	7.4362	GBP/JPY	149.42	USD/BRL	5.415
EUR/NOK	10.5695	GBP/SEK	11.9864	USD/RUB	74.177
EUR/CHF	1.0708	GBP/DKK	8.6709	USD/INR	74.405
EUR/AUD	1.6389	GBP/NOK	12.3197	AUD/USD	0.7126
EUR/HKD	9.0997	GBP/CHF	1.2486	NZD/USD	0.6825
EUR/CAD	1.5033	GBP/AUD	1.911		



Debt Markets				
	Close	Day	Change bps	
			4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.24	-2	-3	+33
Germany	-0.49	-1	-7	+9
UK	0.54	-3	-3	+35
Ireland	-0.08	+1	-5	+23
Belgium	-0.16	-1	-5	+23
France	-0.14	-1	-6	+20
Italy	0.57	+1	-8	+5
Spain	0.23	+0	-7	+17
Portugal	0.12	+1	-9	+5
Greece	0.56	+1	-11	-7
<b>5 Year Swap %</b>				
US	0.84	+1	+5	+41
Eurozone	-0.38	+0	-3	+8
UK	0.67	-2	+1	+48
<b>2 Year Swap %</b>				
US	0.30	+1	+3	+11
Eurozone	-0.50	+0	-2	+3
UK	0.47	-1	+4	+44
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	41	+2	+2	+14
Belgium	33	-0	+2	+14
France	35	+0	+1	+12
Italy	106	+2	-1	-4
Spain	72	+1	+0	+9
Portugal	60	+1	-3	-3
Greece	105	+2	-4	-16



Commodities				
	Close	Day	% Change	
			4 Weeks	End 20
Brent Oil	66.45	-2.61	-9.95	+28.28
West Texas Oil	63.69	-2.56	-11.73	+31.73
Gold \$	1780.2	-0.41	-1.47	-6.13

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