

## Trade talks nearing conclusion

There was a 'risk-on' tone to market proceedings last week, as UK vaccine approval and hopes of another fiscal stimulus package in the US boosted risk appetite. This was reflected in the S&P 500 up around 1.5% on the week. On the currency front, there was broad based dollar weakness, while major benchmark yield curves also steepened.

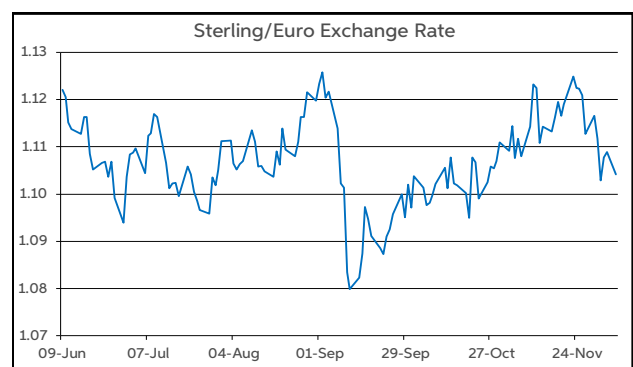
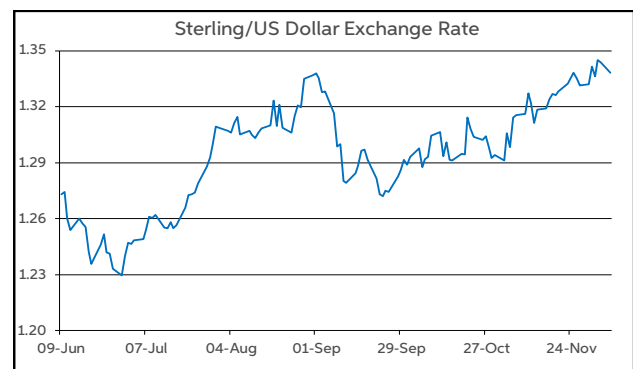
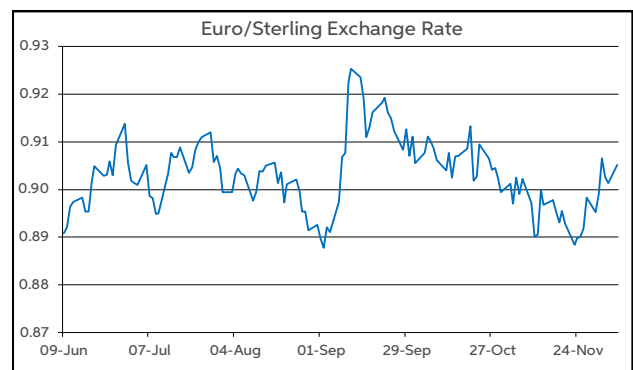
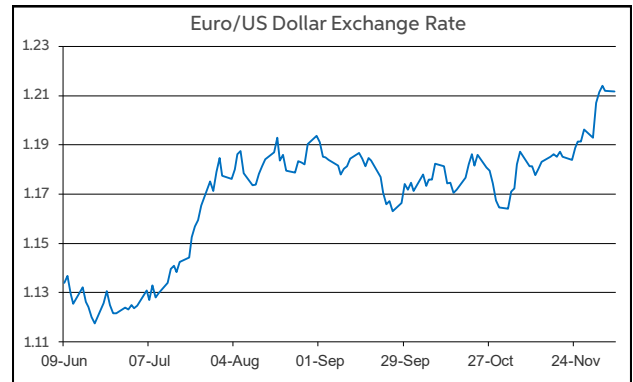
Meanwhile, intensive negotiations between the EU and UK on a trade deal continued into the weekend. Negotiations continued in Brussels yesterday following a call between EC President von der Leyen and UK PM Johnson.

Although, reports suggest the same key sticking points remain regarding fisheries and the level playing field. Michel Barnier is briefing EU ambassadors this morning on the negotiations with talks set to continue today. PM Johnson and EC president von der Leyen are scheduled to talk again this evening also.

In level terms, EUR/USD starts the week above the \$1.21 handle, a gain of over 1% on the week. Meanwhile, EUR/GBP is operating near the midpoint of 90-91p Elsewhere, GBP/USD is changing hands in the top half \$1.33-1.34.

Turning to the week ahead, the ECB will hold its December policy meeting on Thursday. Further easing is expected. The European Council meeting starting the same day will also garner close attention. Elsewhere, the October print of UK GDP is expected to show the economic recovery was slowing before the national lockdown was introduced. Today, a sparse macro calendar is likely to keep the focus on EU- UK trade talks and vaccine progress.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.2117	-0.26	8.09
EUR/GBP	0.9053	0.22	7.09
GBP/USD	1.3383	-0.48	0.94
GBP/EUR	1.1041	-0.22	-6.62
USD/JPY	104.13	0.16	-4.12
EUR/JPY	126.19	-0.10	3.58

\* 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	0.15	0.23	0.20	0.24	0.47
EUR	0.00	-0.55	-0.53	-0.52	-0.53	-0.46
GBP	0.10	0.03	0.04	0.04	0.09	0.28

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

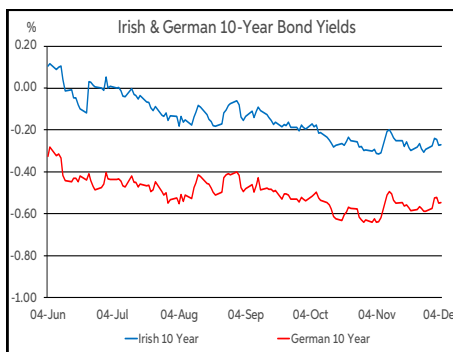
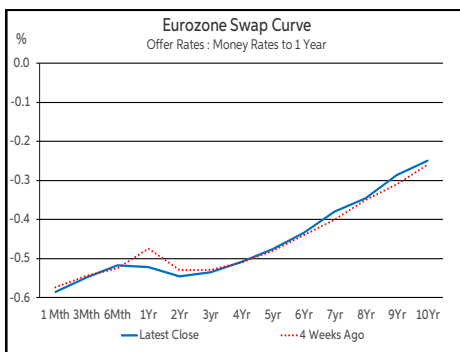
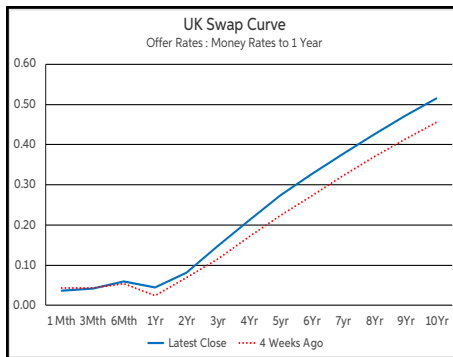
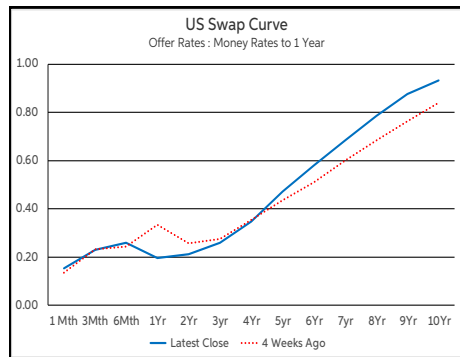
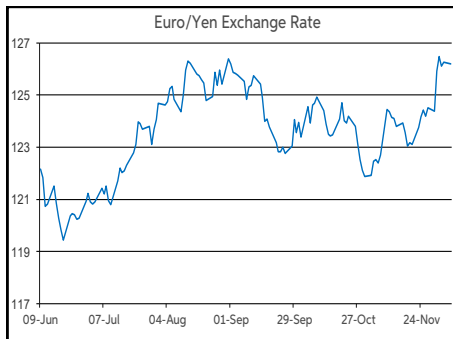
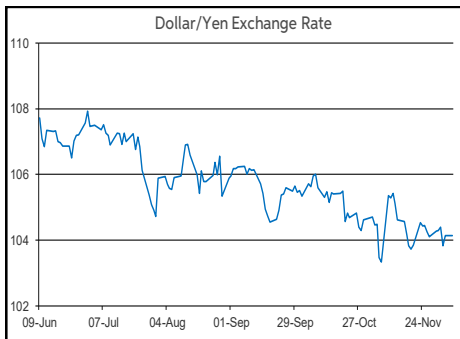
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Monday 07 December 2020  
07:16 am



Euro		Sterling		Dollar	
EUR/GBP	0.9053	GBP/EUR	1.1041	USD/JPY	104.13
EUR/USD	1.2117	GBP/USD	1.3383	USD/CAD	1.279
EUR/JPY	126.19	GBP/CAD	1.7119	USD/CHF	0.8914
EUR/SEK	10.2673	GBP/NZD	1.9014	USD/CNY	6.5408
EUR/DKK	7.4432	GBP/JPY	139.36	USD/BRL	5.1557
EUR/NOK	10.7021	GBP/SEK	11.338	USD/RUB	74.235
EUR/CHF	1.0804	GBP/DKK	8.22	USD/INR	73.762
EUR/AUD	1.6319	GBP/NOK	11.8132	AUD/USD	0.7422
EUR/HKD	9.3915	GBP/CHF	1.1931	NZD/USD	0.7034
EUR/CAD	1.5497	GBP/AUD	1.8026		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.97	+6	+15	-95
Germany	-0.54	+1	+7	-36
UK	0.35	+3	+8	-47
<b>5 Year Swap %</b>				
US	0.47	+5	+7	-124
Eurozone	-0.48	-2	+1	-35
UK	0.27	+1	+6	-60
<b>2 Year Swap %</b>				
US	0.21	-0	-1	-145
Eurozone	-0.55	-2	-1	-25
UK	0.08	-0	+2	-71
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	30	+0	-6	-1
Belgium	19	+0	-3	-9
France	24	+0	-3	-7
Italy	114	+2	-10	-48
Spain	63	+1	-9	-3
Portugal	59	+0	-12	-4
Greece	118	-0	-26	-46

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	49.25	+1.11	+24.84	-25.38
West Texas Oil	46.23	+1.27	+25.05	-24.39
Gold \$	1837.6	-0.15	-5.84	+21.13

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