

Softer dollar tone

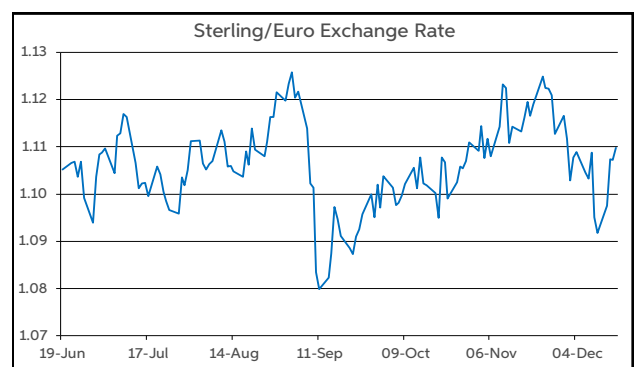
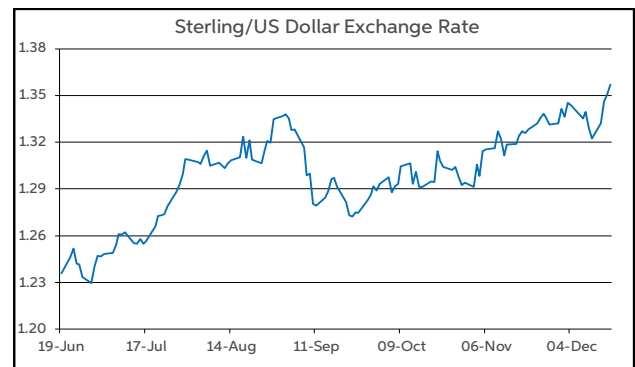
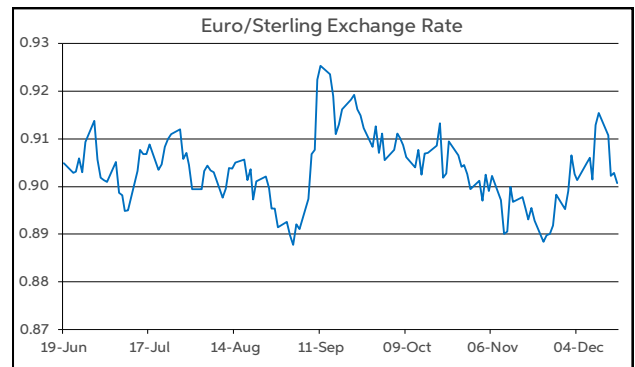
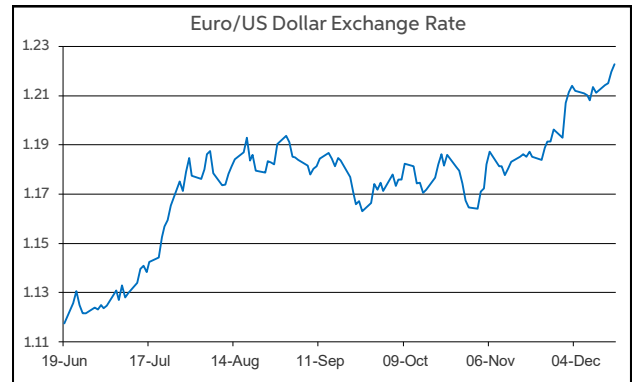
There was a busy macro calendar yesterday. Overall it was a bit of a mixed bag in terms of results. On currency markets, the dollar was holding a softer tone. The US macro news was generally disappointing. Retail sales for November fell by more than was forecast. The December manufacturing PMI printed better than expected but the services index was lower than anticipated. Later in the day, the dollar started to come under some downward pressure. This coincided with the conclusion of the Fed meeting. While the Fed left policy unchanged, it did alter its forward guidance on asset purchases, which implies that QE will continue for a considerable amount of time.

In the Eurozone, the flash December PMI readings were generally ahead of expectations. However, there was no major impact on the euro from the data. In the UK, the composite PMI missed to the downside of expectations, as did the services index, while the manufacturing survey was better than anticipated. On the Brexit front, optimism surrounding the prospects for a EU-UK trade deal helped to provide a supportive backdrop for sterling.

So as FX trading gets underway this morning, the softer dollar tone is reflected in EUR/USD above the \$1.22 mark, reaching its highest level since April'18. GBP/USD is in the upper half of \$1.35-1.36. Elsewhere, EUR/GBP has edged back towards the 90p mark.

Looking ahead to today, sterling remains sensitive to any developments in relation to the trade talks. There is also some event risk for sterling from the BoE meeting, although no policy changes are expected. Meanwhile, the Eurozone and US macro diaries are not expected to have much directional impact on their respective currencies.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.2227	0.54	9.07
EUR/GBP	0.901	-0.23	6.58
GBP/USD	1.3573	0.83	2.37
GBP/EUR	1.11	0.23	-6.17
USD/JPY	103.2	-0.26	-4.98
EUR/JPY	126.18	0.27	3.57

* 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	0.16	0.24	0.18	0.22	0.45
EUR	0.00	-0.57	-0.54	-0.53	-0.52	-0.45
GBP	0.10	0.03	0.05	0.03	0.09	0.25

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

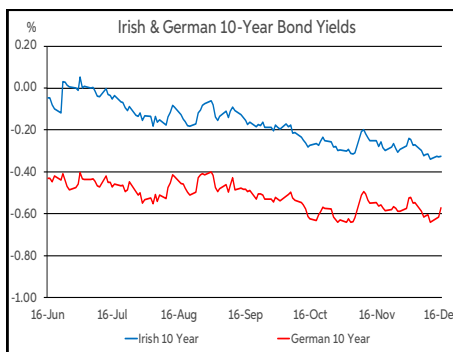
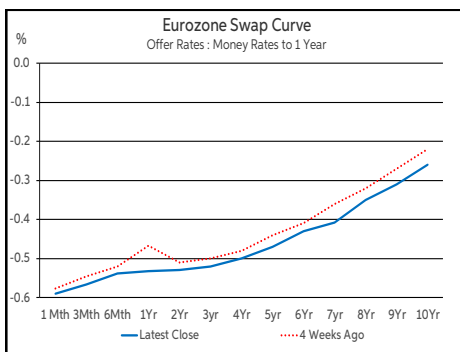
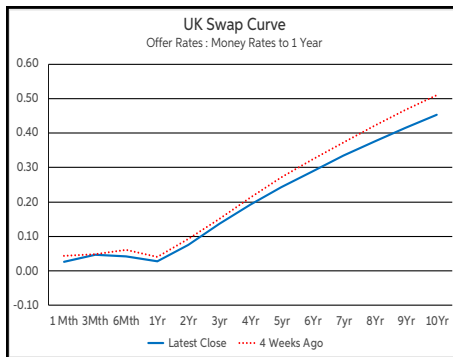
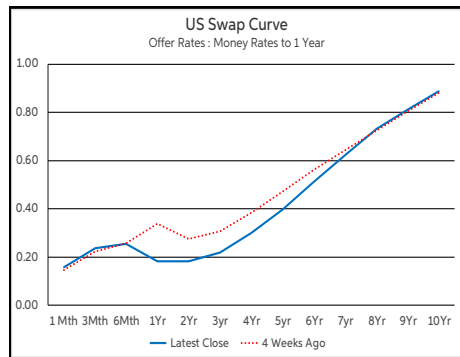
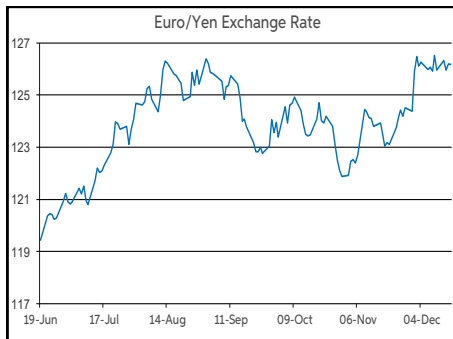
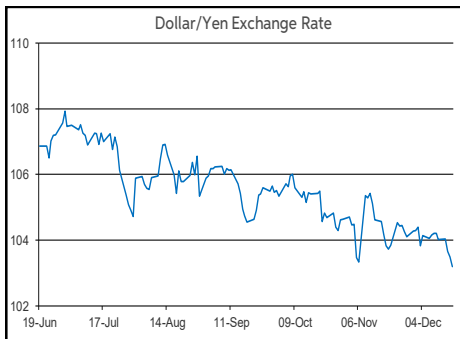
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 17 December 2020
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.901	GBP/EUR	1.11	USD/JPY	103.2
EUR/USD	1.2227	GBP/USD	1.3573	USD/CAD	1.2707
EUR/JPY	126.18	GBP/CAD	1.7241	USD/CHF	0.8834
EUR/SEK	10.169	GBP/NZD	1.9002	USD/CNY	6.5335
EUR/DKK	7.441	GBP/JPY	140.07	USD/BRL	5.0838
EUR/NOK	10.5473	GBP/SEK	11.2843	USD/RUB	73.051
EUR/CHF	1.0801	GBP/DKK	8.2595	USD/INR	73.43
EUR/AUD	1.6057	GBP/NOK	11.7015	AUD/USD	0.7612
EUR/HKD	9.4774	GBP/CHF	1.1988	NZD/USD	0.714
EUR/CAD	1.5537	GBP/AUD	1.7827		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.92	+1	+5	-100
Germany	-0.57	+4	-1	-38
UK	0.27	+1	-6	-55
Ireland	-0.29	+2	-5	-41
Belgium	-0.38	+4	-1	-47
France	-0.33	+4	-0	-45
Italy	0.50	+2	-11	-92
Spain	0.03	+4	-6	-44
Portugal	0.00	+5	-5	-45
Greece	0.59	+2	-9	-87
5 Year Swap %				
US	0.40	-2	-4	-131
Eurozone	-0.47	+2	-2	-35
UK	0.24	+0	-2	-63
2 Year Swap %				
US	0.18	+0	-6	-148
Eurozone	-0.53	+1	-1	-23
UK	0.08	+0	-1	-72
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	-3	-4	-3
Belgium	19	+0	+1	-9
France	24	+0	+1	-7
Italy	107	-2	-10	-54
Spain	60	-0	-4	-6
Portugal	57	+1	-4	-7
Greece	115	-2	-7	-49

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	51.08	+0.63	+15.20	-22.61
West Texas Oil	47.86	+0.59	+14.94	-21.72
Gold \$	1864.1	+0.58	-0.39	+22.88

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