

Euro and sterling gain versus the dollar

The action on markets last week saw bond yields move higher. This was most noticeable in European bonds, with the upward pressure on yields coming on the back of some 'hawkish' comments from a raft of ECB Governing Council members. UK gilt yields were also up significantly. In contrast, US Treasury yields rose only marginally.

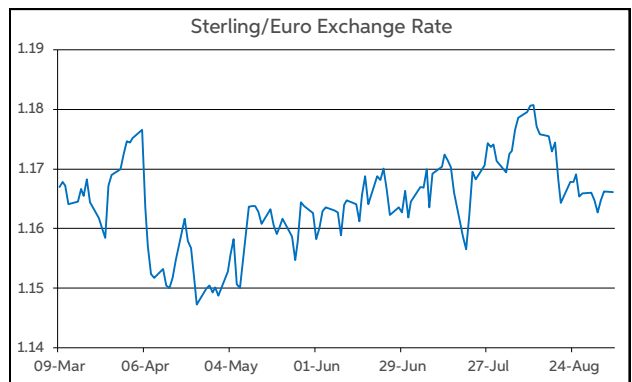
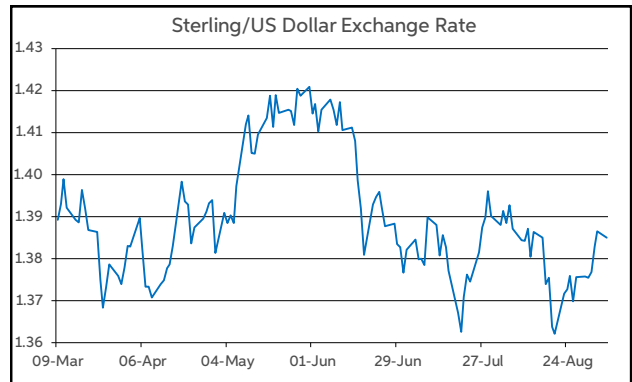
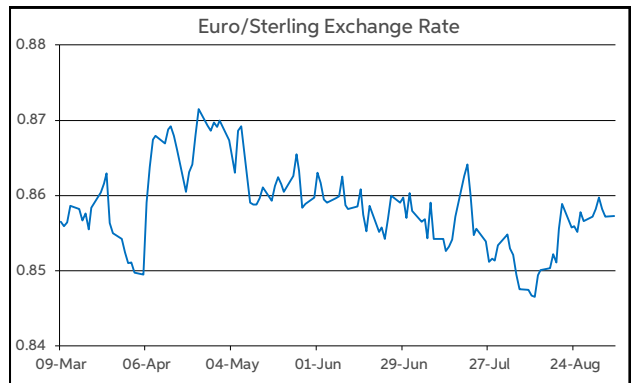
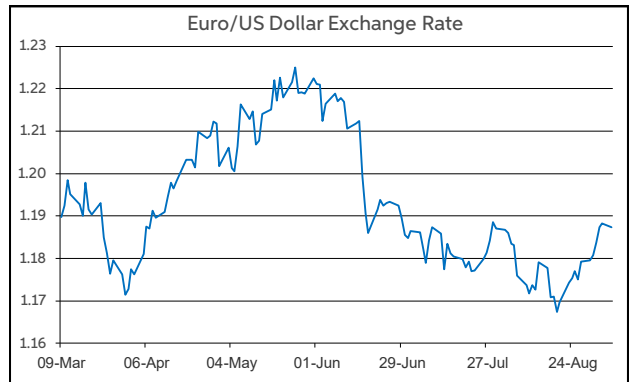
Meanwhile, the action on equity markets was more muted. Most of the main equity indices registered modest gains on the week. At the closing bell on Friday, on Wall Street, the S&P 500 was up by 0.6% on the week.

Currency-wise, the dollar was generally holding a softer tone against both the euro and sterling for much of the week. There was a relatively mild reaction from the dollar on Friday (EUR/USD briefly touched the \$1.19 level in the immediate aftermath) to the surprise downside miss in the US payrolls figure for August (printed at 235k versus forecast for 750k). Instead, the interaction of the dollar against the euro and sterling last week can be viewed in the context of the relative moves of the respective bond yields.

In level terms, the softer tone to the dollar is reflected in EUR/USD starting this week in the upper half of \$1.18-1.19, while GBP/USD is trading near to the midpoint of \$1.38-1.39. Meanwhile, EUR/GBP continues to trade in a very narrow range just below the 86p mark.

Ahead this week, with a very sparse data calendar, the main focus for markets will be the ECB meeting, which entails some event risk for the euro. Given the aforementioned recent remarks from key ECB officials, the consensus is that the central bank will announce a reduction in the monthly rate of purchases under the PEPP.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1874	-0.02	-2.78
EUR/GBP	0.8573	-0.14	-4.07
GBP/USD	1.3851	0.14	1.30
GBP/EUR	1.1662	0.14	4.25
USD/JPY	109.79	-0.21	6.34
EUR/JPY	130.37	-0.23	3.34

* 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	0.08	0.12	0.13	0.31	0.88
EUR	0.00	-0.55	-0.55	-0.51	-0.47	-0.31
GBP	0.10	0.05	0.06	0.29	0.48	0.71

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

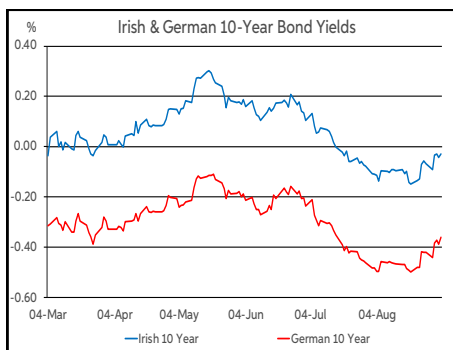
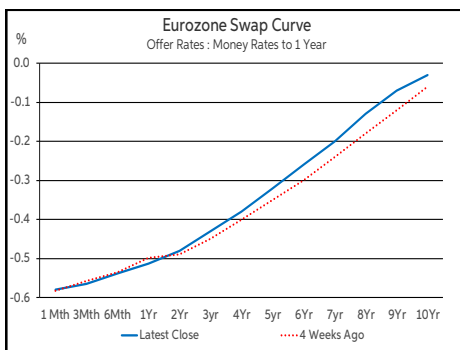
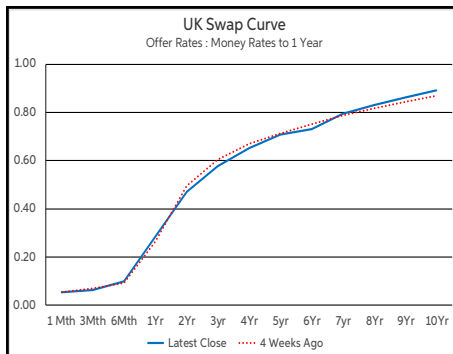
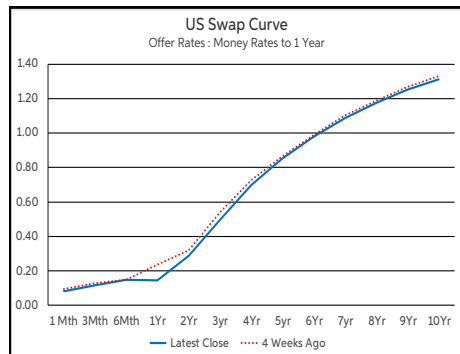
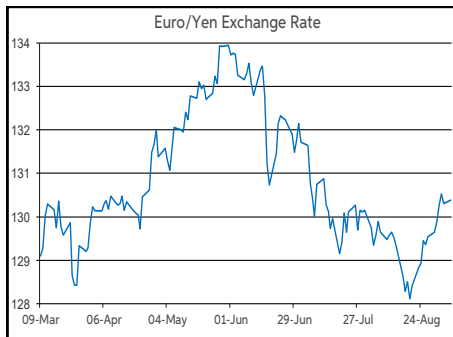
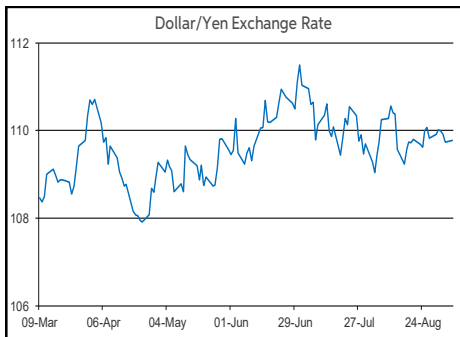
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Opening Levels

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07:31 am



Euro		Sterling		Dollar	
EUR/GBP	0.8573	GBP/EUR	1.1662	USD/JPY	109.79
EUR/USD	1.1874	GBP/USD	1.3851	USD/CAD	1.2528
EUR/JPY	130.37	GBP/CAD	1.7351	USD/CHF	0.9145
EUR/SEK	10.1578	GBP/NZD	1.9381	USD/CNY	6.4528
EUR/DKK	7.4358	GBP/JPY	152.07	USD/BRL	5.1908
EUR/NOK	10.287	GBP/SEK	11.8417	USD/RUB	72.8338
EUR/CHF	1.0859	GBP/DKK	8.6723	USD/INR	73.052
EUR/AUD	1.5959	GBP/NOK	11.9946	AUD/USD	0.744
EUR/HKD	9.2295	GBP/CHF	1.2664	NZD/USD	0.7144
EUR/CAD	1.4876	GBP/AUD	1.8615		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.33	+4	+2	+41
Germany	-0.36	+3	+10	+22
UK	0.72	+3	+10	+52
5 Year Swap %				
US	0.85	+3	+2	+43
Eurozone	-0.32	+2	+4	+14
UK	0.71	+1	-0	+52
2 Year Swap %				
US	0.29	+1	-0	+9
Eurozone	-0.48	-0	+2	+5
UK	0.47	+0	-1	+44
10 Year Government Bond Spreads to Benchmark bps				
Ireland	40	-1	+0	+13
Belgium	31	-1	-2	+12
France	34	-1	+0	+11
Italy	107	+1	+4	-3
Spain	70	-0	-0	+7
Portugal	58	-1	-1	-5
Greece	114	+0	+13	-7

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	72.61	-0.58	+2.70	+40.17
West Texas Oil	69.34	-1.04	+1.58	+43.41
Gold \$	1826.2	+0.93	+3.60	-3.71

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