

## Firmer tone to the dollar

The dollar was holding a modestly firmer tone across the board yesterday. The greenback gained circa 0.4% against the euro and around 0.6% versus sterling. Meanwhile, on bond markets, benchmark sovereign bond yields continued to rise. At the close, longer-dated US Treasury yields were 5bps higher, while the front end remained anchored. Similarly, longer dated Eurozone and UK Gilt yields rose by more than shorter-dated maturity yields.

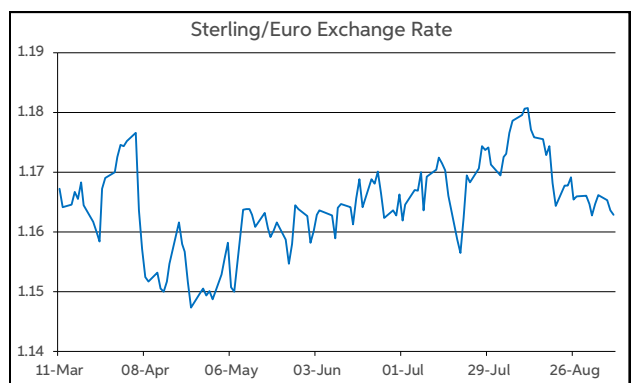
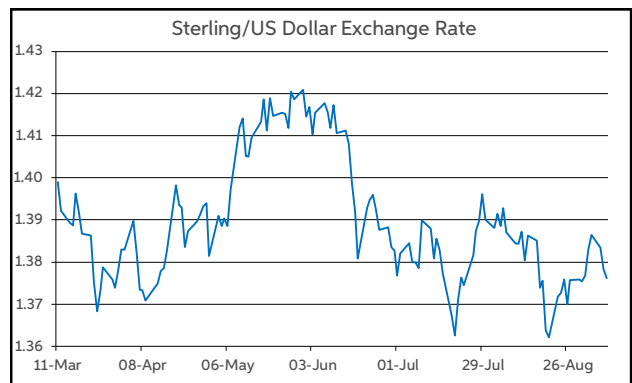
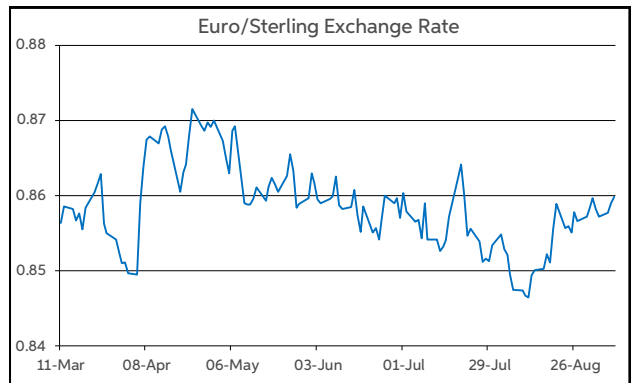
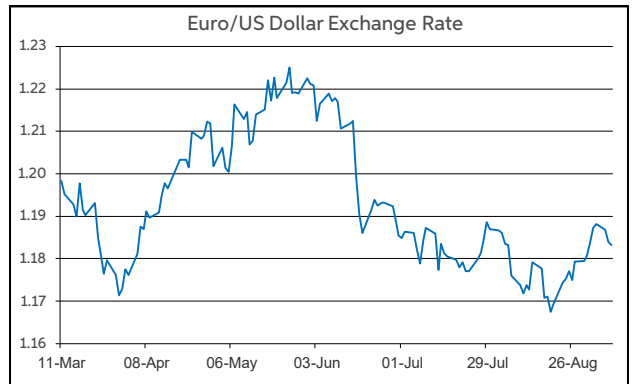
Elsewhere, risk appetite was somewhat softer yesterday. Equity markets both sides of the Atlantic finished the day lower, with the Euro Stoxx 50 down 0.5%, while the S&P 500 was 0.3% lower. Oil prices shed 0.7% also. The risk-off tone to investor sentiment likely contributed to the modest rally in the dollar.

Data-wise, Eurozone GDP in Q2 was revised higher to 2.2% from 2.0% previously. The release showed that the resurgence in output was led by a 3.7% rise in consumer spending, amid a widespread easing of restrictions across the bloc. Meanwhile, the German ZEW measure of sentiment declined for the fourth consecutive month, printing at 26.5 in September (vs. 30.0 f'cast),

In level terms, the firmer dollar tone is reflected in EUR/USD opening this morning back below the midpoint of \$1.18-1.19. GBP/USD is changing hands near the half way mark of the \$1.37- \$1.38 corridor. Meantime, EUR/GBP starts today at the 86p threshold.

Turning to the day ahead, there is a relatively sparse data schedule today. JOLTS job openings for July are due, although, the lagged nature of the data suggests it is unlikely to impact the dollar. However, comments from NY Fed President Williams will garner close attention following the weak labour market report last week.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.183	-0.38	-3.14
EUR/GBP	0.8599	0.23	-3.78
GBP/USD	1.3757	-0.59	0.61
GBP/EUR	1.1627	-0.23	3.93
USD/JPY	110.41	0.55	6.94
EUR/JPY	130.65	0.20	3.56

\* v Previous Day's European Open  
See Next Page for More Rates

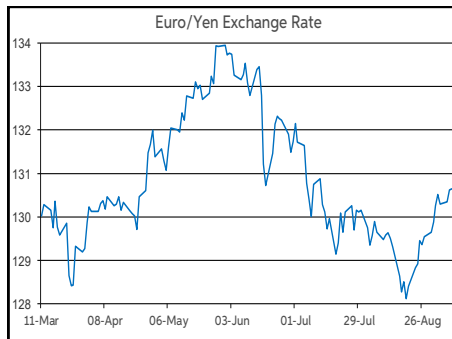
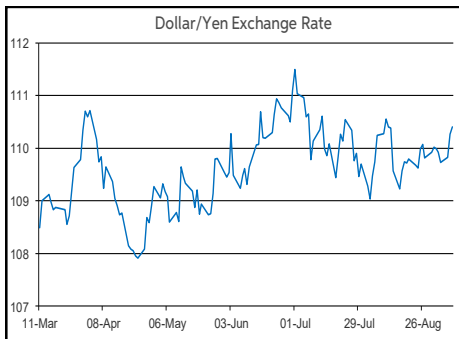
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.08	0.11	0.14	0.33	0.92
EUR	0.00	-0.56	-0.55	-0.51	-0.46	-0.28
GBP	0.10	0.05	0.06	0.29	0.49	0.73

All rates quoted are indicative market rates

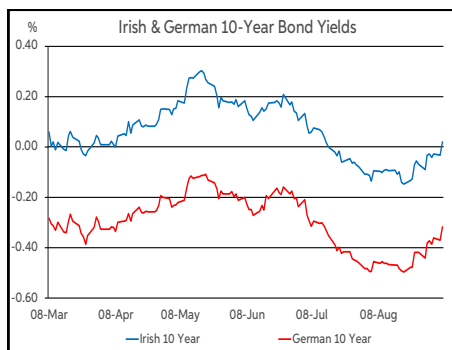
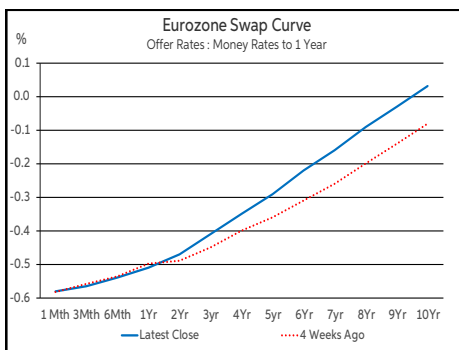
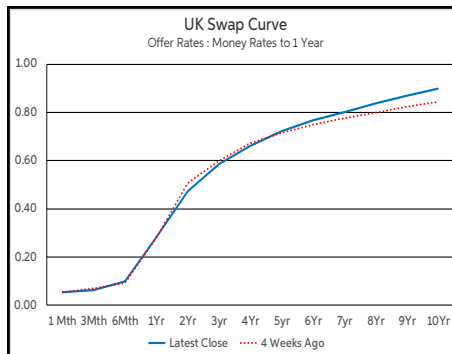
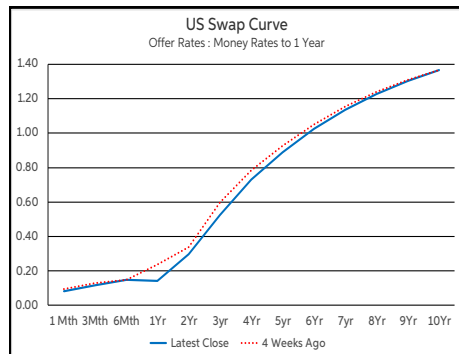
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.8599	GBP/EUR	1.1627	USD/JPY	110.41
EUR/USD	1.183	GBP/USD	1.3757	USD/CAD	1.2653
EUR/JPY	130.65	GBP/CAD	1.7408	USD/CHF	0.9203
EUR/SEK	10.1714	GBP/NZD	1.939	USD/CNY	6.464
EUR/DKK	7.436	GBP/JPY	151.9	USD/BRL	5.1692
EUR/NOK	10.2913	GBP/SEK	11.8238	USD/RUB	73.3821
EUR/CHF	1.0889	GBP/DKK	8.6459	USD/INR	73.623
EUR/AUD	1.6043	GBP/NOK	11.9627	AUD/USD	0.7374
EUR/HKD	9.1991	GBP/CHF	1.266	NZD/USD	0.7092
EUR/CAD	1.4971	GBP/AUD	1.8653		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
<b>10 Year Yield %</b>				
US	1.38	+5	+2	+46
Germany	-0.32	+5	+14	+26
UK	0.74	+4	+15	+54
<b>5 Year Swap %</b>				
US	0.89	+4	+0	+47
Eurozone	-0.29	+3	+8	+17
UK	0.72	+3	+1	+53
<b>2 Year Swap %</b>				
US	0.30	+1	-1	+10
Eurozone	-0.47	+1	+3	+6
UK	0.47	+1	-2	+45
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	40	+0	+2	+13
Belgium	32	+0	+1	+13
France	35	+0	+2	+11
Italy	108	+2	+7	-2
Spain	70	+1	+1	+7
Portugal	59	+1	+1	-5
Greece	119	+2	+20	-1



Commodities				
	Close	% Change		
		Day	4 Weeks	End 20
Brent Oil	71.69	-0.73	+1.50	+38.40
West Texas Oil	68.49	-1.23	+0.23	+41.65
Gold \$	1794.1	-1.59	+3.78	-5.40

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