

Risk-off tone to start the week

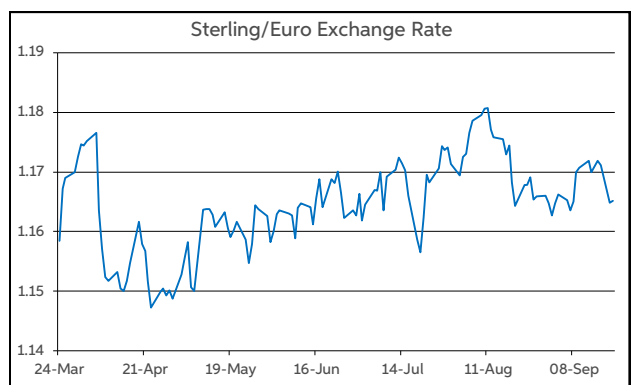
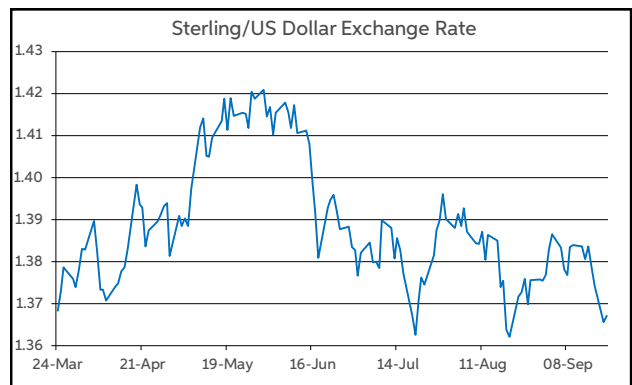
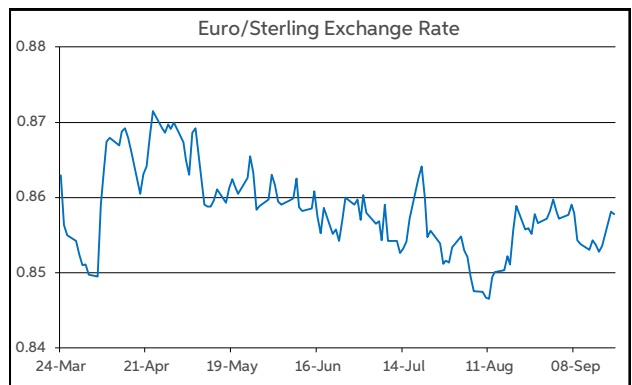
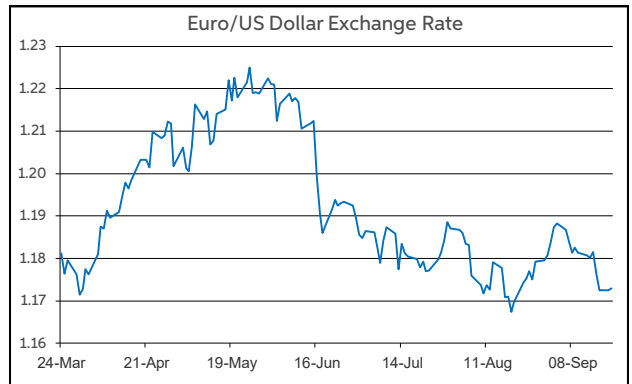
There was a risk-off tone to investor sentiment yesterday on financial markets. Concerns that Evergrande, a property developer in China may default on its debt, and the repercussions it may have weighed heavily on risk appetite to start the week. Equity markets on both sides of the Atlantic finished the day in the red, with the Euro Stoxx 50 and the S&P 500 down circa 2% each. Meanwhile on bond markets, benchmark sovereign yields in the Euro-area, the US and the UK moved 4-5bps lower.

Turning to the FX action, safe haven currencies such as the Swiss franc and Japanese yen benefitted the most from the risk averse tone. Meantime, sterling was holding a slightly softer tone against the euro and the dollar. However, despite the strong risk-off mood yesterday, which generally benefits the dollar, the greenback was unable to register any gains against the euro. This suggests there is strong support for the single currency against the dollar around the \$1.17 level.

As trading gets underway this morning, EUR/USD opens above the \$1.17 threshold once again. Meanwhile, the softer tone to sterling is reflected in EUR/GBP operating up above the midpoint of 85-86p. Cable (GBP/USD) is changing hands down below the \$1.37 handle, in the top half of the \$1.36-1.37 corridor.

Elsewhere, the data calendar for the day ahead is relatively sparse. In any case, investors are likely to remain focused on developments in China and the potential contagion to other companies or financial markets, as well as this week's Fed and BoE policy meetings. Therefore, safe haven currencies may continue to hold the upper hand on the exchanges.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1732	0.16	-3.94
EUR/GBP	0.8579	0.37	-4.01
GBP/USD	1.3674	-0.23	0.01
GBP/EUR	1.1651	-0.37	4.17
USD/JPY	109.53	-0.35	6.09
EUR/JPY	128.52	-0.18	1.87

* 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	0.14	0.34	0.94
EUR	0.00	-0.56	-0.55	-0.51	-0.44	-0.25
GBP	0.10	0.05	0.07	0.34	0.57	0.83

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

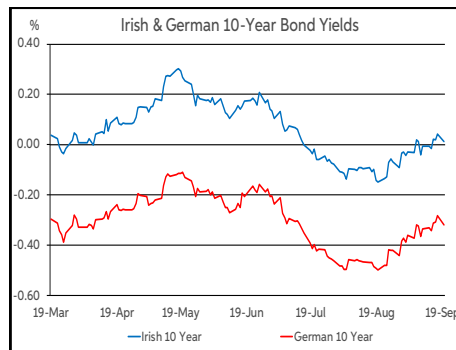
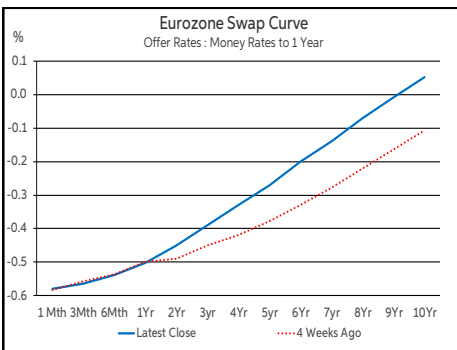
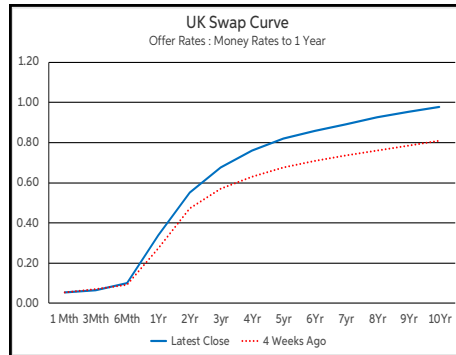
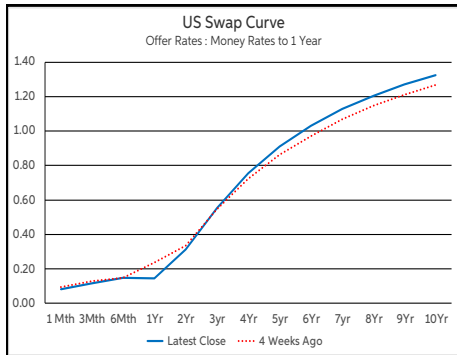
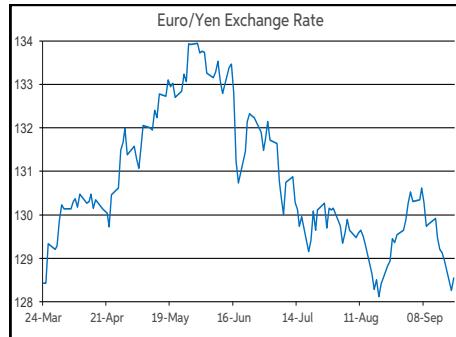
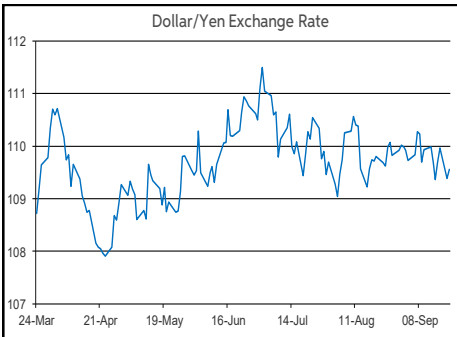
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Tuesday 21 September 2021
07:45 am



Euro		Sterling		Dollar	
EUR/GBP	0.8579	GBP/EUR	1.1651	USD/JPY	109.53
EUR/USD	1.1732	GBP/USD	1.3674	USD/CAD	1.2746
EUR/JPY	128.52	GBP/CAD	1.7435	USD/CHF	0.927
EUR/SEK	10.1697	GBP/NZD	1.9456	USD/CNY	6.4655
EUR/DKK	7.4358	GBP/JPY	149.77	USD/BRL	5.3248
EUR/NOK	10.1843	GBP/SEK	11.8474	USD/RUB	73.236
EUR/CHF	1.0877	GBP/DKK	8.6645	USD/INR	73.615
EUR/AUD	1.6131	GBP/NOK	11.8661	AUD/USD	0.7272
EUR/HKD	9.1321	GBP/CHF	1.2675	NZD/USD	0.7025
EUR/CAD	1.4959	GBP/AUD	1.88		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 20
10 Year Yield %				
US	1.31	-5	+6	+40
Germany	-0.32	-4	+16	+26
UK	0.80	-5	+26	+60
5 Year Swap %				
US	0.91	-3	+9	+49
Eurozone	-0.27	-2	+12	+19
UK	0.82	-5	+15	+63
2 Year Swap %				
US	0.31	+1	+2	+12
Eurozone	-0.45	+0	+5	+8
UK	0.55	-2	+9	+52
10 Year Government Bond Spreads to Benchmark bps				
Ireland	39	+1	-1	+12
Belgium	31	+1	-1	+12
France	34	+2	-1	+11
Italy	103	+4	-3	-6
Spain	66	+2	-6	+3
Portugal	57	+3	-4	-7
Greece	111	+1	+5	-9

Commodities				
	% Change			
	Close	Day	4 Weeks	End 20
Brent Oil	73.92	-1.88	+7.52	+42.70
West Texas Oil	70.41	-2.33	+7.25	+45.63
Gold \$	1763.9	+0.55	-2.29	-6.99

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