

## Euro on the defensive

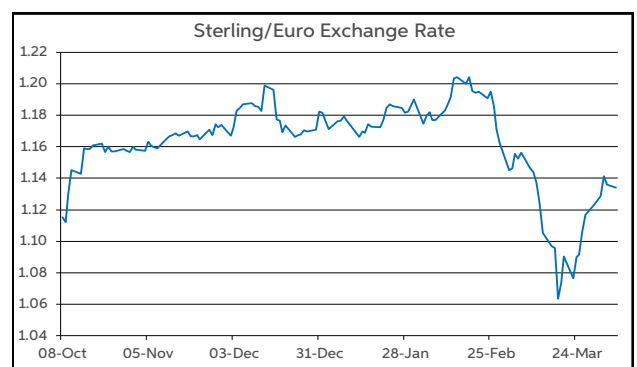
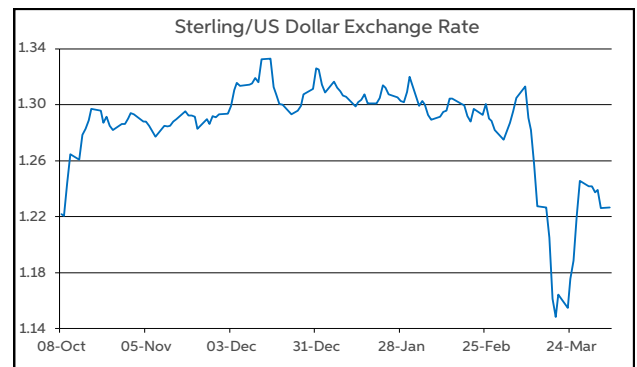
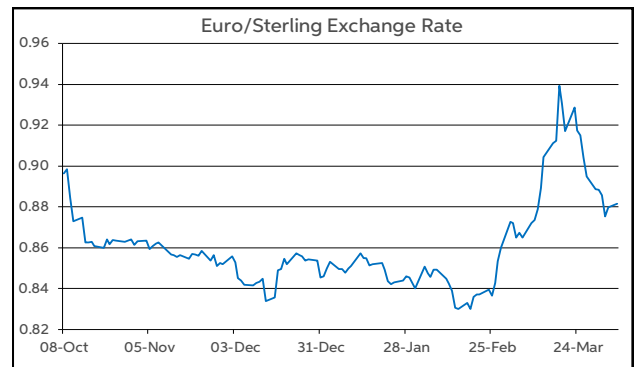
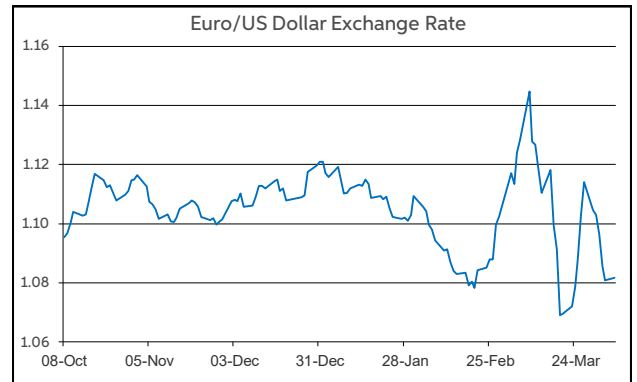
There was a generally calmer tone to the action on financial markets last week (with the main exception to this being oil prices). While sentiment still remained reactive to coronavirus related developments/newsflow, the magnitude of the moves on equity markets was less sizeable. Overall though, a risk averse mood still overhung proceedings.

On the currency front, the euro found itself on the defensive last week, falling by 2-3%. There is no one reason behind this. However, concerns over the ability of the region to deal with the economic fallout from the coronavirus has created an unhelpful backdrop for the currency. Meanwhile, sterling has settled down somewhat after what was a very volatile period. EUR/GBP has moved down from near 90p to 88p. Meanwhile, cable (GBP/USD) fell by over 1% last week. However, this was mainly on Friday as the dollar strengthened all around.

The weaker tone to the euro is reflected in EUR/USD starting this week down at the \$1.08 threshold. This compares to the \$1.11 level it was at a week earlier. Meantime, EUR/GBP is trading down near to the 88p mark this morning. Elsewhere, GBP/USD is changing hands within the \$1.22-1.23 band.

In terms of the outlook, the dollar is likely to remain well underpinned in this current risk averse environment. From a EUR/USD viewpoint, a key level to keep an eye on is the recent \$1.07 low. A move below this level could see the pair test the \$1.04-1.05 band, levels seen in 2015-17, which represent near 20 year lows. Tomorrow's meeting of Eurozone Finance Ministers, which is due to discuss debt financing to mitigate the impact of the coronavirus, will be closely followed by market watchers.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0815	-0.24	-3.52
EUR/GBP	0.8815	0.69	4.27
GBP/USD	1.2267	-0.92	-7.48
GBP/EUR	1.1338	-0.68	-4.10
USD/JPY	109.06	1.01	0.41
EUR/JPY	117.97	0.76	-3.17

\* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	0.125	0.99	1.39	1.05	0.47	0.54
EUR	0.00	-0.44	-0.34	-0.15	-0.30	-0.23
GBP	0.10	0.23	0.64	0.82	0.48	0.50

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

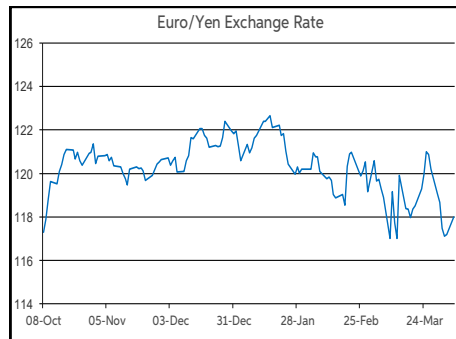
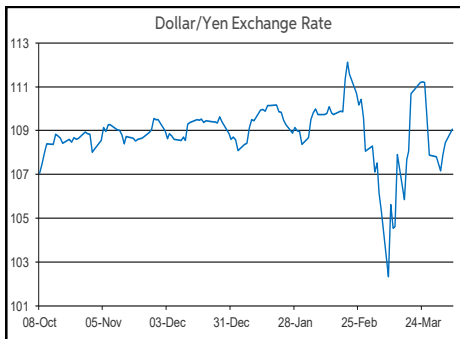
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

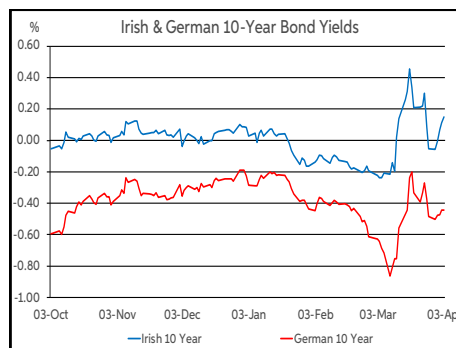
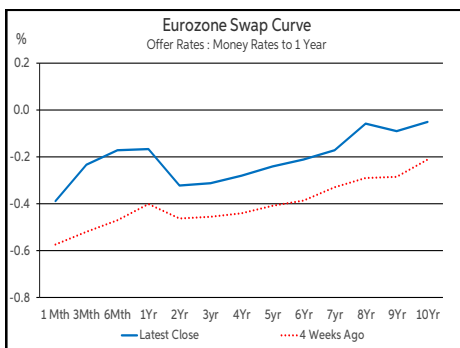
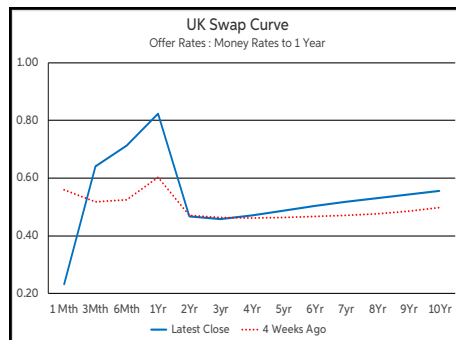
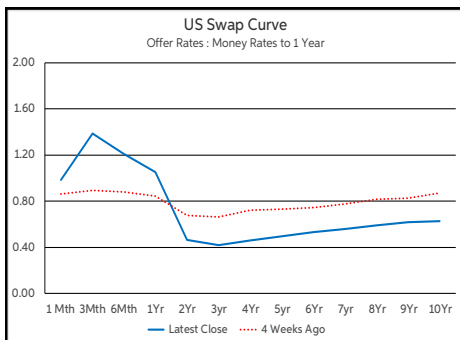
Monday 06 April 2020  
07:22 am



Euro		Sterling		Dollar	
EUR/GBP	0.8814	GBP/EUR	1.1341	USD/JPY	109.08
EUR/USD	1.0815	GBP/USD	1.2269	USD/CAD	1.4122
EUR/JPY	117.98	GBP/CAD	1.7328	USD/CHF	0.977
EUR/SEK	10.9587	GBP/NZD	2.0779	USD/CNY	7.0908
EUR/DKK	7.4674	GBP/JPY	133.83	USD/BRL	5.3495
EUR/NOK	11.3677	GBP/SEK	12.4314	USD/RUB	76.6252
EUR/CHF	1.0568	GBP/DKK	8.4694	USD/INR	76.206
EUR/AUD	1.7897	GBP/NOK	12.8928	AUD/USD	0.6042
EUR/HKD	8.3845	GBP/CHF	1.1987	NZD/USD	0.5902
EUR/CAD	1.5273	GBP/AUD	2.0301		



Debt Markets				
	Close	Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.60	-1	-17	-132
Germany	-0.45	-0	+27	-26
UK	0.31	-2	+8	-51
Ireland	0.15	+4	+36	+6
Belgium	0.12	+2	+42	+4
France	0.06	+3	+42	-6
Italy	1.51	+7	+45	+14
Spain	0.73	+4	+53	+27
Portugal	0.82	+1	+59	+40
Greece	1.86	+15	+47	+45
<b>5 Year Swap %</b>				
US	0.50	-5	-23	-122
Eurozone	-0.24	-3	+17	-12
UK	0.49	-3	+2	-40
<b>2 Year Swap %</b>				
US	0.46	-1	-21	-123
Eurozone	-0.32	-3	+14	-3
UK	0.47	-2	-0	-34
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	59	+4	+8	+32
Belgium	56	+2	+15	+29
France	51	+3	+15	+20
Italy	196	+7	+18	+40
Spain	117	+4	+25	+53
Portugal	126	+1	+32	+66
Greece	230	+15	+20	+71



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	34.11	+13.93	-24.65	-48.32
West Texas Oil	28.36	+12.63	-31.06	-53.61
Gold \$	1620.5	+0.33	-3.23	+6.76

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