

Euro at multi-year lows

Currency market action last week saw the euro come under sustained downward pressure. The currency's key pairs broke through a number of important support levels as market participants grew more pessimistic about the Eurozone outlook.

There was no one standout reason for the shift in sentiment, given the only major data release in the region was the December print of industrial production. The report did, however, provide further evidence that the downturn in the sector has not yet bottomed out as previous surveys had suggested.

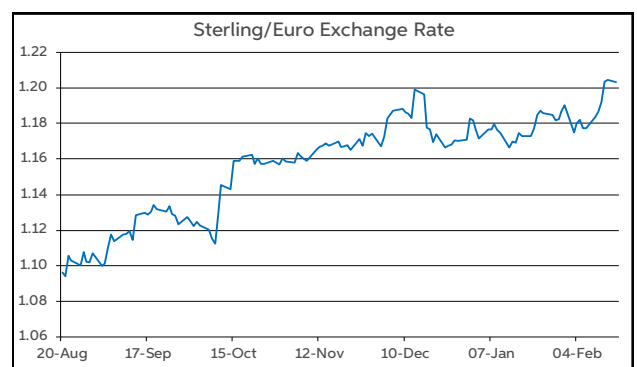
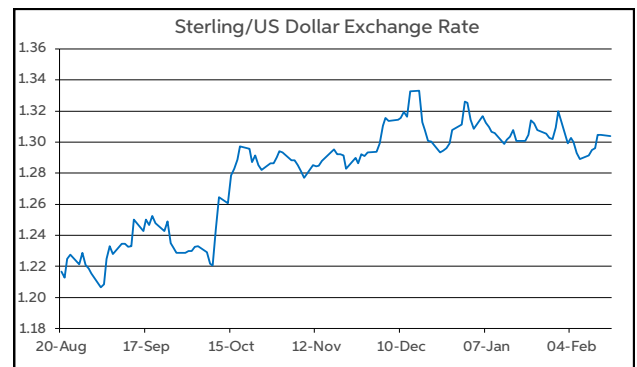
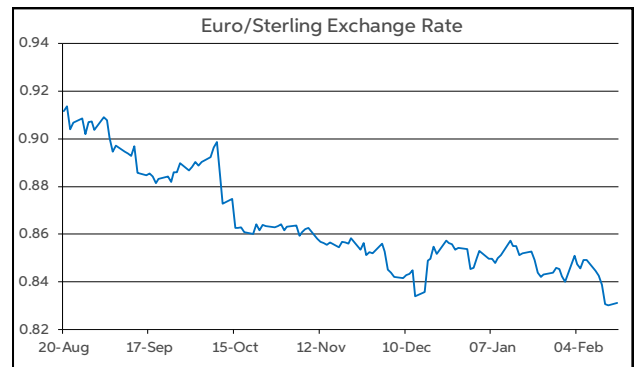
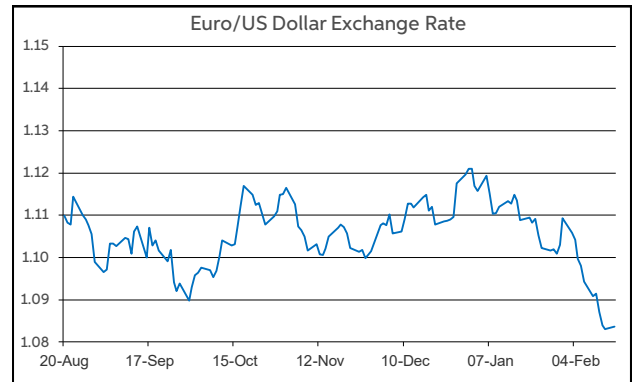
Meanwhile, sterling was boosted by political events in the UK. The resignation of the Chancellor of the Exchequer was greeted positively by the market. It is expected that it will herald an increase in fiscal expenditure, which should support growth.

In level terms, all of the above is reflected in EUR/GBP opening this morning down at the 83p threshold. At the same time, EUR/USD is trading just below the midpoint of the \$1.08-1.09 band. Elsewhere, cable (GBP/USD) is operating in the lower half of \$1.30-1.31.

This week, a raft of data is due in the UK, including the Q4 labour market bulletin, January CPI and the flash February PMIs. If the UK data continue to surprise to the upside, they could offer some further support to sterling. Although, coronavirus related uncertainty does pose some downside risk to the PMIs.

For the euro and the dollar, flash PMIs for February are the highlight. The forecast is for modest declines in both region's composite indices. However, given the Eurozone's relatively high exposure to China, the coronavirus impact may be more severe on its PMIs. In this case, we may see the euro remain on the back foot.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0839	0.02	-3.31
EUR/GBP	0.8312	0.07	-1.68
GBP/USD	1.3038	-0.05	-1.67
GBP/EUR	1.2028	-0.07	1.71
USD/JPY	109.84	0.05	1.13
EUR/JPY	119.06	0.07	-2.27

* 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	1.625	1.66	1.69	1.80	1.47	1.42
EUR	0.00	-0.48	-0.41	-0.29	-0.38	-0.28
GBP	0.75	0.71	0.75	0.89	0.74	0.76

All rates quoted are indicative market rates

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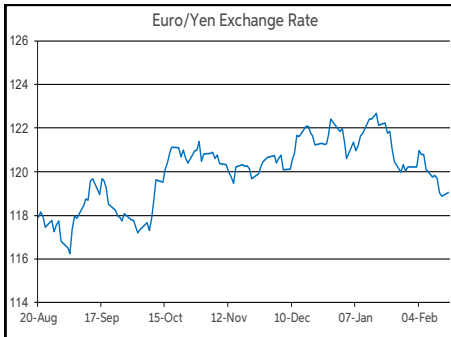
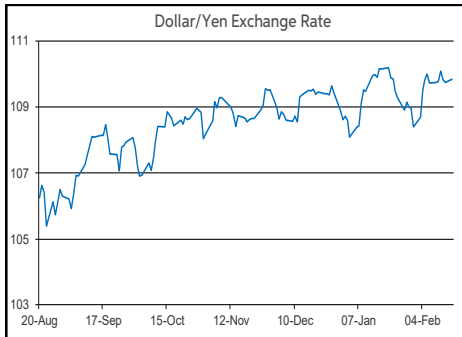
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

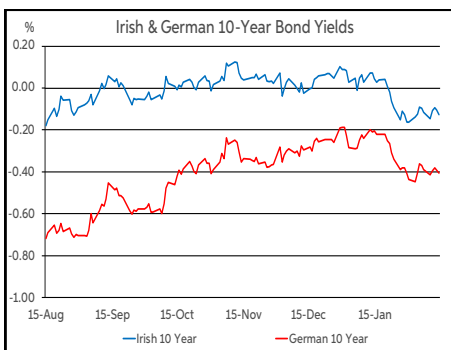
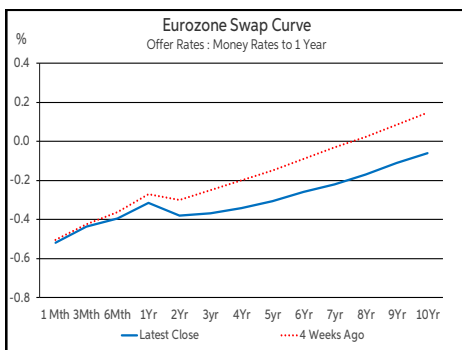
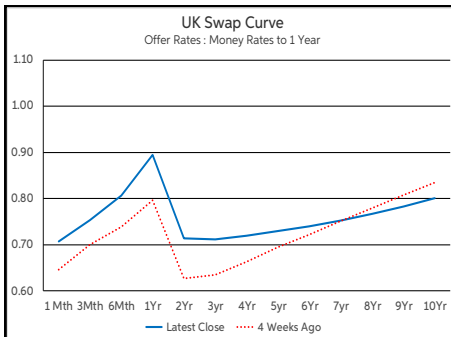
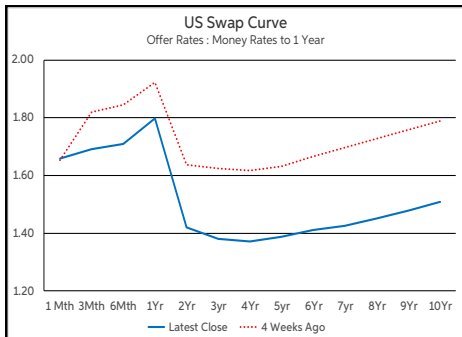
Monday 17 February 2020
07:21 am



Euro		Sterling		Dollar	
EUR/GBP	0.8312	GBP/EUR	1.2028	USD/JPY	109.84
EUR/USD	1.0839	GBP/USD	1.3038	USD/CAD	1.3239
EUR/JPY	119.06	GBP/CAD	1.7262	USD/CHF	0.9816
EUR/SEK	10.5238	GBP/NZD	2.0277	USD/CNY	6.9781
EUR/DKK	7.4705	GBP/JPY	143.2	USD/BRL	4.2981
EUR/NOK	10.0172	GBP/SEK	12.6531	USD/RUB	63.3422
EUR/CHF	1.064	GBP/DKK	8.9862	USD/INR	71.415
EUR/AUD	1.6111	GBP/NOK	12.0442	AUD/USD	0.6725
EUR/HKD	8.4173	GBP/CHF	1.2799	NZD/USD	0.6429
EUR/CAD	1.435	GBP/AUD	1.9379		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.59	-3	-24	-33
Germany	-0.41	-1	-19	-22
UK	0.62	-2	-0	-20
Ireland	-0.13	-2	-17	-22
Belgium	-0.11	-2	-12	-19
France	-0.16	-1	-20	-28
Italy	0.91	+2	-46	-46
Spain	0.28	-1	-17	-18
Portugal	0.22	-1	-16	-20
Greece	0.91	+1	-49	-50
5 Year Swap %				
US	1.39	-5	-25	-33
Eurozone	-0.31	-3	-16	-19
UK	0.73	-2	+4	-16
2 Year Swap %				
US	1.42	-3	-22	-28
Eurozone	-0.38	-2	-8	-9
UK	0.71	-1	+9	-9
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	-1	+2	+0
Belgium	30	-1	+6	+3
France	24	-0	-2	-7
Italy	132	+4	-27	-24
Spain	68	+0	+1	+4
Portugal	63	+1	+3	+2
Greece	132	+2	-30	-28



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	57.32	+1.74	-11.61	-13.15
West Texas Oil	52.03	+1.21	-11.14	-14.90
Gold \$	1585.1	+0.53	+1.80	+4.43

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