

PMIs in focus

The action on FX markets yesterday was generally limited, though sterling came under some slight pressure. This possibly reflected concerns surrounding the EU-UK trade talks. As a result, an upside surprise in January UK retail sales offered no support to the currency. Retail expenditure rose by a robust 0.9% (f'cast +0.7%).

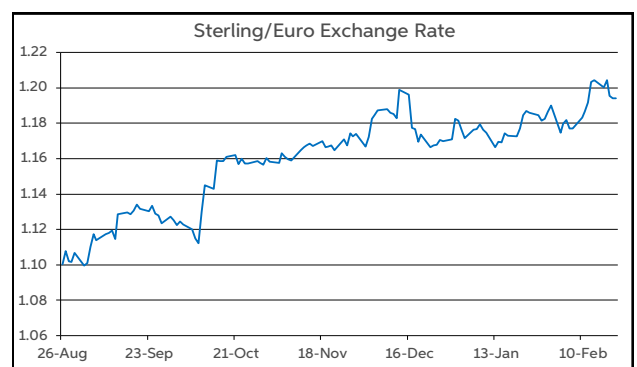
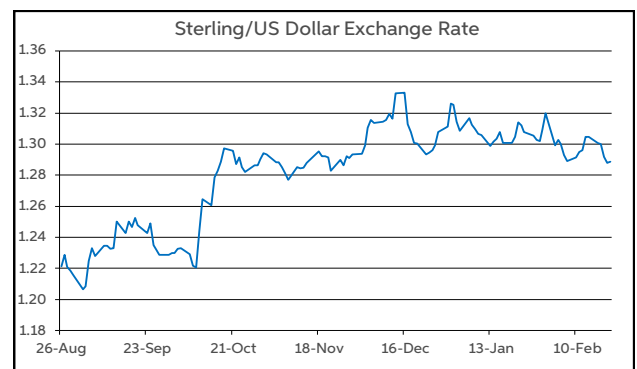
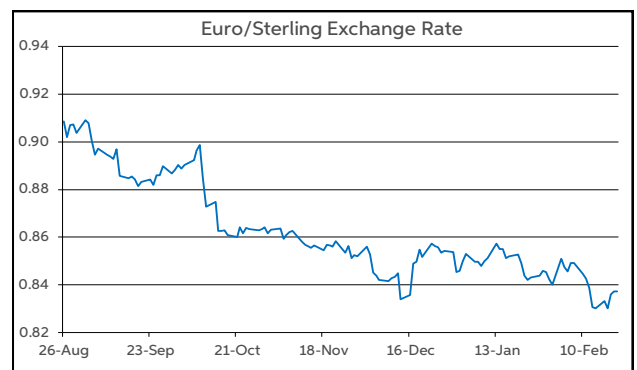
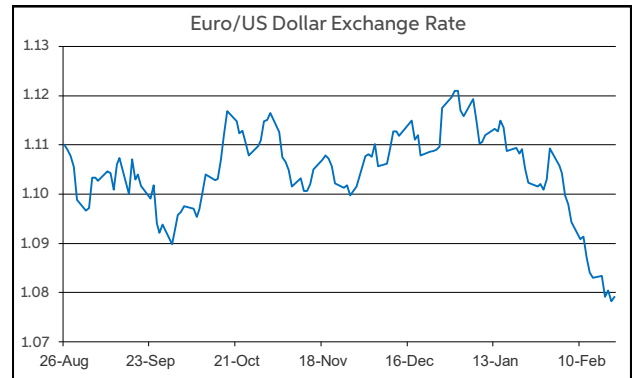
In the Eurozone, consumer confidence for February hit a five month high, providing a rare upside surprise in the region. There was, however, no lasting impact on the euro. Across the Atlantic, US data continued to act as a support for the dollar. The Philly Fed index spiked in February, jumping to its highest level in three years.

In level terms, EUR/GBP opens this morning below the 84p threshold, having briefly moved above this level in yesterday's session. At the same time, EUR/USD continues to trade in a tight range just below the \$1.08 mark. Elsewhere, cable (GBP/USD) is changing hands in the upper half of the \$1.28-1.29 band. It is also worth noting that some further pressure on the yen has seen USD/JPY rise up close to ¥112, while EUR/JPY is up near ¥121.

Today, the focus is on the flash PMIs for February, due in the Eurozone, UK and US. The spread of the coronavirus is expected to weigh on the surveys, with the manufacturing sector particularly vulnerable. It is notable that the Eurozone has the greater exposure to China, but only a small decline is pencilled in for its indices.

If, as we expect, the Eurozone data disappoint, the euro could again be put on the back foot. The bar for a downside surprise in the UK is higher, given that a sharp fall is already projected in its PMIs. Therefore, sterling impact could be limited. Meantime, if the data print as forecast in the US, they may provide a solid backdrop for the dollar.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0793	-0.02	-3.72
EUR/GBP	0.8373	0.16	-0.96
GBP/USD	1.2889	-0.16	-2.79
GBP/EUR	1.194	-0.16	0.97
USD/JPY	111.93	0.49	3.06
EUR/JPY	120.81	0.46	-0.84

* 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	1.63	1.68	1.76	1.39	1.34
EUR	0.00	-0.47	-0.40	-0.29	-0.38	-0.31
GBP	0.75	0.71	0.75	0.89	0.71	0.70

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

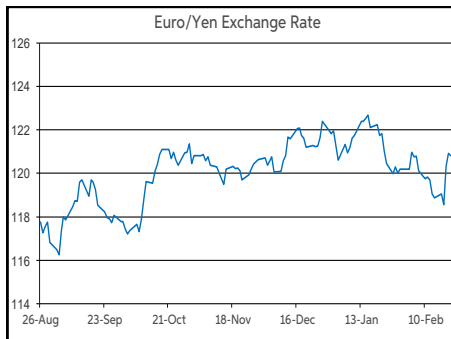
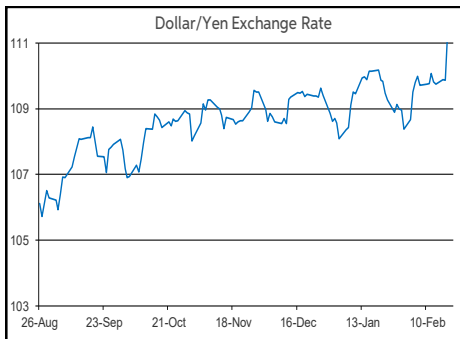
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

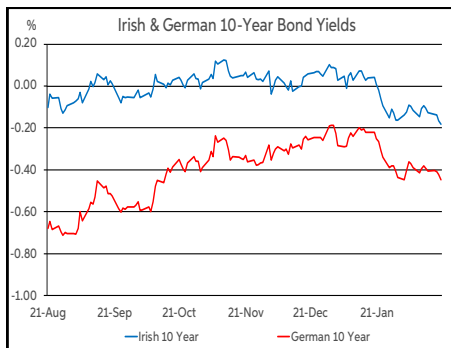
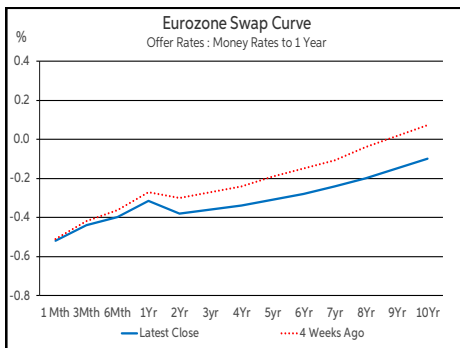
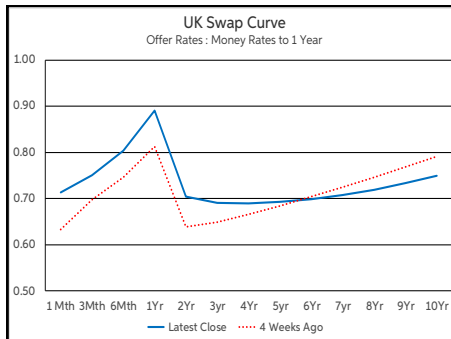
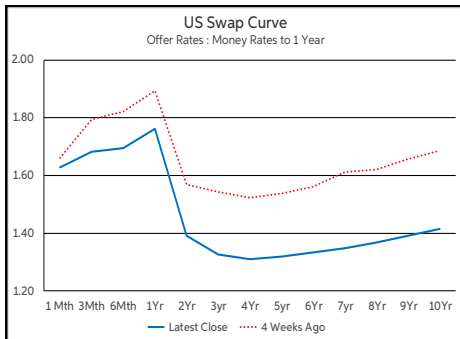
Friday 21 February 2020
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8373	GBP/EUR	1.194	USD/JPY	111.94
EUR/USD	1.0793	GBP/USD	1.2889	USD/CAD	1.325
EUR/JPY	120.83	GBP/CAD	1.7079	USD/CHF	0.9831
EUR/SEK	10.6017	GBP/NZD	2.0431	USD/CNY	7.0322
EUR/DKK	7.4674	GBP/JPY	144.28	USD/BRL	4.3938
EUR/NOK	10.0764	GBP/SEK	12.6588	USD/RUB	64.1541
EUR/CHF	1.0612	GBP/DKK	8.9161	USD/INR	71.81
EUR/AUD	1.6355	GBP/NOK	12.0348	AUD/USD	0.6599
EUR/HKD	8.4049	GBP/CHF	1.2671	NZD/USD	0.6307
EUR/CAD	1.4302	GBP/AUD	1.9533		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	1.52	-5	-21	-40
Germany	-0.45	-2	-14	-26
UK	0.57	-2	-2	-25
Ireland	-0.18	-2	-12	-27
Belgium	-0.15	-3	-7	-23
France	-0.22	-3	-15	-34
Italy	0.91	-3	-34	-47
Spain	0.22	-5	-14	-24
Portugal	0.17	-3	-17	-25
Greece	0.91	-0	-41	-50
5 Year Swap %				
US	1.32	-9	-22	-39
Eurozone	-0.31	-1	-12	-19
UK	0.69	-3	+1	-20
2 Year Swap %				
US	1.39	-5	-18	-31
Eurozone	-0.38	-1	-8	-9
UK	0.70	-1	+7	-11
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	+1	+2	-1
Belgium	30	-1	+7	+3
France	23	-1	-2	-8
Italy	135	-1	-20	-21
Spain	66	-3	+0	+2
Portugal	62	-1	-3	+1
Greece	136	+2	-27	-24



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	59.31	+0.32	-4.40	-10.14
West Texas Oil	53.77	+0.86	-3.13	-12.05
Gold \$	1620.0	+0.50	+3.60	+6.73

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