

Sharp sell off on equity markets

There was very much a risk averse tone to the start of the week on financial markets yesterday. This was prompted by heightened concerns surrounding the coronavirus, which has spread to Italy. The 'risk off' mood was especially evident on equity markets.

Unsurprisingly, the Italian stock market was amongst the worst performers, shedding over 5%. Meantime, the Euro Stoxx 50 lost 4%, while at the close on Wall Street last night, the S&P 500 was down by 3.4%. In overnight action, the Nikkei fell by 3.3%. On bond markets, yields declined globally. 10-year US Treasuries fell by 10bps to below 1.4%. It is worth noting that futures contracts are now pricing in a second rate cut by the Fed by year end.

Currency-wise, the yen has strengthened on the back of safe haven demand over the past 24 hours, with USD/JPY below ¥111. Elsewhere, the action in the other main currencies was more muted.

Although, the euro did manage to eke out some modest gains. The currency was aided by a better than expected print of the German Ifo for February (96.1 vs f'cast 95.3). In level terms, the slightly firmer euro tone sees EUR/USD open this morning up at the midpoint of the \$1.08-1.09 range. At the same time, EUR/GBP is trading near to the 84p threshold. Meanwhile, cable (GBP/USD) remains in the lower half of the \$1.29-1.30 band.

Today, there is little data out to impact the main FX pairs. Therefore the focus for markets will likely remain on 'coronavirus' developments. On the Brexit front, ahead of the upcoming EU/UK trade talks (starting next week) the EU is due to announce its formal negotiating stance for these discussions.

John Fahey, Economist, AIB

Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0852	0.34	-3.19
EUR/GBP	0.8388	0.36	-0.78
GBP/USD	1.2936	0.00	-2.44
GBP/EUR	1.1916	-0.36	0.79
USD/JPY	110.74	-0.74	1.96
EUR/JPY	120.18	-0.41	-1.35

* v Previous Day's European Open

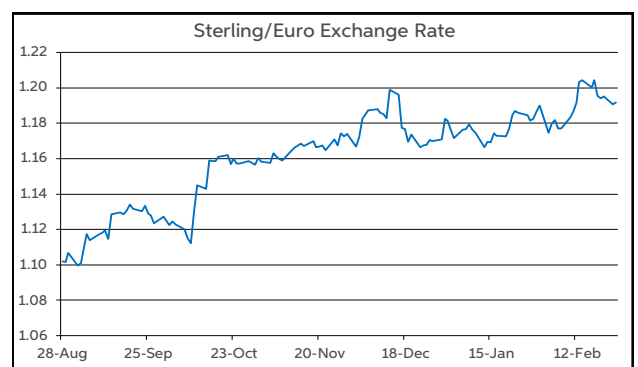
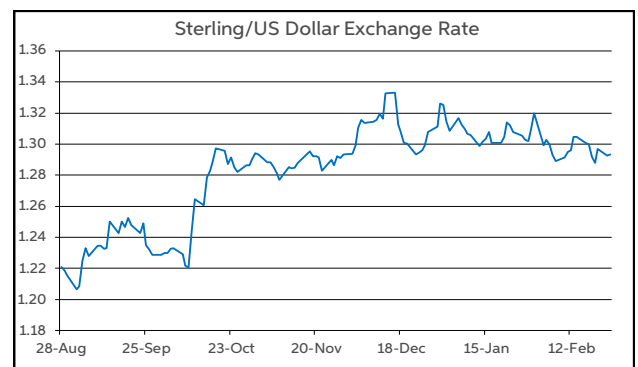
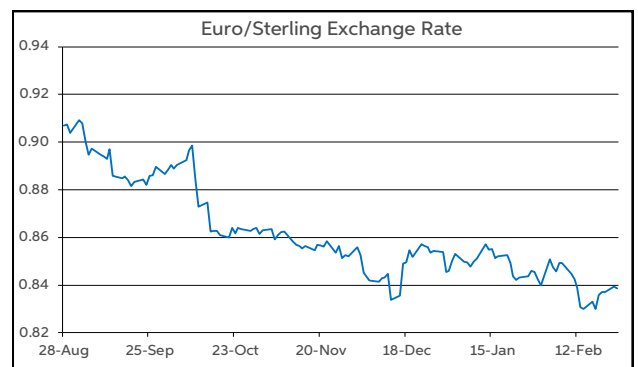
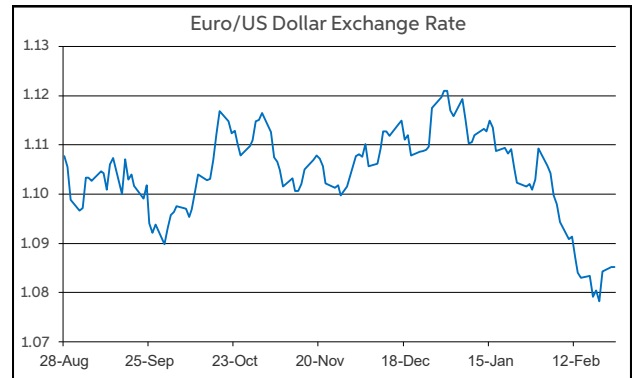
See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.62	1.65	1.63	1.29	1.21
EUR	0.00	-0.48	-0.42	-0.29	-0.37	-0.31
GBP	0.75	0.71	0.74	0.85	0.65	0.64

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				

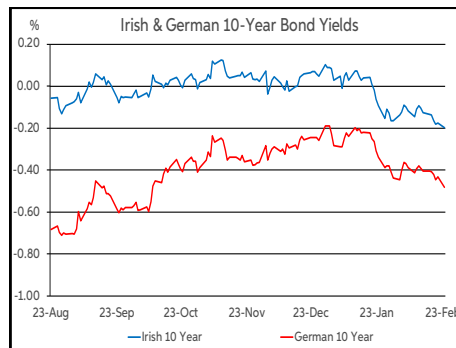
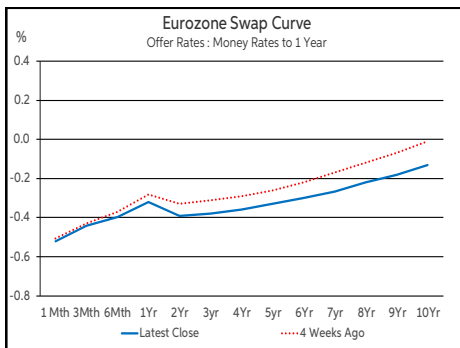
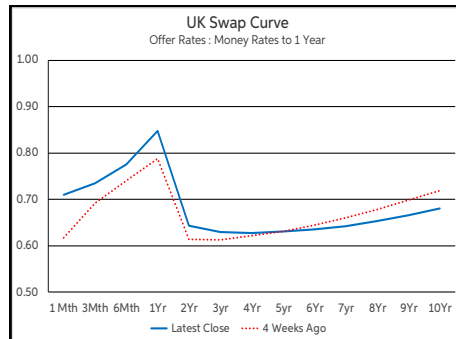
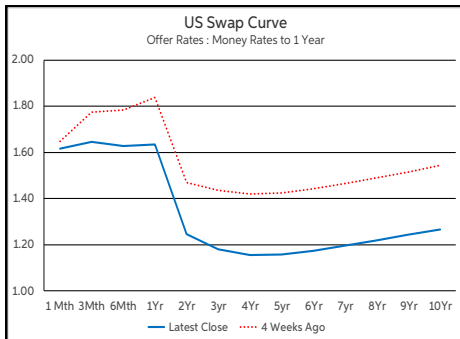
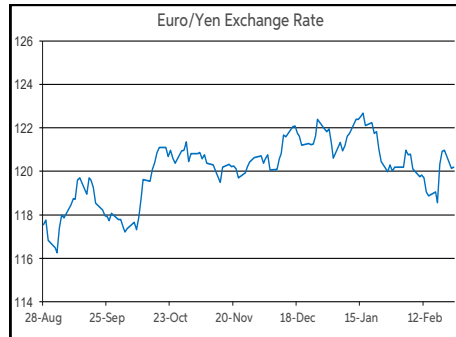
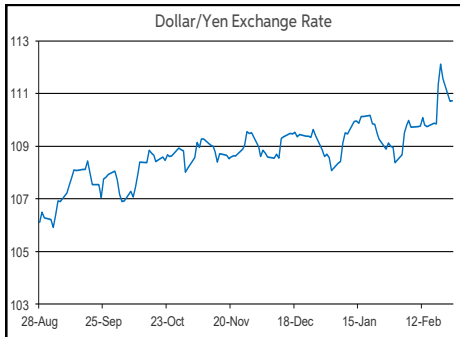


Opening Levels

Tuesday 25 February 2020
07:27 am



Euro		Sterling		Dollar	
EUR/GBP	0.8388	GBP/EUR	1.1916	USD/JPY	110.74
EUR/USD	1.0852	GBP/USD	1.2936	USD/CAD	1.3284
EUR/JPY	120.18	GBP/CAD	1.7185	USD/CHF	0.9791
EUR/SEK	10.549	GBP/NZD	2.041	USD/CNY	7.0151
EUR/DKK	7.4705	GBP/JPY	143.24	USD/BRL	4.3878
EUR/NOK	10.1365	GBP/SEK	12.5747	USD/RUB	64.8186
EUR/CHF	1.0626	GBP/DKK	8.9028	USD/INR	71.853
EUR/AUD	1.6409	GBP/NOK	12.0753	AUD/USD	0.6613
EUR/HKD	8.4504	GBP/CHF	1.2669	NZD/USD	0.6335
EUR/CAD	1.4417	GBP/AUD	1.9559		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.37	-10	-24	-55
Germany	-0.48	-5	-9	-29
UK	0.53	-3	+3	-29
Ireland	-0.20	-2	-5	-29
Belgium	-0.18	-3	-3	-26
France	-0.24	-3	-11	-36
Italy	0.96	+6	-7	-41
Spain	0.20	-1	-7	-26
Portugal	0.15	-1	-10	-27
Greece	0.96	+4	-16	-45
5 Year Swap %				
US	1.16	-15	-27	-55
Eurozone	-0.33	-3	-7	-21
UK	0.63	-7	+0	-26
2 Year Swap %				
US	1.25	-12	-22	-45
Eurozone	-0.39	-3	-6	-10
UK	0.64	-6	+3	-17
10 Year Government Bond Spreads to Benchmark bps				
Ireland	29	+3	+5	+1
Belgium	31	+2	+6	+4
France	24	+2	-2	-6
Italy	144	+11	+3	-12
Spain	68	+3	+2	+4
Portugal	63	+4	-1	+3
Greece	145	+9	-7	-15

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	56.3	-3.76	-5.09	-14.70
West Texas Oil	51.36	-3.75	-3.26	-16.00
Gold \$	1661.0	+1.03	+4.98	+9.44

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