

## Virus fears prompt some risk aversion

There was a risk averse tone to proceedings on financial markets yesterday. This was due to heightened concerns over the spreading of the Coronavirus that originated in China.

The 'risk off' mood was evident on equity markets, where all the major indices fell. In Europe, the Euro Stoxx 50 was over 2.5% lower. At the closing bell on Wall Street last night, the S&P 500 was down c.1.5% on the day. Meanwhile, bond yields fell as investors sought out safe havens amid the reduction in risk appetite.

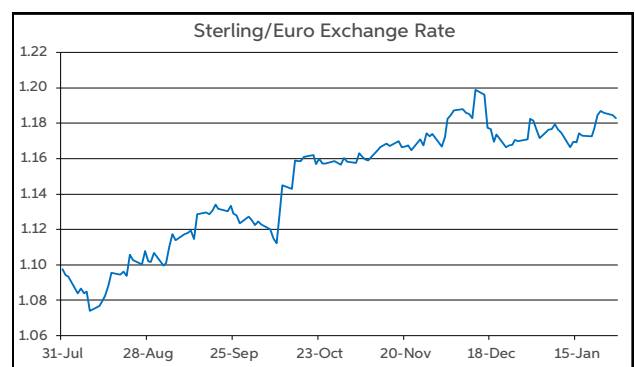
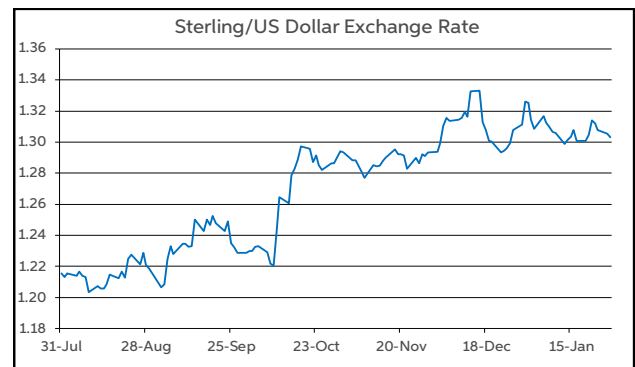
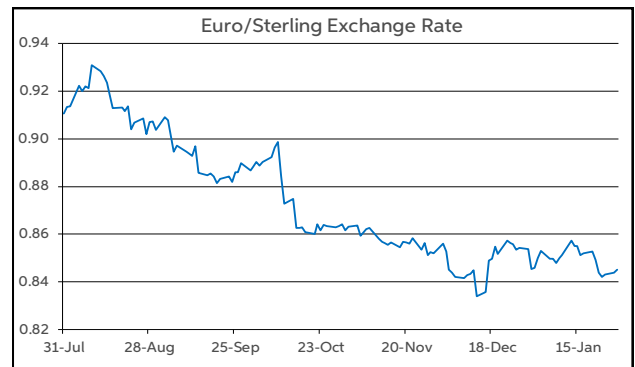
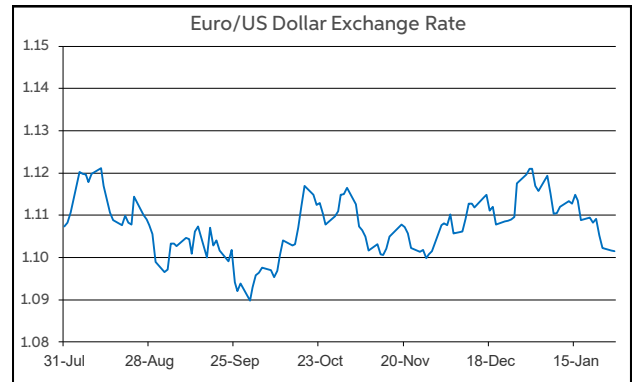
On the currency front, the action was much more subdued and remained confined to relatively narrow ranges. There was no major crossover from the risk averse mood elsewhere in terms of demand for safe haven currencies.

Meantime, the data calendar was fairly quiet. The main highlight was the German Ifo for January. It surprised to the downside of expectations (95.9 versus f'cast for 97). However, it had no noticeable impact in the euro.

As trading gets underway this morning, the main pairs are trading broadly similar to 24 hours earlier. In level terms, EUR/USD remains pinned down in the lower half of \$1.10-1.11 and EUR/GBP continues to trade near to the midpoint of 84-85p. Elsewhere, GBP/USD remains within the \$1.30-1.31 band.

Today, the data schedule is US centric (durables good and consumer sentiment), but the releases are not expected to have much dollar impact. Instead, the focus for markets will likely remain on the concerns over the Coronavirus. This could provide a supportive backdrop for safe haven currencies, such as the dollar and the yen, though the impact to-date has been limited.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1014	-0.14	-1.75
EUR/GBP	0.845	0.06	-0.05
GBP/USD	1.3031	-0.21	-1.72
GBP/EUR	1.1828	-0.06	0.05
USD/JPY	109.07	0.03	0.42
EUR/JPY	120.14	-0.11	-1.39

\* 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	1.65	1.77	1.84	1.50	1.44
EUR	0.00	-0.45	-0.39	-0.26	-0.34	-0.26
GBP	0.75	0.62	0.69	0.79	0.60	0.62

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

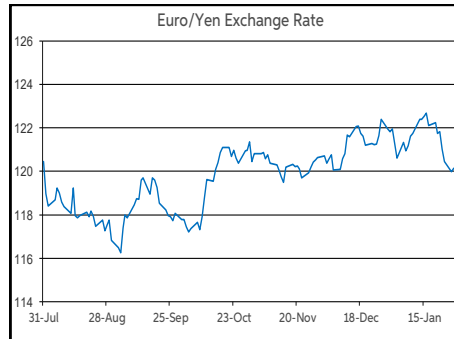
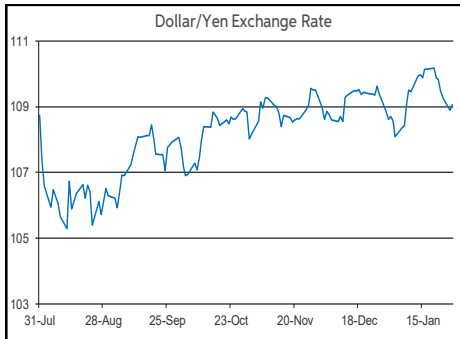
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

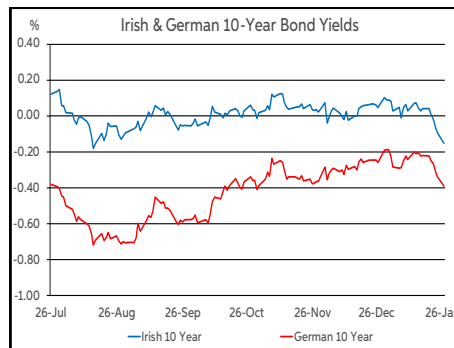
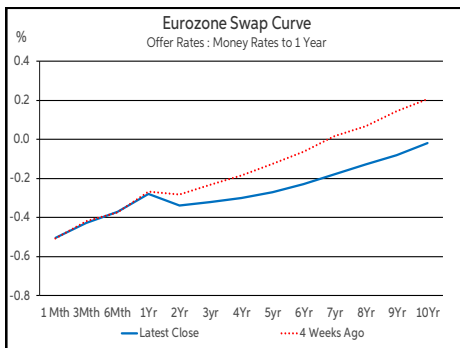
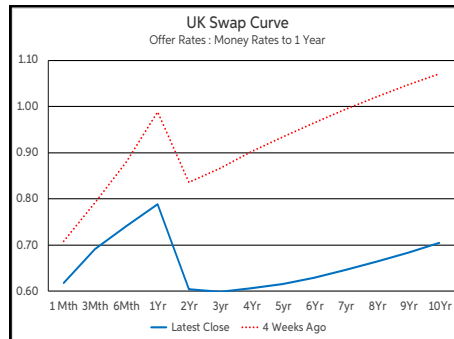
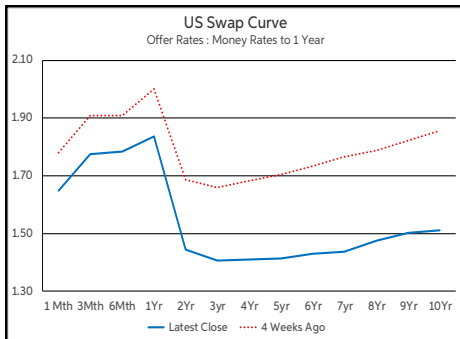
Tuesday 28 January 2020  
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.845	GBP/EUR	1.1828	USD/JPY	109.07
EUR/USD	1.1014	GBP/USD	1.3031	USD/CAD	1.3183
EUR/JPY	120.14	GBP/CAD	1.7182	USD/CHF	0.9707
EUR/SEK	10.5981	GBP/NZD	1.9924	USD/CNY	6.9364
EUR/DKK	7.4725	GBP/JPY	142.13	USD/BRL	4.2074
EUR/NOK	10.0617	GBP/SEK	12.5333	USD/RUB	62.7264
EUR/CHF	1.0694	GBP/DKK	8.839	USD/INR	71.33
EUR/AUD	1.6303	GBP/NOK	11.9018	AUD/USD	0.6755
EUR/HKD	8.5653	GBP/CHF	1.2651	NZD/USD	0.6538
EUR/CAD	1.4523	GBP/AUD	1.9288		



Debt Markets				
	Close	Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.61	-7	-27	-31
Germany	-0.39	-5	-20	-20
UK	0.50	-6	-36	-32
Ireland	-0.15	-6	-26	-24
Belgium	-0.15	-5	-23	-23
France	-0.13	-5	-24	-25
Italy	1.03	-19	-37	-35
Spain	0.27	-7	-18	-19
Portugal	0.26	-7	-17	-16
Greece	1.12	-17	-29	-29
<b>5 Year Swap %</b>				
US	1.41	-10	-29	-30
Eurozone	-0.27	-6	-15	-15
UK	0.62	-5	-32	-28
<b>2 Year Swap %</b>				
US	1.45	-10	-24	-25
Eurozone	-0.34	-3	-6	-5
UK	0.60	-3	-23	-21
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	24	-1	-6	-4
Belgium	24	+1	-3	-3
France	26	+0	-4	-5
Italy	142	-14	-17	-15
Spain	66	-2	+2	+2
Portugal	65	-2	+3	+4
Greece	151	-12	-9	-8



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	59.32	-2.26	-13.33	-10.12
West Texas Oil	53.09	-1.85	-13.90	-13.17
Gold \$	1582.2	+0.72	+4.42	+4.25

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