

## Risk appetite recovers

There was an improvement in risk appetite yesterday as it appeared concerns about the Coronavirus abated somewhat (although sentiment is likely to remain sensitive to newsflow on the issue). This 'risk on' mood was reflected in equity markets registering gains following their falls the previous day. At the close on Wall Street, the S&P 500 was up by 1% on the day.

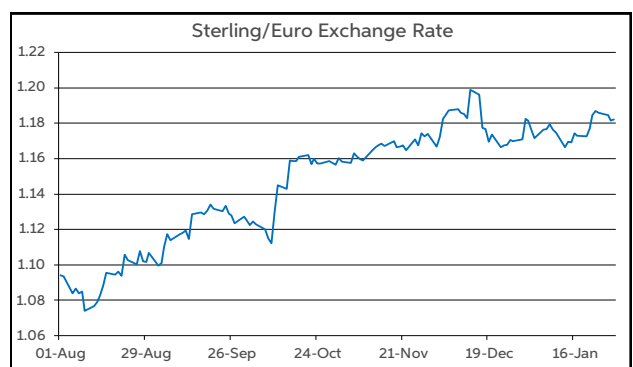
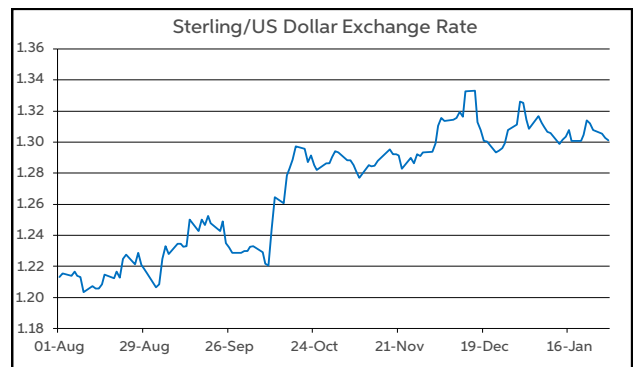
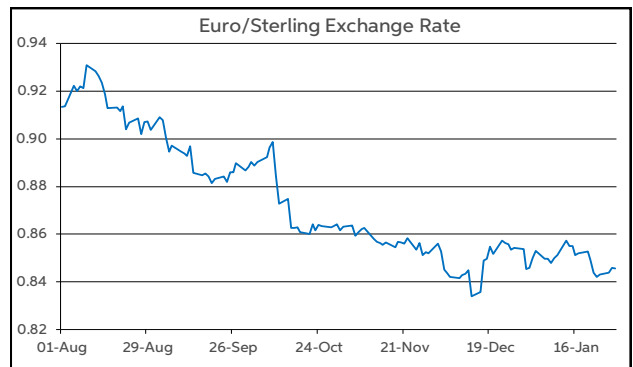
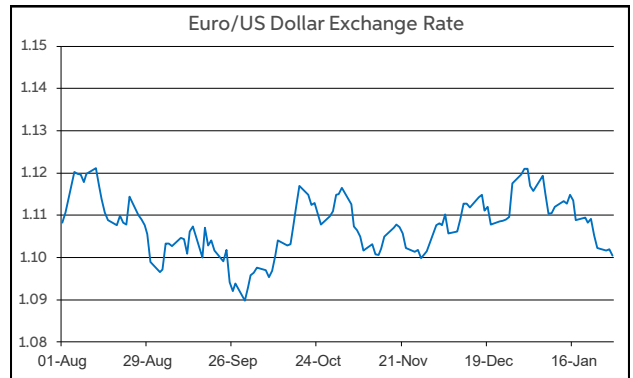
Meanwhile, once again, the action on currency markets remained confined to narrow trading ranges. Data-wise, the main releases were from the US diary. Overall, it was a mixed bag of results. Core durable goods orders fell unexpectedly in December. On the other hand, the Conference Board measure of consumer confidence for January surprised to the upside of forecasts, recording a larger than anticipated increase in the month. However, the dollar showed minimal interest/reaction to the second tier data.

So as trading gets underway this morning, of the limited FX action to register over the past 24 hours, sterling is holding a slightly softer tone. This is evident in EUR/GBP opening up at the midpoint of 84-85p. At the same time, cable (GBP/USD) has edged back down towards the \$1.30 level. Elsewhere, EUR/USD remains pinned down near to the \$1.10 level.

Today, the Fed will conclude (after close in Europe) its January policy meeting. However, it will likely be a non-event for the dollar, with no changes to rates anticipated. The market is still looking for another 25bps of easing by end-year, but Chair Powell has been indicating that the central bank is on hold in the near-term.

Elsewhere there is little data out to influence either sterling or the euro today. Sterling may experience some volatility with tomorrow's much anticipated BoE meeting looming on the horizon.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1005	-0.15	-1.83
EUR/GBP	0.8456	0.20	0.02
GBP/USD	1.3011	-0.34	-1.87
GBP/EUR	1.182	-0.20	-0.02
USD/JPY	109.06	0.04	0.41
EUR/JPY	120.05	-0.08	-1.46

\* 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	1.83	1.51	1.46
EUR	0.00	-0.45	-0.40	-0.26	-0.33	-0.24
GBP	0.75	0.62	0.69	0.80	0.64	0.66

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

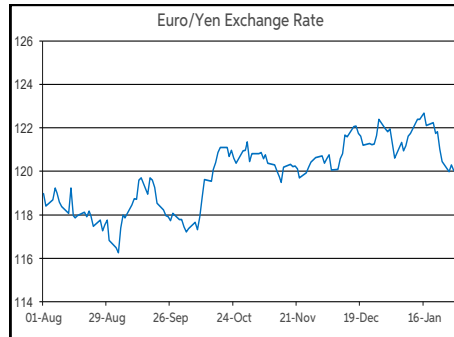
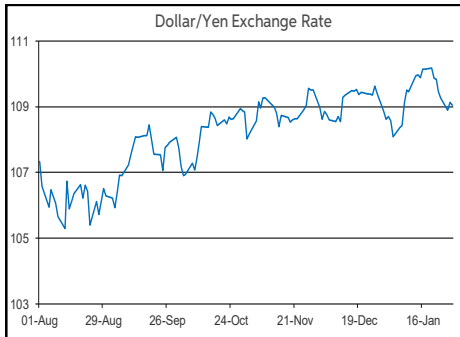
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

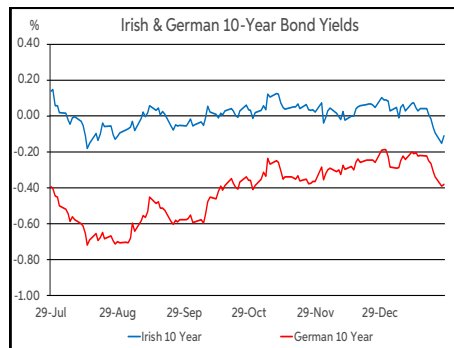
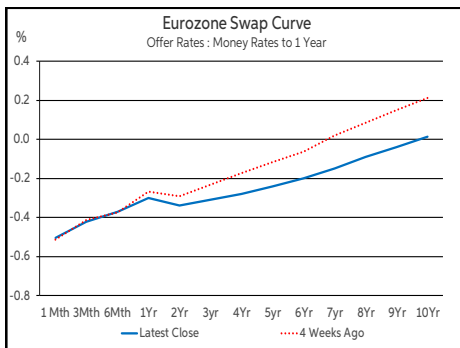
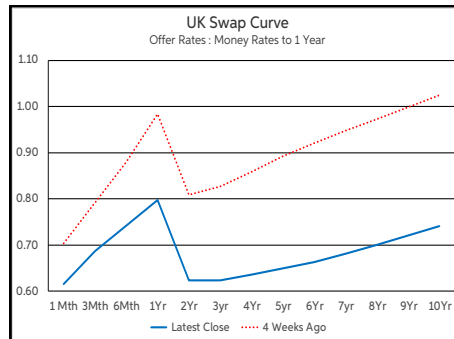
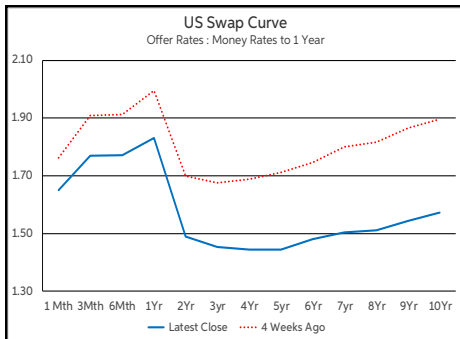
Wednesday 29 January 2020  
07:26 am



Euro		Sterling		Dollar	
EUR/GBP	0.8456	GBP/EUR	1.182	USD/JPY	109.06
EUR/USD	1.1005	GBP/USD	1.3011	USD/CAD	1.3166
EUR/JPY	120.05	GBP/CAD	1.7134	USD/CHF	0.9742
EUR/SEK	10.584	GBP/NZD	1.9914	USD/CNY	6.9364
EUR/DKK	7.4726	GBP/JPY	141.9	USD/BRL	4.1947
EUR/NOK	10.042	GBP/SEK	12.5077	USD/RUB	62.355
EUR/CHF	1.0723	GBP/DKK	8.8341	USD/INR	71.24
EUR/AUD	1.627	GBP/NOK	11.8733	AUD/USD	0.6763
EUR/HKD	8.5524	GBP/CHF	1.2676	NZD/USD	0.6531
EUR/CAD	1.4493	GBP/AUD	1.9235		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.66	+5	-26	-26
Germany	-0.38	+1	-19	-19
UK	0.55	+4	-27	-27
Ireland	-0.11	+4	-20	-20
Belgium	-0.11	+4	-19	-19
France	-0.10	+4	-21	-21
Italy	1.02	-0	-35	-35
Spain	0.31	+4	-15	-15
Portugal	0.27	+1	-15	-15
Greece	1.13	+0	-28	-28
<b>5 Year Swap %</b>				
US	1.44	+2	-27	-27
Eurozone	-0.24	+2	-12	-12
UK	0.65	+2	-24	-24
<b>2 Year Swap %</b>				
US	1.49	+2	-21	-21
Eurozone	-0.34	-1	-5	-5
UK	0.62	+1	-19	-19
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	27	+3	-1	-1
Belgium	27	+3	+0	+0
France	29	+3	-2	-2
Italy	140	-1	-16	-16
Spain	69	+3	+4	+4
Portugal	65	+0	+4	+4
Greece	151	-0	-9	-9



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	59.51	+0.32	-9.83	-9.83
West Texas Oil	53.33	+0.45	-12.77	-12.77
Gold \$	1566.6	-0.99	+3.22	+3.22

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