

More nervy market backdrop

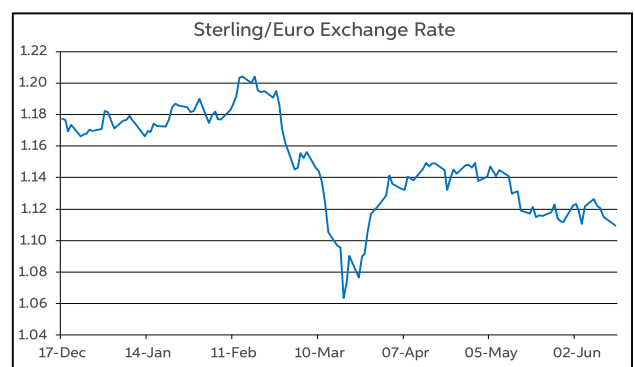
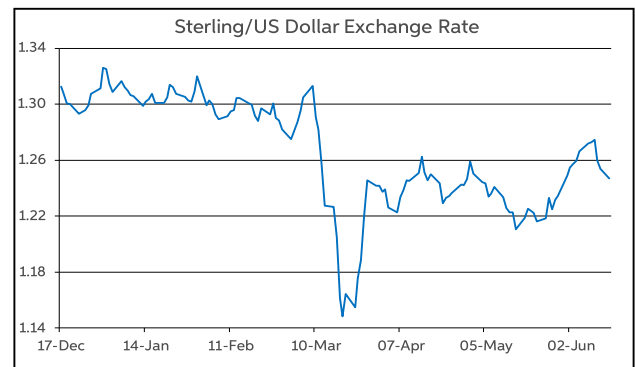
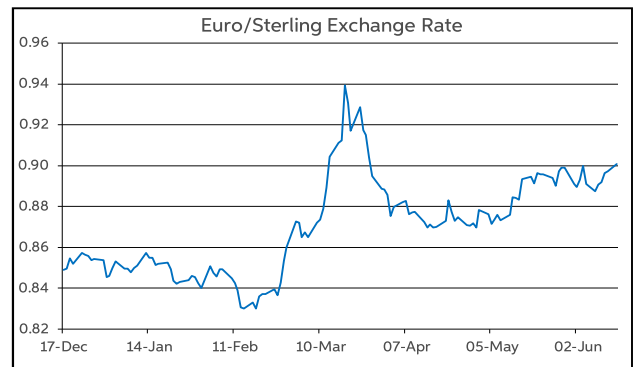
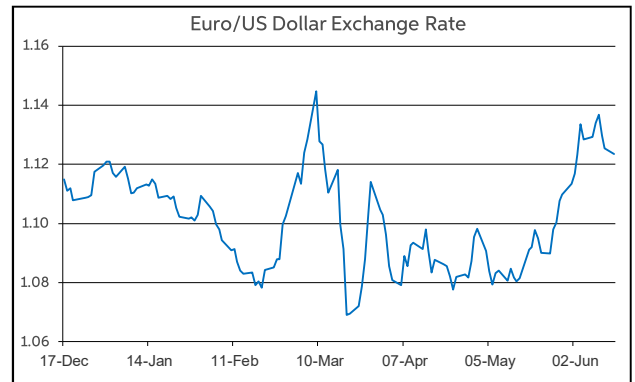
A feature of the trading on markets last week was the return of risk aversion. The downbeat economic assessment from both the Fed and OECD combined with growing concerns of a 'second wave' of Covid-19 in the US weighed on sentiment. It was also the case that markets were probably due some degree of a correction after the significant gains registered in the past 3 months. Despite recovering somewhat on Friday, the S&P 500 was still down over 4% on the week. Overnight, Asian stocks have fallen sharply on news of new Covid-19 cases emerging in China. Therefore, it could be another difficult week for equity markets.

There was some spill-over from the risk averse tone on other markets to currency markets. In this regard, sterling found itself under some downward pressure, while the dollar recovered some lost ground. EUR/USD starts this morning back below the \$1.13 level, having traded as high as \$1.142 last week. Cable (GBP/USD) opens down under the \$1.25 handle, having hit a peak last week above \$1.28. Meanwhile, EUR/GBP remains up close to 90p.

Ahead this week, it's a busy calendar for sterling. There is event risk from the BoE meeting where an expansion to its QE programme is expected. The raft of labour market data for April will start to show the impact of the lockdown. On the other hand, retail sales figures for May are expected to show some rebound.

For the dollar, there is also a packed diary. The data, including industrial production, retail sales, and housing starts will be looked to for signs of a pick-up in activity as restrictions are eased. There is also some headline risk for the dollar from Powell's semi-annual congressional testimony. Meanwhile, from a euro perspective, the macro schedule is very sparse this week.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1236	-0.52	0.23
EUR/GBP	0.9009	0.29	6.56
GBP/USD	1.2469	-0.82	-5.96
GBP/EUR	1.1094	-0.29	-6.16
USD/JPY	107.21	0.07	-1.29
EUR/JPY	120.47	-0.45	-1.12

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.20	0.32	0.29	0.28	0.37
EUR	0.00	-0.48	-0.37	-0.28	-0.32	-0.31
GBP	0.10	0.09	0.20	0.28	0.27	0.32

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

Monday 15 June 2020
07:20 am



Euro

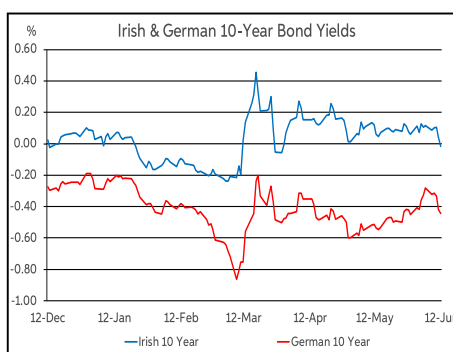
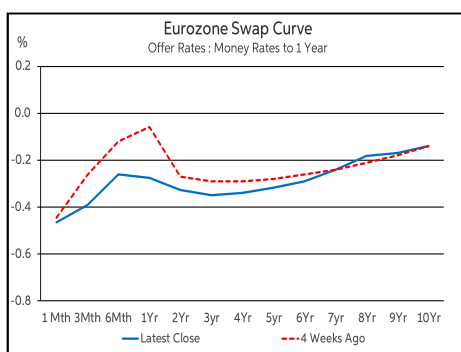
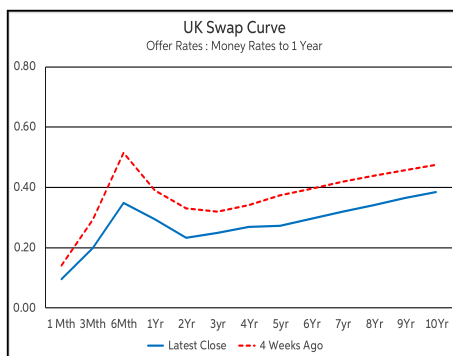
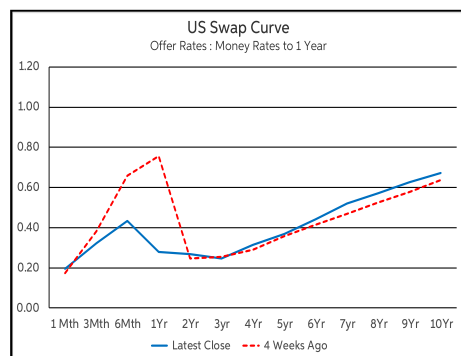
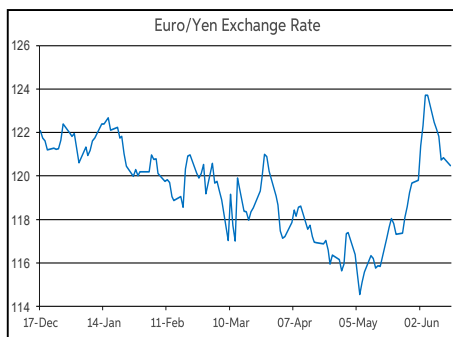
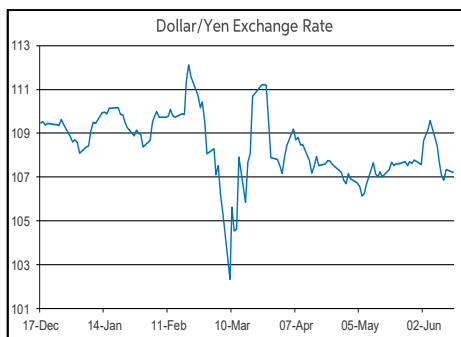
EUR/GBP	0.9009
EUR/USD	1.1236
EUR/JPY	120.47
EUR/SEK	10.5462
EUR/DKK	7.4551
EUR/NOK	10.968
EUR/CHF	1.0703
EUR/AUD	1.6535
EUR/HKD	8.7074
EUR/CAD	1.5355

Sterling

GBP/EUR	1.1094
GBP/USD	1.2469
GBP/CAD	1.704
GBP/NZD	1.9485
GBP/JPY	133.68
GBP/SEK	11.7044
GBP/DKK	8.2717
GBP/NOK	12.1673
GBP/CHF	1.1878
GBP/AUD	1.8348

Dollar

USD/JPY	107.21
USD/CAD	1.3664
USD/CHF	0.9525
USD/CNY	7.0949
USD/BRL	5.0511
USD/RUB	70.308
USD/INR	76.12
AUD/USD	0.6795
NZD/USD	0.6398



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.71	+4	+7	-121
Germany	-0.44	-3	+9	-25
UK	0.21	+1	-3	-62
5 Year Swap %				
US	0.37	+3	+5	-134
Eurozone	-0.32	-3	-3	-20
UK	0.27	-2	-9	-60
2 Year Swap %				
US	0.27	+1	+2	-139
Eurozone	-0.33	-2	-5	-3
UK	0.23	-3	-9	-56
10 Year Government Bond Spreads to Benchmark bps				
Ireland	47	-1	-16	+16
Belgium	39	-1	-20	+10
France	39	-2	-11	+9
Italy	186	-1	-53	+24
Spain	104	-1	-33	+39
Portugal	102	+0	-40	+39
Greece	171	-2	-87	+7

Commodities				
	Close	Day	4 Weeks	End 19
% Change				
Brent Oil	38.73	+0.47	+19.17	-41.32
West Texas Oil	36.24	-0.52	+23.10	-40.73
Gold \$	1729.8	+0.15	-0.65	+14.02

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