

## Improvement in risk appetite

There has been a mixed tone to investor sentiment over the past 24 hours. Risk assets started yesterday on the defensive as the weekend news of new Covid-19 outbreaks in China added to worries over a 'second wave'. This was reflected in declines on the main European equity indices, with the Euro Stoxx 50 falling -0.5%.

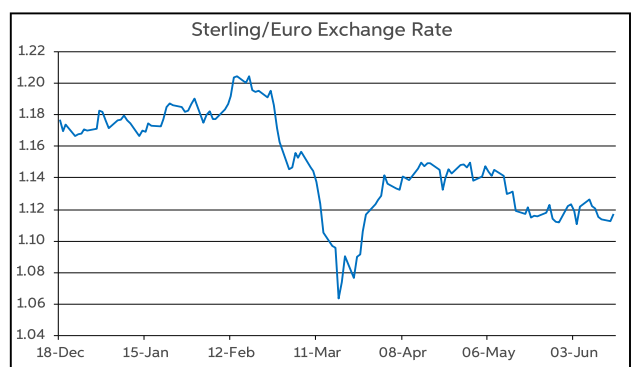
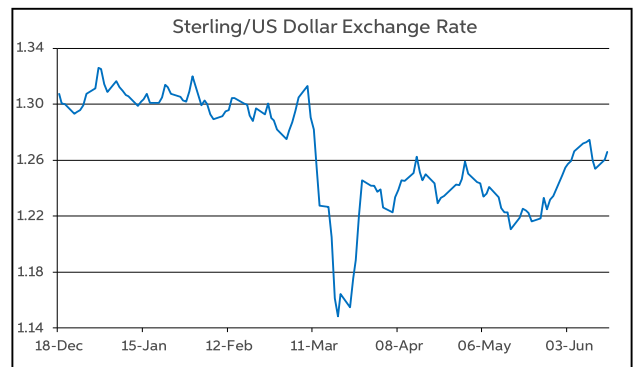
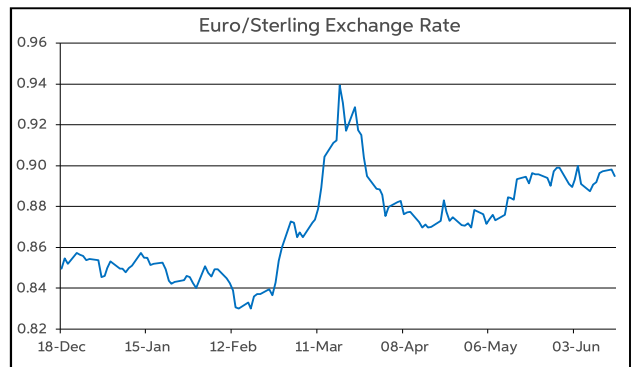
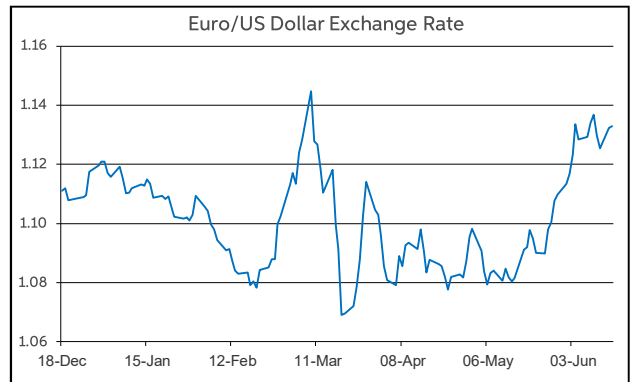
This 'risk-off' mood carried over onto the start on Wall Street. However, news that the Fed was improving how it would operate its 'corporate credit facility' acted as a boost to risk appetite. As a result, the S&P 500 closed last night with 0.8% gain. This 'risk-on' tone has gathered momentum overnight on Asia-Pacific markets.

On the currency front, the action has been confined to relatively tight ranges. An uneventful macro diary meant there were no data to provide direction. However, sterling has managed to reverse some of its recent slide, while the dollar has been somewhat softer.

In level terms, the firmer tone to sterling is reflected in GBP/USD recapturing the \$1.26 threshold and opens this morning in the upper half of \$1.26-1.27. Meanwhile, EUR/GBP has edged back down below the 90p mark. Elsewhere, EUR/USD has moved back up into \$1.13 territory.

In contrast to yesterday, there is a busy flow of data today. For sterling, we already got this morning a raft of labour market updates (three month period to April). These generally surprised to the upside of forecasts. This included the unemployment rate printing unchanged at 3.9% (f'cast for 4.7%). Dollar-wise, industrial production and retail sales (both May) will be looked to for signs of a rebound in activity. There is also some headline risk from Fed Chair Powell's congressional testimony.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.133	0.63	1.07
EUR/GBP	0.895	-0.50	5.87
GBP/USD	1.2661	1.17	-4.51
GBP/EUR	1.1171	0.50	-5.54
USD/JPY	107.5	0.40	-1.02
EUR/JPY	121.81	1.05	-0.02

\* 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	0.19	0.30	0.28	0.28	0.40
EUR	0.00	-0.48	-0.37	-0.27	-0.31	-0.29
GBP	0.10	0.09	0.19	0.27	0.26	0.31

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

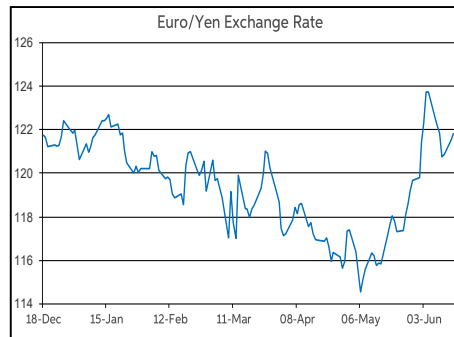
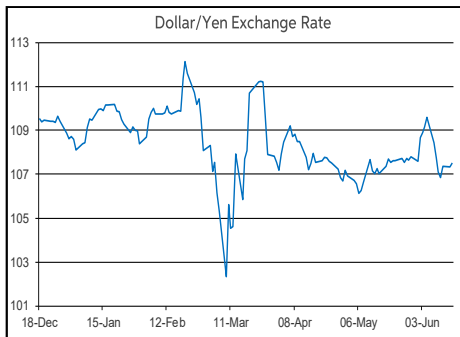
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

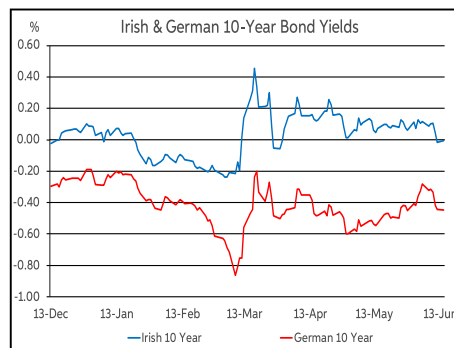
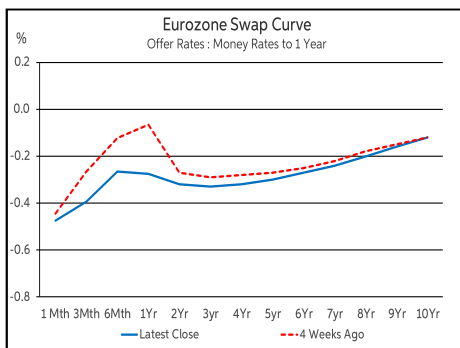
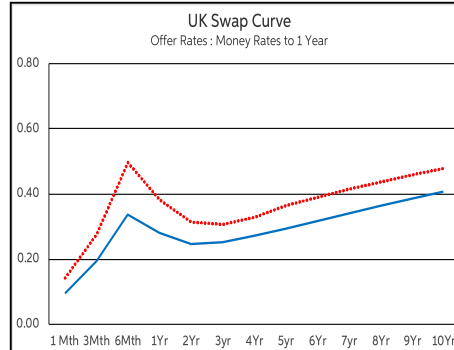
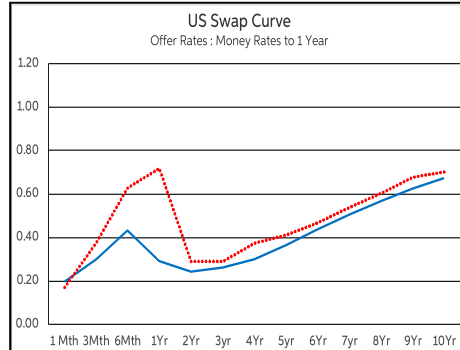
Tuesday 16 June 2020  
07:19 am



Euro		Sterling		Dollar	
EUR/GBP	0.8949	GBP/EUR	1.1171	USD/JPY	107.51
EUR/USD	1.133	GBP/USD	1.266	USD/CAD	1.3534
EUR/JPY	121.82	GBP/CAD	1.7136	USD/CHF	0.9495
EUR/SEK	10.491	GBP/NZD	1.9552	USD/CNY	7.0744
EUR/DKK	7.4556	GBP/JPY	136.11	USD/BRL	5.1557
EUR/NOK	10.7342	GBP/SEK	11.7216	USD/RUB	69.4395
EUR/CHF	1.0759	GBP/DKK	8.3285	USD/INR	75.843
EUR/AUD	1.6325	GBP/NOK	11.99	AUD/USD	0.694
EUR/HKD	8.7805	GBP/CHF	1.2021	NZD/USD	0.6473
EUR/CAD	1.5329	GBP/AUD	1.824		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.72	+1	-1	-120
Germany	-0.44	-1	+3	-26
UK	0.21	+0	-5	-62
Ireland	0.01	-2	-14	-11
Belgium	-0.05	+1	-12	-14
France	-0.04	-0	-4	-17
Italy	1.41	-1	-30	-2
Spain	0.57	-4	-24	+10
Portugal	0.56	-2	-30	+11
Greece	1.20	-7	-80	-25
<b>5 Year Swap %</b>				
US	0.36	-1	-2	-134
Eurozone	-0.30	+0	-2	-18
UK	0.29	+1	-6	-58
<b>2 Year Swap %</b>				
US	0.24	-2	-1	-142
Eurozone	-0.32	+0	-4	-2
UK	0.25	+0	-6	-55
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	46	-1	-16	+15
Belgium	40	+1	-15	+12
France	40	+1	-7	+9
Italy	185	-1	-33	+24
Spain	101	-3	-27	+36
Portugal	100	-2	-33	+37
Greece	165	-7	-82	+0



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	39.72	+2.56	+14.11	-39.82
West Texas Oil	37.07	+2.29	+16.46	-39.37
Gold \$	1724.6	-0.30	-0.43	+13.68

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