

Risk aversion amid rising US Covid cases

Markets adopted a risk averse tone yesterday. This reflected concerns over the sharp rise in new Covid-19 infections in the US. The IMF's downgrading of global growth this year (-4.9% vs forecast for -3.0% in April 2020) in its latest projections also likely acted as headwind. Sentiment has see-sawed this week, reflecting the still highly uncertain macro-economic environment.

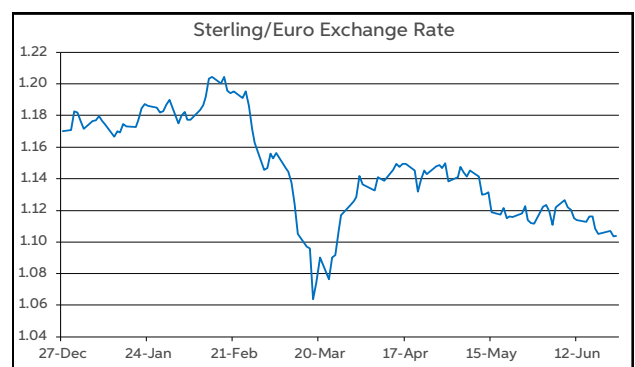
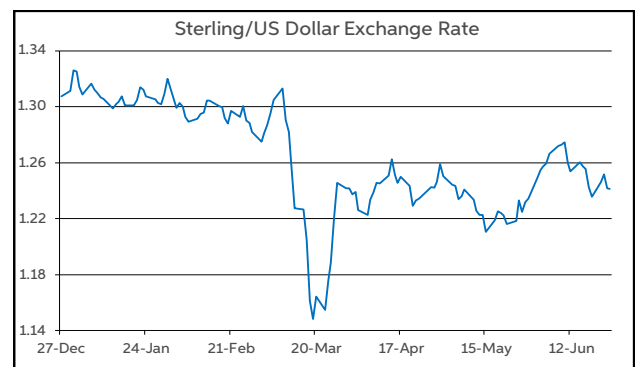
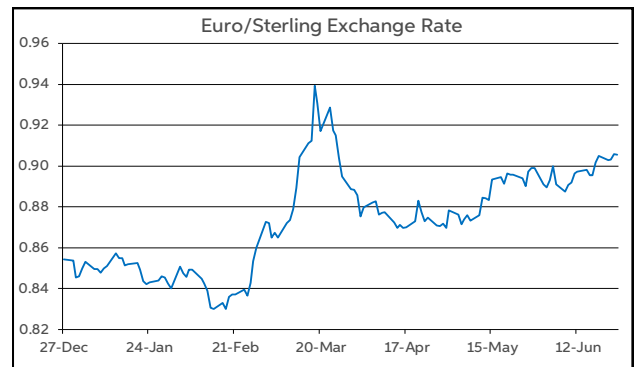
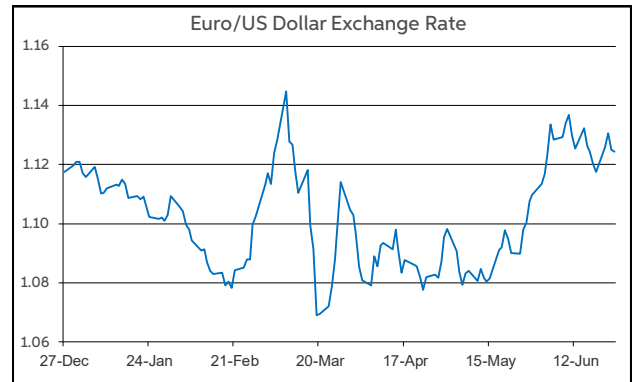
Against this backdrop, equities came under downward pressure. In Europe, the main indices finished the session down 3.0-3.5%. At the US close, the S&P 500 had fallen by 2.6%. The mood did not improve overnight, with the Nikkei 1.2% lower.

On currency markets, the dollar benefitted from the decline in risk appetite. This was reflected in EUR/USD moving back below the \$1.13 level, and it opens this morning near the midpoint of the \$1.12 -1.13 band. Meantime, cable (GBP/USD) is operating down close to the \$1.24 threshold. Elsewhere, the action in EUR/GBP remains muted, with the pair changing hands around the 90.5p mark.

Data-wise, there was a small upside surprise (86.2 vs f'cast 85) in the June print of the German Ifo. The reading added to the evidence that economic activity may be rebounding at a faster than expected pace. Notably, there was a sizeable jump in the 'future expectations' subcomponent.

Turning to the day ahead, the latest set of US initial weekly jobless claims will be of some interest. Markets will look to the data for signs of a further downshift in the pace of lay-offs, which remains stubbornly high. The release, though, is unlikely to be a source of significant direction for the dollar. More generally today, sentiment will remain sensitive to Covid related headlines.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1244	-0.62	0.30
EUR/GBP	0.9056	0.18	7.12
GBP/USD	1.2415	-0.77	-6.37
GBP/EUR	1.1038	-0.18	-6.65
USD/JPY	107.16	0.55	-1.34
EUR/JPY	120.52	-0.04	-1.08

* 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	0.18	0.28	0.26	0.26	0.37
EUR	0.00	-0.51	-0.41	-0.33	-0.36	-0.34
GBP	0.10	0.10	0.16	0.25	0.23	0.26

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

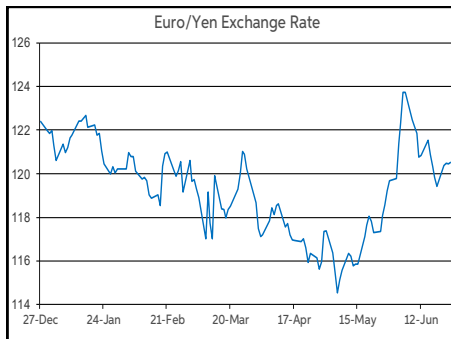
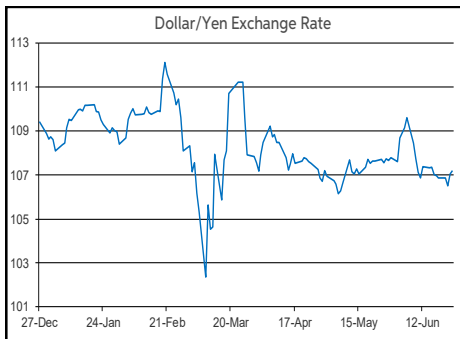
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

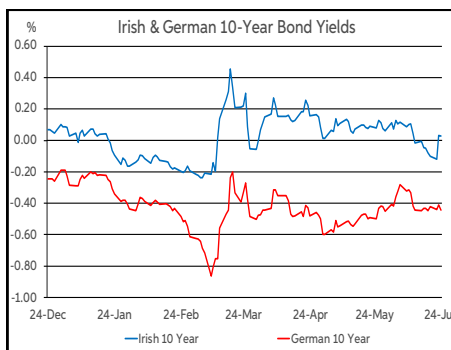
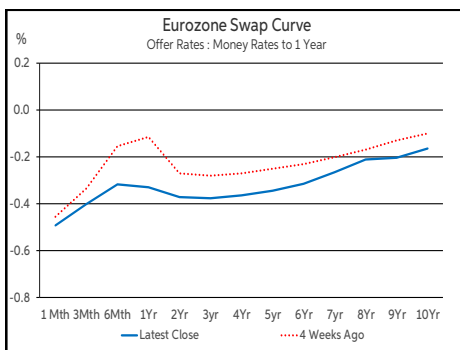
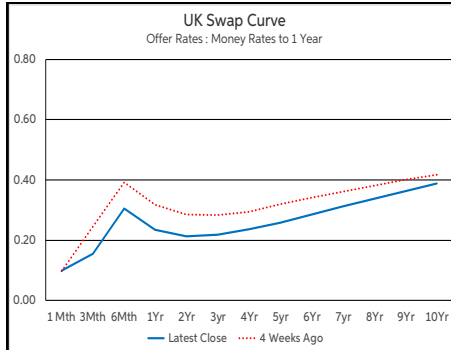
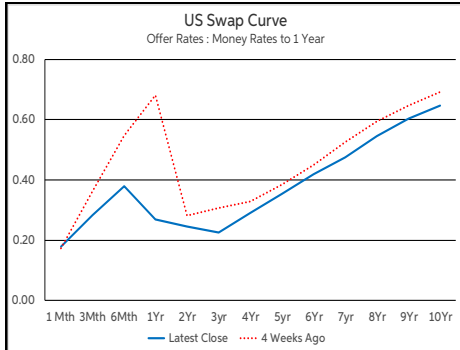
Thursday 25 June 2020
07:10 am



Euro		Sterling		Dollar	
EUR/GBP	0.9056	GBP/EUR	1.1038	USD/JPY	107.16
EUR/USD	1.1245	GBP/USD	1.2416	USD/CAD	1.3644
EUR/JPY	120.52	GBP/CAD	1.694	USD/CHF	0.9485
EUR/SEK	10.5332	GBP/NZD	1.9322	USD/CNY	7.077
EUR/DKK	7.4544	GBP/JPY	133.05	USD/BRL	5.3476
EUR/NOK	10.886	GBP/SEK	11.6277	USD/RUB	69.4975
EUR/CHF	1.0667	GBP/DKK	8.229	USD/INR	75.645
EUR/AUD	1.6369	GBP/NOK	12.0173	AUD/USD	0.6869
EUR/HKD	8.7143	GBP/CHF	1.1775	NZD/USD	0.6422
EUR/CAD	1.5337	GBP/AUD	1.8069		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.68	-4	-2	-124
Germany	-0.44	-3	-3	-25
UK	0.19	-3	-0	-64
5 Year Swap %				
US	0.36	+1	-3	-135
Eurozone	-0.34	-1	-8	-22
UK	0.26	+1	-5	-62
2 Year Swap %				
US	0.25	+2	-1	-142
Eurozone	-0.37	-0	-9	-8
UK	0.21	+1	-6	-58
10 Year Government Bond Spreads to Benchmark bps				
Ireland	49	+3	-8	+19
Belgium	32	+0	-15	+3
France	34	+1	-7	+3
Italy	178	+4	-13	+17
Spain	91	+2	-15	+26
Portugal	91	+1	-14	+28
Greece	172	+2	-28	+7



Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	40.31	-5.44	+16.03	-38.92
West Texas Oil	37.91	-6.16	+15.58	-37.99
Gold \$	1761.4	-0.29	+3.08	+16.11

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