

## Choppy trading, BoE cuts rates

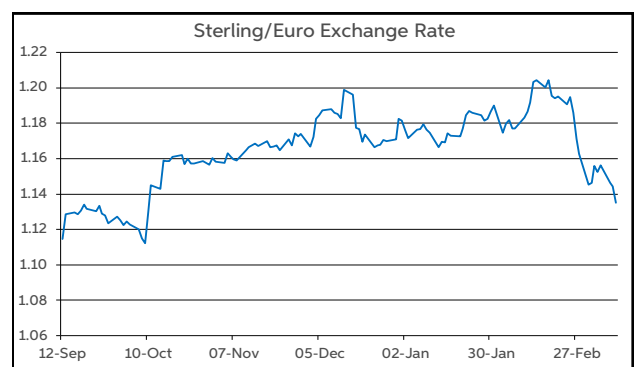
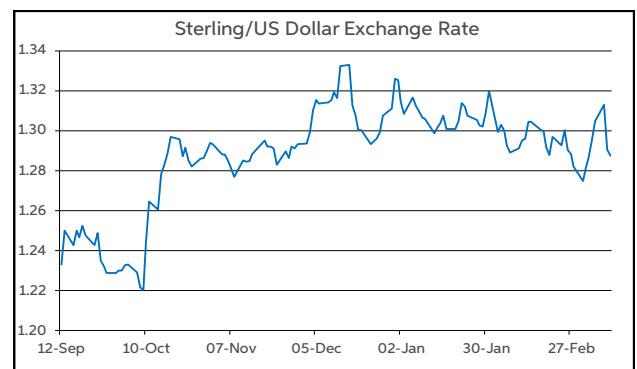
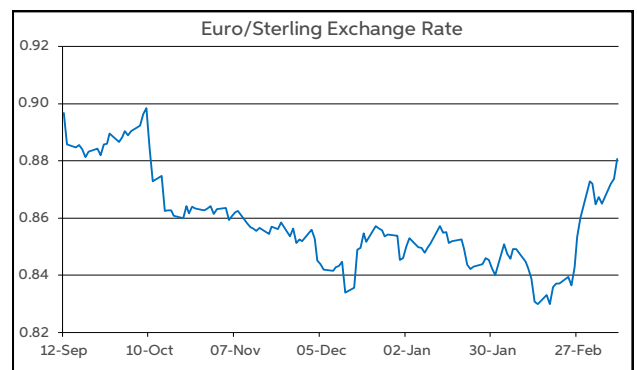
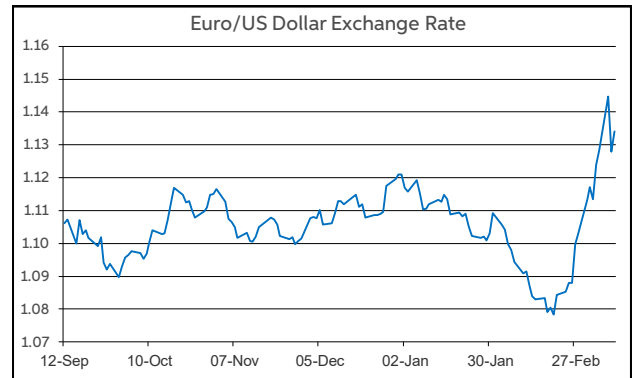
Yesterday, saw volatile trading conditions on nervous financial markets, highlighting the heightened sensitivity of sentiment to Coronavirus related newsflow. This was reflected in equity markets experiencing a number of directional changes on the day. Rising expectations of significant stimulus efforts (fiscal and monetary) to combat the economic challenges from the Coronavirus saw some improvement in investor sentiment to start the day. However, this faded over the course of the European session.

As a result, the main European indices finished the day in negative territory, with the Euro Stoxx 50 down 1.7%. However, a further bout of optimism on Wall Street later in the day helped the S&P 500 to eventually finish the day up 5%. However, overnight, risk aversion has dominated with the Nikkei falling 2.3%. It has been a similar story on bond markets with yields jumping around the place in nervous trading. Yields initially rose before falling again.

On the currency front, sterling found itself on the defensive for much of yesterday. This has gained some further momentum on the breaking news that the Bank of England has cut interest rates by 50bps to 0.25%, as well as introducing a new funding scheme for UK SMEs in an out-of-course meeting. EUR/GBP has moved up above the 88p level. Meanwhile, cable (GBP/USD) has fallen below the \$1.29 mark. Elsewhere, EUR/USD remains within the \$1.13-1.14 trading band.

Today, market attention will remain centred on Coronavirus developments and efforts to mitigate its impact. As a result, it is likely that volatility will continue to be a key feature of markets. In terms of scheduled events, a BoE press conference and the UK budget for 2020 provides some headline risk for sterling.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1341	0.02	1.17
EUR/GBP	0.8804	1.14	4.14
GBP/USD	1.2877	-1.12	-2.88
GBP/EUR	1.1351	-1.12	-3.98
USD/JPY	104.7	0.02	-3.60
EUR/JPY	118.74	0.01	-2.54

\* 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	0.81	0.78	0.79	0.52	0.63
EUR	0.00	-0.50	-0.47	-0.35	-0.50	-0.41
GBP	0.75	0.52	0.53	0.63	0.49	0.52

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

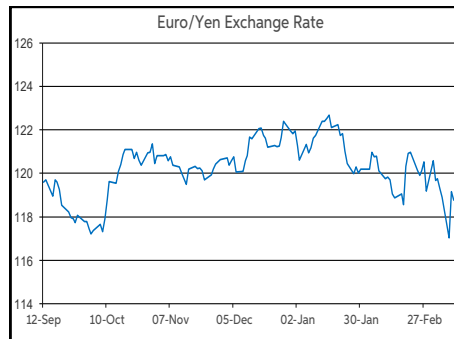
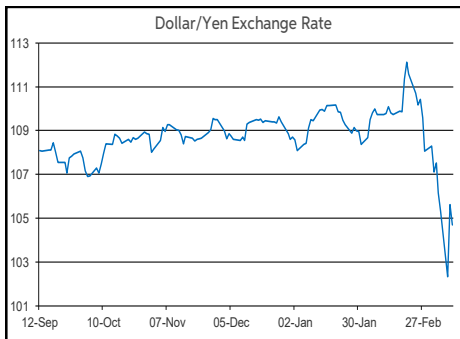
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

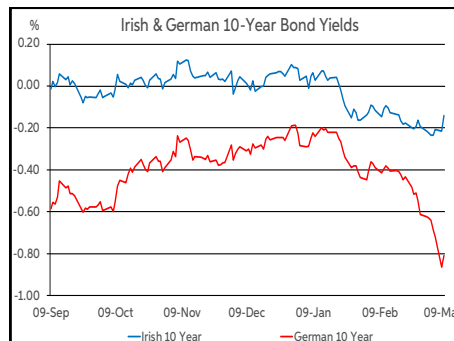
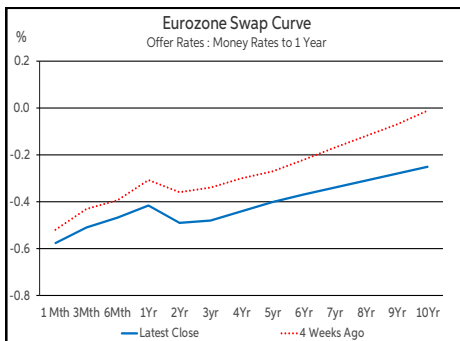
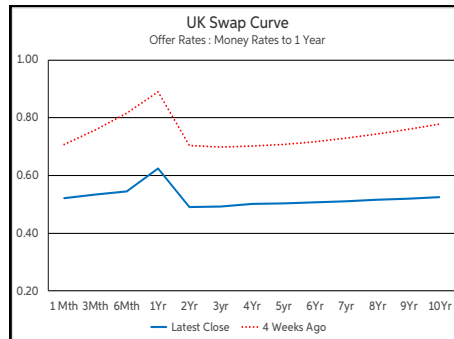
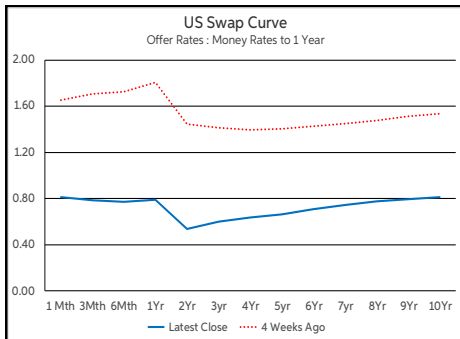
Wednesday 11 March 2020  
07:23 am



Euro		Sterling		Dollar	
EUR/GBP	0.8803	GBP/EUR	1.1356	USD/JPY	104.7
EUR/USD	1.1339	GBP/USD	1.2879	USD/CAD	1.3709
EUR/JPY	118.74	GBP/CAD	1.7659	USD/CHF	0.9342
EUR/SEK	10.752	GBP/NZD	2.0438	USD/CNY	6.9495
EUR/DKK	7.4727	GBP/JPY	134.82	USD/BRL	4.6425
EUR/NOK	10.8595	GBP/SEK	12.2076	USD/RUB	71.42
EUR/CHF	1.0595	GBP/DKK	8.4859	USD/INR	73.65
EUR/AUD	1.7418	GBP/NOK	12.3365	AUD/USD	0.6509
EUR/HKD	8.8079	GBP/CHF	1.2033	NZD/USD	0.6298
EUR/CAD	1.5549	GBP/AUD	1.9781		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.80	+24	-81	-112
Germany	-0.81	+5	-42	-62
UK	0.24	+8	-33	-58
<b>5 Year Swap %</b>				
US	0.66	+9	-74	-105
Eurozone	-0.40	+5	-13	-28
UK	0.50	+5	-20	-39
<b>2 Year Swap %</b>				
US	0.54	+6	-91	-116
Eurozone	-0.49	-1	-13	-20
UK	0.49	+4	-21	-32
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	67	+2	+38	+39
Belgium	56	+3	+25	+29
France	51	+3	+26	+20
Italy	215	-11	+79	+59
Spain	115	+3	+49	+50
Portugal	121	+4	+57	+61
Greece	237	-32	+97	+77



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	37.22	+8.32	-31.09	-43.61
West Texas Oil	34.47	+11.01	-31.06	-43.62
Gold \$	1649.7	-1.85	+5.21	+8.69

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