

ECB expected to cut rates today

The action on markets yesterday was once again volatile. This was despite announcements by some countries of fiscal and monetary stimulus measures to counteract the impact of the coronavirus. Despite Budget 2020 containing sizeable increases in government spending, UK equities still moved lower on the day. In Europe, the introduction of similar measures in Italy also had a negligible impact on the Euro Stoxx 50 (-0.2%).

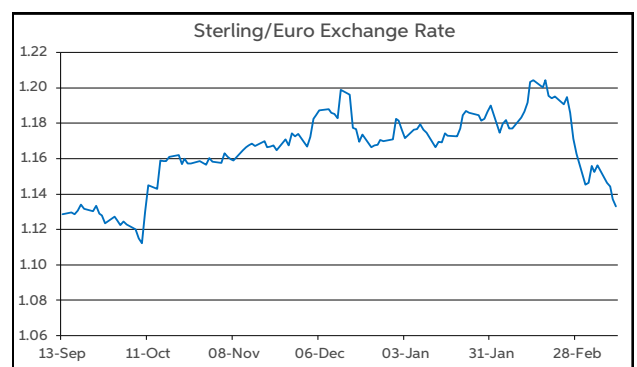
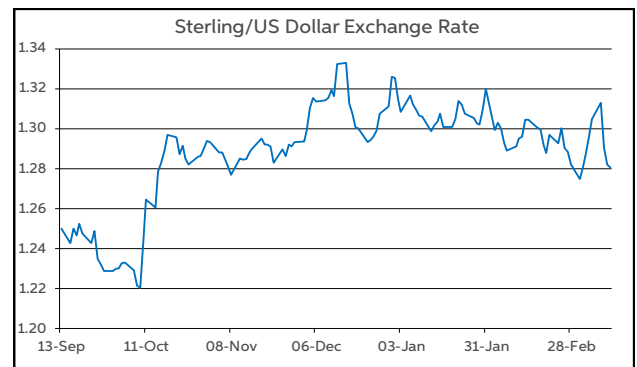
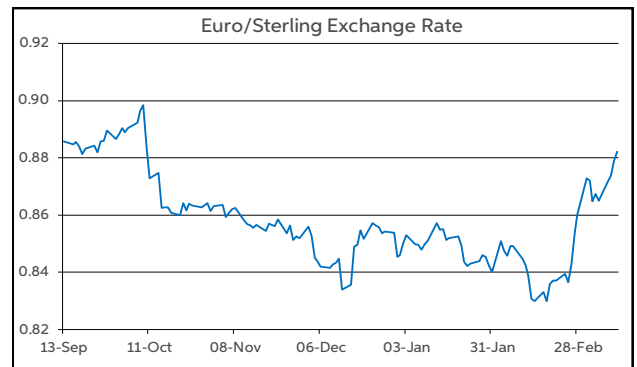
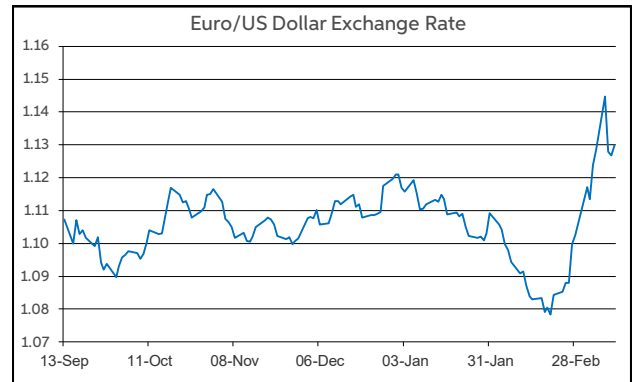
The S&P 500 fell by a sharp 4.9%, though this followed a late rally on Wall Street on Tuesday night, which was not mirrored elsewhere. Investors were spooked by the lack of details surrounding the expected US fiscal stimulus measures. Additionally, the WHO labelling the outbreak a pandemic and the announcement of restrictive containment measures in the US and Europe weighed on sentiment. Overnight, the Nikkei fell by 4.4%.

FX-wise, trading in sterling has remained choppy, with the currency losing some ground in the past 24 hours. EUR/GBP opens above 88p, while cable (GBP/USD) is trading down at \$1.28. Meantime, EUR/USD has moved back to the \$1.13 threshold ahead of today's ECB meeting.

The central bank is expected to announce a 10-15bps cut to rates. A sharp decline in periphery Eurozone bond yields yesterday suggests an increase in the size of the QE programme is also anticipated. We may see an easing of the terms of TLTRO 3 too. Today's meeting poses significant event risk for the euro.

Overall, markets are likely to remain highly sensitive to coronavirus developments today. Given the newsflow overnight, it could be another volatile day of trading.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.13	-0.43	0.80
EUR/GBP	0.8822	0.51	4.35
GBP/USD	1.2807	-0.94	-3.41
GBP/EUR	1.1333	-0.51	-4.17
USD/JPY	103.86	-0.29	-4.37
EUR/JPY	117.37	-0.72	-3.66

* 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	0.80	0.77	0.75	0.44	0.64
EUR	0.00	-0.51	-0.48	-0.36	-0.51	-0.42
GBP	0.75	0.26	0.38	0.52	0.42	0.50

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

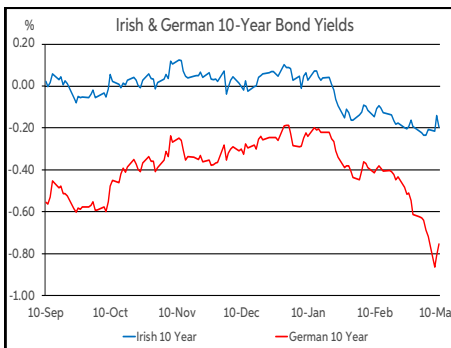
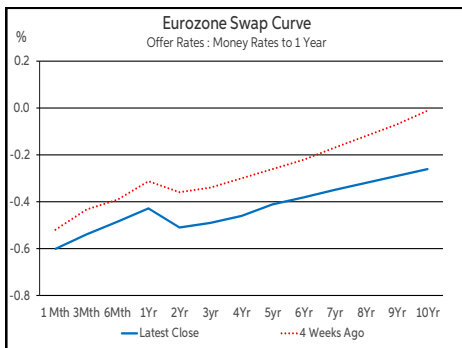
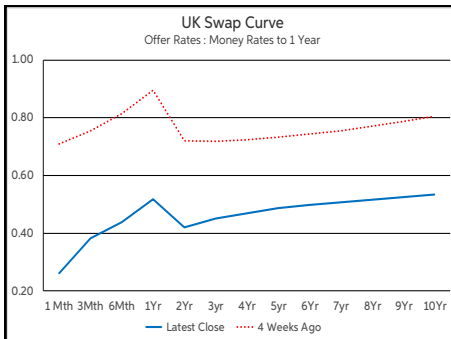
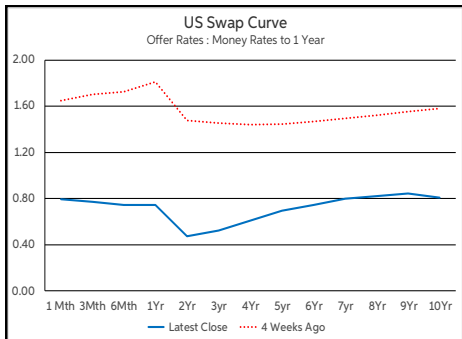
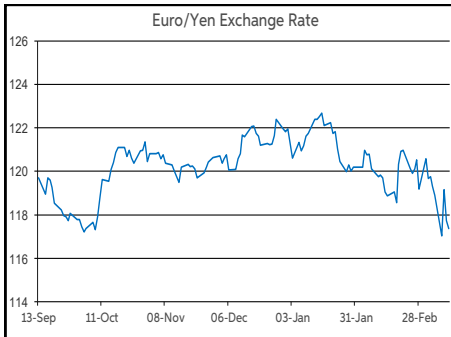
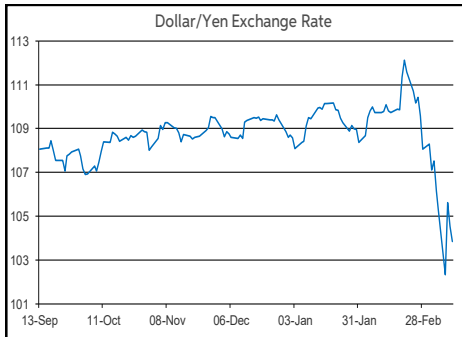
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 12 March 2020
07:17 am



Euro		Sterling		Dollar	
EUR/GBP	0.8822	GBP/EUR	1.1333	USD/JPY	103.86
EUR/USD	1.13	GBP/USD	1.2807	USD/CAD	1.3772
EUR/JPY	117.37	GBP/CAD	1.764	USD/CHF	0.9346
EUR/SEK	10.7764	GBP/NZD	2.0453	USD/CNY	6.9815
EUR/DKK	7.472	GBP/JPY	133.01	USD/BRL	4.8136
EUR/NOK	11.0543	GBP/SEK	12.2097	USD/RUB	73.78
EUR/CHF	1.0562	GBP/DKK	8.4669	USD/INR	74.12
EUR/AUD	1.7515	GBP/NOK	12.53	AUD/USD	0.645
EUR/HKD	8.7813	GBP/CHF	1.1972	NZD/USD	0.6258
EUR/CAD	1.5563	GBP/AUD	1.9857		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.87	+8	-76	-104
Germany	-0.75	+6	-37	-57
UK	0.29	+5	-32	-53
5 Year Swap %				
US	0.70	-3	-75	-102
Eurozone	-0.41	-2	-15	-29
UK	0.49	-3	-25	-40
2 Year Swap %				
US	0.47	-10	-101	-123
Eurozone	-0.51	-3	-15	-22
UK	0.42	-8	-30	-39
10 Year Government Bond Spreads to Benchmark bps				
Ireland	56	-11	+27	+28
Belgium	48	-8	+19	+21
France	43	-8	+19	+12
Italy	191	-24	+63	+35
Spain	99	-16	+31	+34
Portugal	109	-12	+47	+48
Greece	224	-13	+93	+64

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	35.79	-3.84	-35.85	-45.77
West Texas Oil	33.13	-3.89	-35.20	-45.81
Gold \$	1635.5	-0.86	+4.44	+7.76

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