

Traumatic Thursday

Fresh announcements on restriction measures to halt the spread of the coronavirus pummelled equity markets yesterday. The FTSE 100 fell by 10.9%, its worst daily performance since Black Monday in 1987. Similarly, the Euro Stoxx 50 dropped by 12.4%. In the US, the S&P 500 entered bear market territory. At the close on Wall Street, the index was down by 9.5%. Overnight, while markets rose from their lows, they finished down, with the Nikkei losing 6.1%.

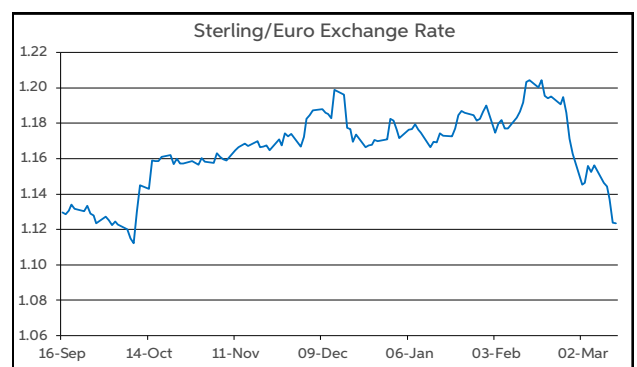
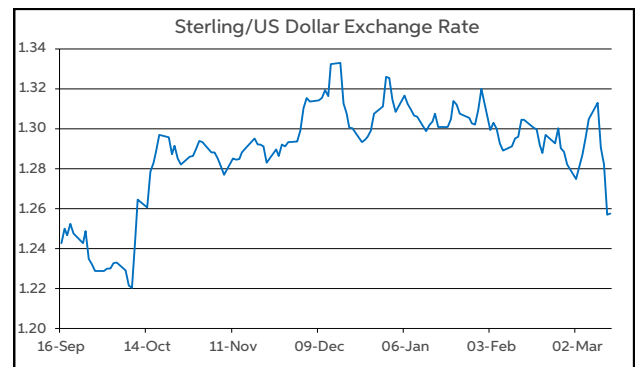
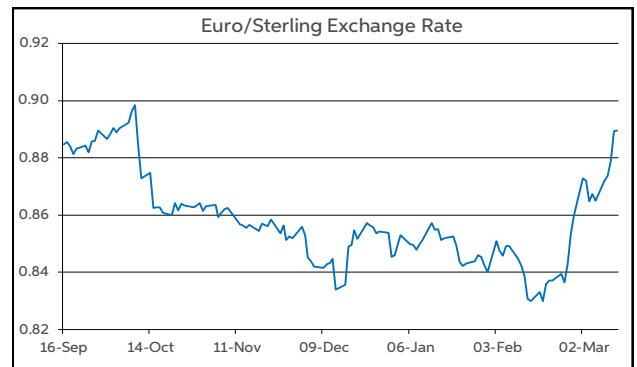
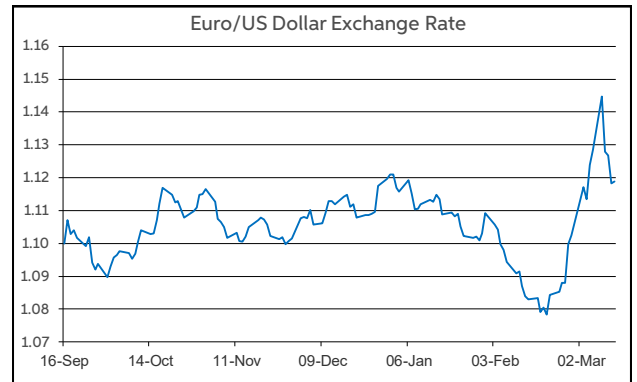
On the monetary policy front, the ECB disappointed markets with its stimulus package. While the terms of the TLTRO 3 programme were eased considerably, the deposit rate was left unchanged at -0.5% and the increase in the central bank's QE programme was less than had been anticipated. Rate cut expectations have been scaled back as a result, while periphery bond yields have risen.

Meantime, the Fed indicated that it will restart QE-type purchases. The central bank will buy \$60bn of Treasuries across the curve in the next month. This may continue indefinitely. Sizeable liquidity injections were also introduced. However, the announcement prompted only a temporary respite in the sell-off in US equities.

FX-wise, the US currency has seen buying over the past 24 hours in the volatile trading environment amid reports of strong demand for dollar funding. EUR/USD has moved back below the \$1.12 level, while GBP/USD is operating down near \$1.255 mark. Sterling weakness sees EUR/GBP trading up at 89p.

Today, we expect another volatile of action on financial markets. Investors will remain alert to coronavirus related headlines and efforts to counteract its spread. On currency markets, attention may remain focussed on dollar funding conditions.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1189	-0.92	-0.19
EUR/GBP	0.8895	1.00	5.22
GBP/USD	1.2575	-1.90	-5.16
GBP/EUR	1.1237	-0.99	-4.96
USD/JPY	105.6	1.70	-2.77
EUR/JPY	118.19	0.80	-2.99

* 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	0.70	0.74	0.76	0.50	0.64
EUR	0.00	-0.50	-0.47	-0.34	-0.44	-0.30
GBP	0.75	0.27	0.46	0.61	0.51	0.58

All rates quoted are indicative market rates

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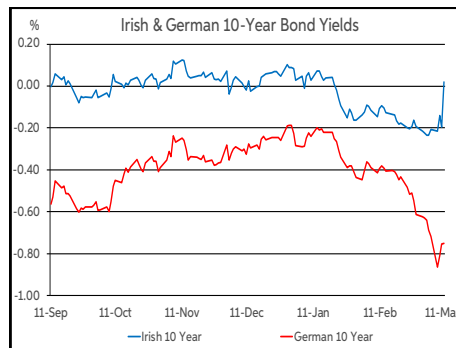
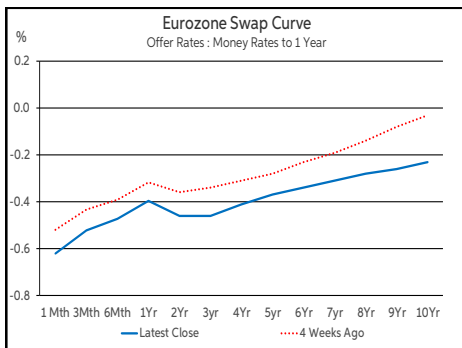
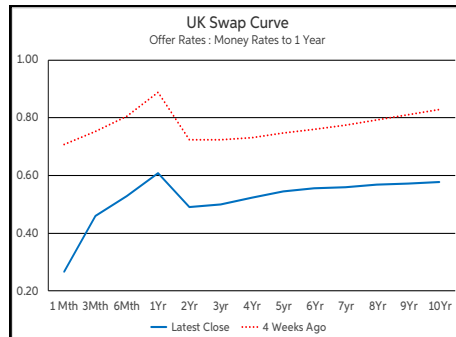
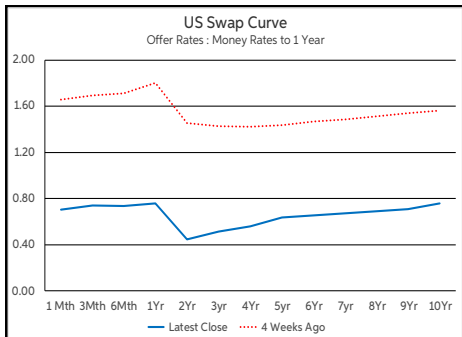
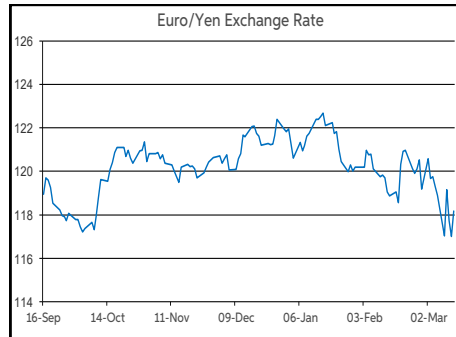
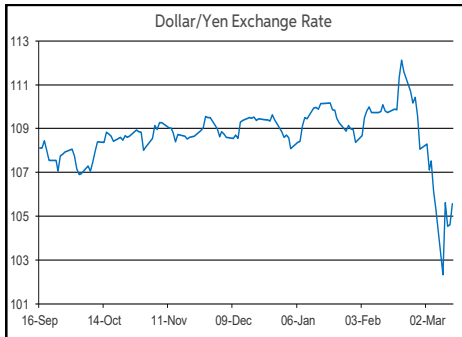
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Friday 13 March 2020
07:18 am



Euro		Sterling		Dollar	
EUR/GBP	0.8895	GBP/EUR	1.1237	USD/JPY	105.6
EUR/USD	1.1189	GBP/USD	1.2575	USD/CAD	1.3859
EUR/JPY	118.19	GBP/CAD	1.7432	USD/CHF	0.9435
EUR/SEK	10.8545	GBP/NZD	2.0504	USD/CNY	6.9899
EUR/DKK	7.4728	GBP/JPY	132.82	USD/BRL	4.791
EUR/NOK	11.2701	GBP/SEK	12.2061	USD/RUB	73.4152
EUR/CHF	1.056	GBP/DKK	8.3976	USD/INR	73.92
EUR/AUD	1.7777	GBP/NOK	12.6652	AUD/USD	0.6293
EUR/HKD	8.6949	GBP/CHF	1.1868	NZD/USD	0.6132
EUR/CAD	1.5512	GBP/AUD	1.998		



Debt Markets				
	Close	Day	4 Weeks	End 19
10 Year Yield %				
US	0.81	-7	-81	-111
Germany	-0.75	+0	-36	-56
UK	0.26	-2	-38	-56
5 Year Swap %				
US	0.64	-10	-80	-108
Eurozone	-0.37	+3	-9	-25
UK	0.54	+4	-20	-35
2 Year Swap %				
US	0.45	-6	-101	-125
Eurozone	-0.46	+4	-10	-17
UK	0.49	+6	-23	-32
10 Year Government Bond Spreads to Benchmark bps				
Ireland	77	+21	+48	+49
Belgium	65	+18	+35	+38
France	58	+16	+34	+27
Italy	253	+62	+124	+96
Spain	122	+23	+54	+57
Portugal	140	+31	+78	+79
Greece	243	+19	+114	+83

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	33.22	-7.18	-41.04	-49.67
West Texas Oil	31.56	-4.74	-38.61	-48.38
Gold \$	1577.4	-3.55	+0.04	+3.93

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