

## Fed cuts rates to zero

The Fed brought forward this week's FOMC meeting to Sunday and cut the funds rate by 100bps, leaving its target range at 0.00-0.25%. Chair Powell stated he doesn't see negative rates as appropriate, but the FOMC is "willing to be patient" before hiking again. The central bank also formally announced the restart of QE, with \$700bn of purchases to come over the next few months. Reflecting concerns over the availability of dollar funding, fresh USD liquidity swap line arrangements with other central banks have also been put in place.

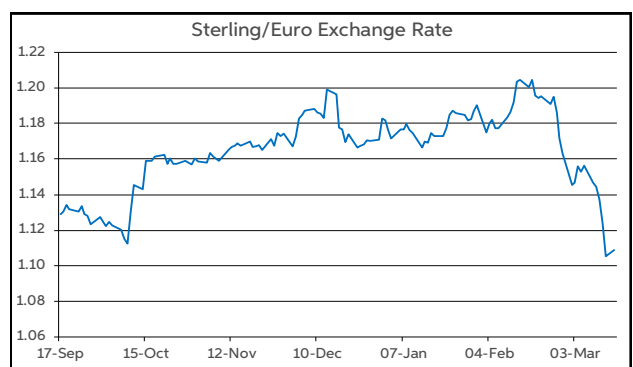
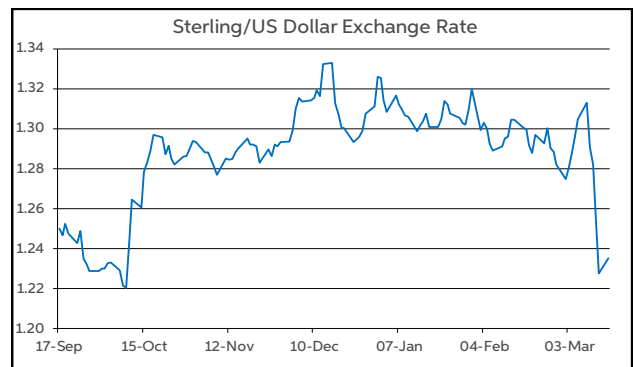
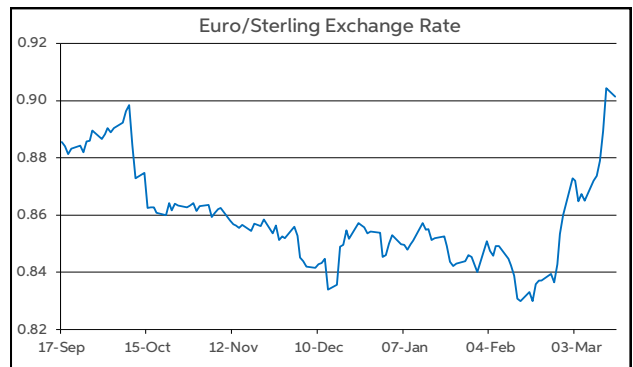
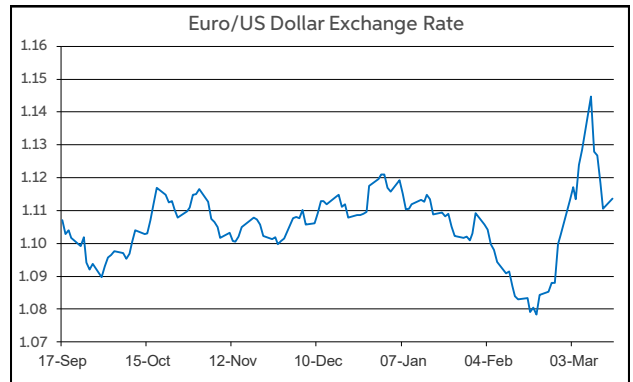
Elsewhere, the BoJ also advanced its policy meeting. No changes to rates were made. The central bank will instead double its purchases of ETFs and make favourable loans available to banks. In New Zealand, the RBNZ slashed rates by 75bps to 0.25%.

Despite the monetary easing carried out overnight, equities once again came under severe pressure in Asia. Although, the BoJ's action helped reduced the scale of the sell off in Japan, with the Nikkei closing down a more modest 2.5%.

On currency markets, the Fed's easing initially caused the dollar to soften, but it has since recovered the lost ground. Meanwhile, concerns surrounding the UK government's approach to managing the spread of the coronavirus has continued to weigh on sterling. In level terms, all of the above is reflected in EUR/USD opening in the lower half of \$1.11-1.12, while GBP/USD has moved below the \$1.24 level. Elsewhere, EUR/GBP is at the 90p threshold.

Today, we look likely to be in for another volatile session. Futures point to sharp declines in the main equity indices to begin the day. Overall, coronavirus newsflow will continue to dominate.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1142	-0.54	-0.61
EUR/GBP	0.901	1.00	6.58
GBP/USD	1.2364	-1.50	-6.75
GBP/EUR	1.1093	-0.99	-6.17
USD/JPY	106.35	0.70	-2.08
EUR/JPY	118.5	0.20	-2.73

\* v Previous Day's European Open

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Opening Interest Rates						
Base Rate	Short Term			Long Term		
	1-Mth	3-Mth	12-Mth	2-Yr	5-Yr	
USD	1.625	0.80	0.84	0.82	0.43	0.60
EUR	0.00	-0.48	-0.43	-0.29	-0.41	-0.29
GBP	0.75	0.28	0.51	0.71	0.58	0.67

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

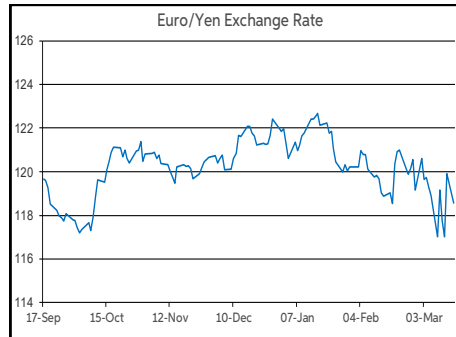
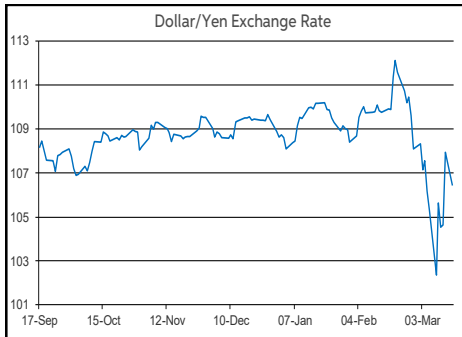
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

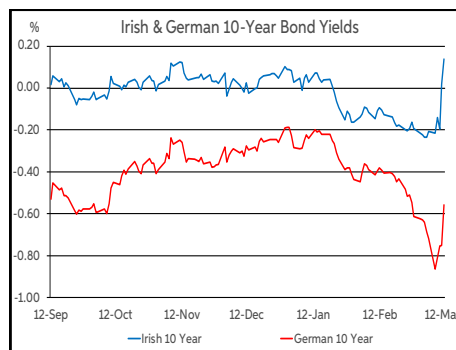
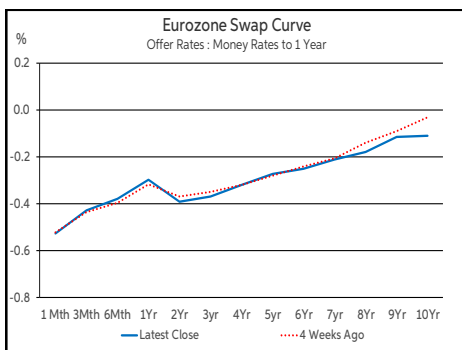
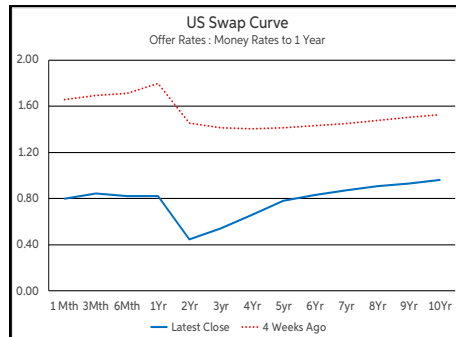
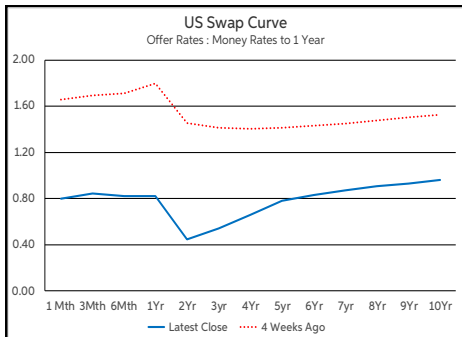
Monday 16 March 2020  
07:10 am



Euro		Sterling		Dollar	
EUR/GBP	0.901	GBP/EUR	1.1093	USD/JPY	106.35
EUR/USD	1.1142	GBP/USD	1.2364	USD/CAD	1.388
EUR/JPY	118.5	GBP/CAD	1.7165	USD/CHF	0.9465
EUR/SEK	10.8503	GBP/NZD	2.0482	USD/CNY	7.0031
EUR/DKK	7.472	GBP/JPY	131.49	USD/BRL	4.858
EUR/NOK	11.3718	GBP/SEK	12.0171	USD/RUB	73.9997
EUR/CHF	1.0549	GBP/DKK	8.2905	USD/INR	74.25
EUR/AUD	1.8138	GBP/NOK	12.5969	AUD/USD	0.6142
EUR/HKD	8.6502	GBP/CHF	1.1704	NZD/USD	0.6032
EUR/CAD	1.5468	GBP/AUD	2.0124		



	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	0.97	+17	-61	-94
Germany	-0.56	+19	-15	-37
UK	0.41	+14	-22	-41
<b>5 Year Swap %</b>				
US	0.78	+13	-63	-93
Eurozone	-0.27	+9	+1	-16
UK	0.63	+8	-10	-26
<b>2 Year Swap %</b>				
US	0.45	-4	-101	-125
Eurozone	-0.39	+6	-2	-10
UK	0.56	+6	-17	-25
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	70	-7	+42	+42
Belgium	62	-3	+32	+35
France	57	-1	+33	+26
Italy	232	-21	+100	+76
Spain	117	-4	+49	+53
Portugal	131	-9	+68	+70
Greece	252	+9	+120	+92



	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	33.85	+1.90	-40.95	-48.71
West Texas Oil	31.72	+0.51	-39.04	-48.12
Gold \$	1530.1	-3.00	-3.47	+0.81

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