

US equities plummet

Equities once again fell sharply yesterday as more restrictions were introduced globally to halt the spread of the coronavirus. The pullback in domestic demand linked to the virus outbreak has led investors to conclude that we are now in the midst of a recession.

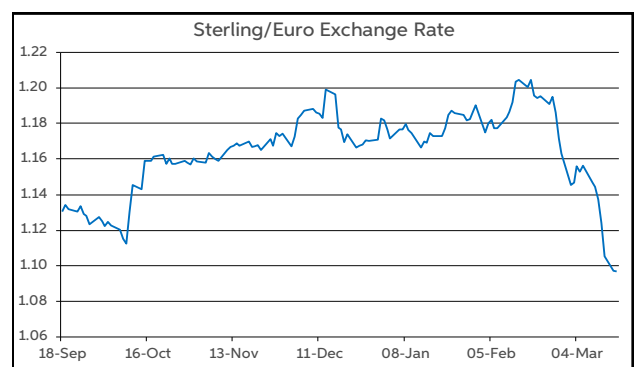
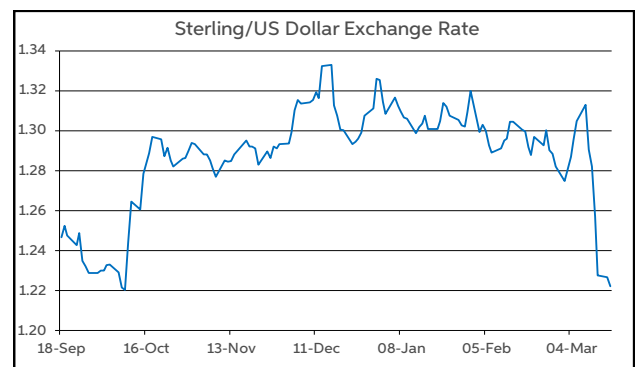
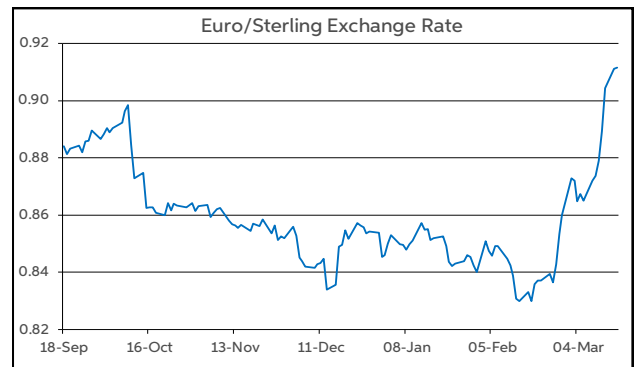
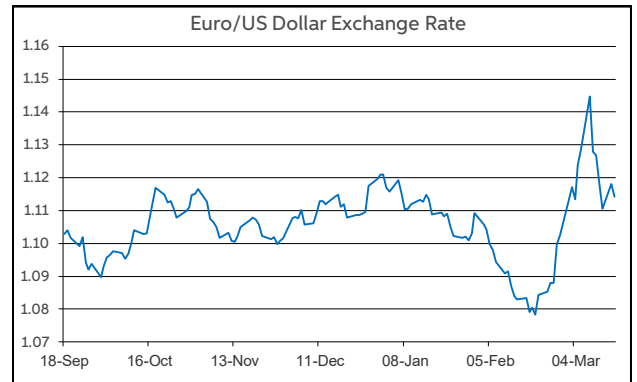
On this side of the Atlantic, the Euro Stoxx 50 closed 5.2% lower, while the FTSE 100 declined by 4%. Elsewhere, the Fed's significant stimulus package (announced on Sunday) failed to support US markets. At the close on Wall Street, the S&P 500 had plummeted by 12%, its third largest daily fall on record. There was a slight recovery in sentiment overnight evident in Asia, with the Nikkei flat and Aussie shares surging as the RBA injected liquidity.

In fixed income markets, there was further upward pressure on bond yields in the Eurozone yesterday. Greek and Italian debt underperformed, with spreads widening by 40bps and 30bps, respectively. Meantime, US Treasury yields, which fell sharply following the Fed meeting, moved off their lows.

FX-wise, the action has been more muted. The main moves have been in sterling. The currency has come under pressure as doubts persist about the appropriateness of the UK government's response to managing the coronavirus outbreak. EUR/GBP has moved back up to 91p for the first time since August, while cable (GBP/USD) is down in the lower half of \$1.22-1.23. Elsewhere, EUR/USD is trading close to the midpoint of the \$1.11-1.12 band.

Today, as looks to be the case for the foreseeable future, we expect markets to remain volatile and for the focus to remain firmly on coronavirus related developments. Following on from the Asian session, futures suggest European equities will open higher.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1144	0.23	-0.59
EUR/GBP	0.9116	1.22	7.83
GBP/USD	1.2222	-0.97	-7.82
GBP/EUR	1.0964	-1.21	-7.26
USD/JPY	106.61	0.15	-1.84
EUR/JPY	118.84	0.39	-2.45

* 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	0.61	0.89	0.82	0.48	0.65
EUR	0.00	-0.48	-0.43	-0.29	-0.38	-0.24
GBP	0.75	0.25	0.49	0.71	0.51	0.61

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

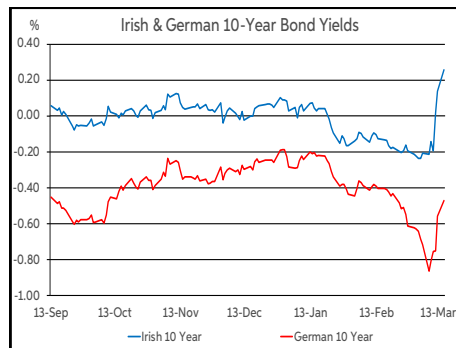
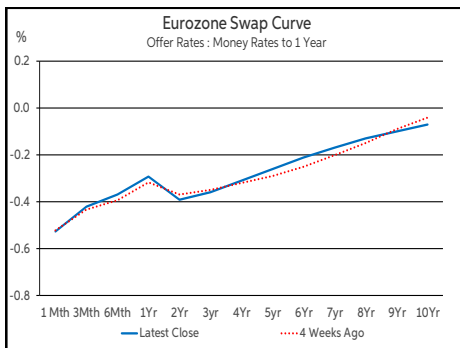
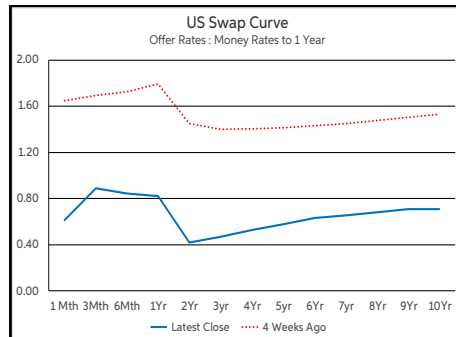
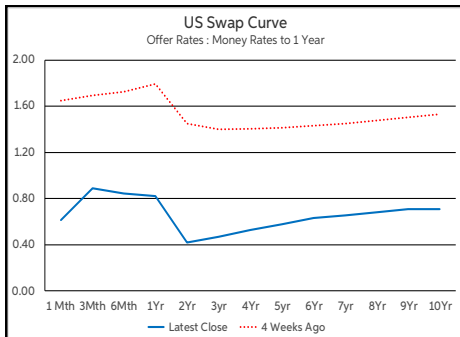
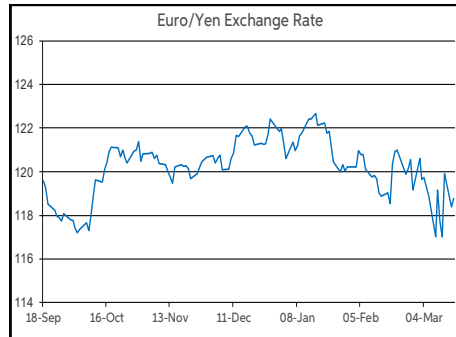
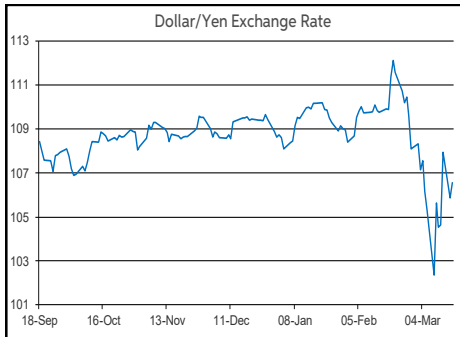
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Tuesday 17 March 2020
07:11 am



Euro		Sterling		Dollar	
EUR/GBP	0.9116	GBP/EUR	1.0964	USD/JPY	106.61
EUR/USD	1.1144	GBP/USD	1.2222	USD/CAD	1.3995
EUR/JPY	118.84	GBP/CAD	1.7108	USD/CHF	0.9493
EUR/SEK	10.8804	GBP/NZD	2.0279	USD/CNY	7.0018
EUR/DKK	7.4716	GBP/JPY	130.3	USD/BRL	5.0002
EUR/NOK	11.379	GBP/SEK	11.9262	USD/RUB	74.103
EUR/CHF	1.058	GBP/DKK	8.1929	USD/INR	73.955
EUR/AUD	1.8345	GBP/NOK	12.4722	AUD/USD	0.6072
EUR/HKD	8.653	GBP/CHF	1.1604	NZD/USD	0.6025
EUR/CAD	1.5598	GBP/AUD	2.0126		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.73	-24	-86	-119
Germany	-0.47	+9	-7	-28
UK	0.43	+2	-21	-39
5 Year Swap %				
US	0.58	-22	-83	-113
Eurozone	-0.26	+1	+3	-14
UK	0.59	-6	-16	-30
2 Year Swap %				
US	0.42	-14	-103	-128
Eurozone	-0.39	-1	-2	-10
UK	0.51	-6	-23	-30
10 Year Government Bond Spreads to Benchmark bps				
Ireland	73	+3	+46	+45
Belgium	66	+4	+37	+39
France	61	+4	+38	+30
Italy	259	+27	+129	+102
Spain	130	+13	+62	+66
Portugal	149	+18	+86	+88
Greece	292	+41	+165	+133

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	30.05	-11.23	-47.89	-54.47
West Texas Oil	28.96	-8.70	-44.34	-52.63
Gold \$	1515.3	-0.97	-4.18	-0.16

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