

## Fiscal stimulus plans impact debt markets

Over the past 24 hours, there have been significant moves on sovereign debt markets. Governments have begun to announce sizeable fiscal spending plans to combat the economic fallout linked to the coronavirus and markets expect that more is to come. This has caused yields to soar, though a 'dash for cash' has also been a factor behind the rise.

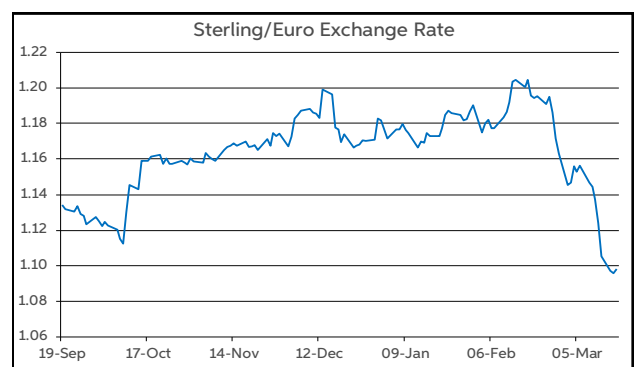
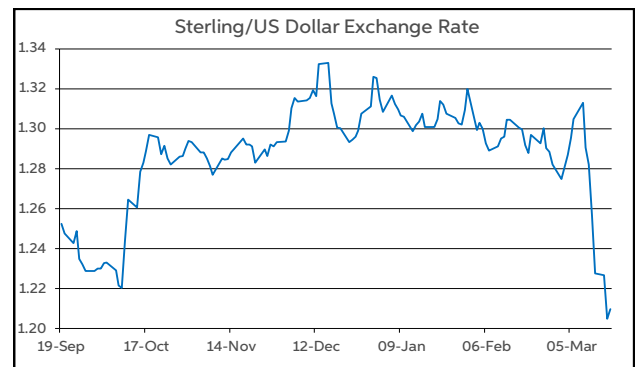
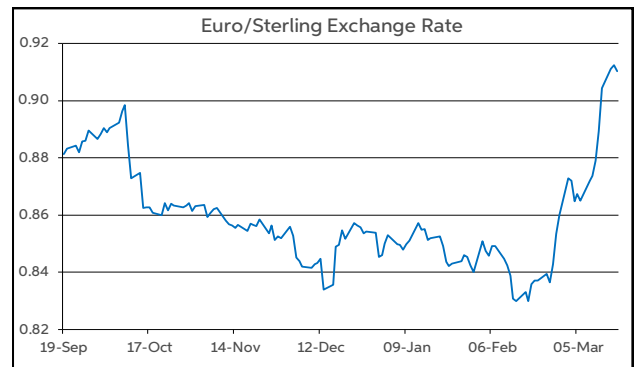
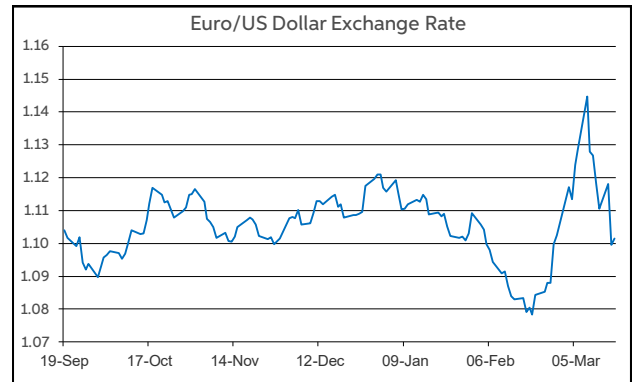
In the US, a proposed \$1.2tn (c. 6% of GDP) stimulus plan was unveiled yesterday. As a result, US 10-year Treasury yields have risen sharply and are above 1% this morning. In the Eurozone, yields are higher across the board, with a number of governments announcing guarantees for loans needed to aid firms impacted by the economic dislocation associated with the virus. Italy and Greece, in particular, are continuing to underperform. The spread in the latter widened by over 100bps yesterday.

On equity markets, investors remained nervous. The main US and European indices registered good gains yesterday. However, in overnight trading Asia-Pacific markets trended downward, with the Nikkei finishing the session 1.7% lower.

Meanwhile, the dollar continued to move higher, with the world's most liquid currency boosted by safe haven demand. Yesterday, it gained between 1-1.5% against both the euro and sterling. This sees EUR/USD open this morning down at the \$1.10 level, while cable (GBP/USD) has fallen below the \$1.21 threshold. Elsewhere, EUR/GBP has held at the 91p handle.

Turning to the day ahead, the focus of the market will remain firmly on the coronavirus and efforts to contain and mitigate its impact. Against this backdrop, volatility will persist.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1011	-1.40	-1.78
EUR/GBP	0.9106	-0.18	7.71
GBP/USD	1.209	-1.22	-8.82
GBP/EUR	1.0976	0.18	-7.16
USD/JPY	107.01	0.56	-1.47
EUR/JPY	117.89	-0.81	-3.23

\* 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	0.75	1.05	0.86	0.54	0.75
EUR	0.00	-0.49	-0.41	-0.27	-0.37	-0.21
GBP	0.75	0.26	0.51	0.72	0.53	0.66

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

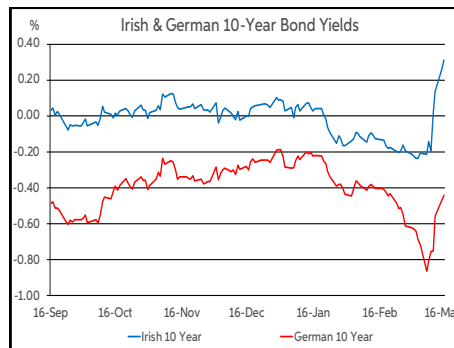
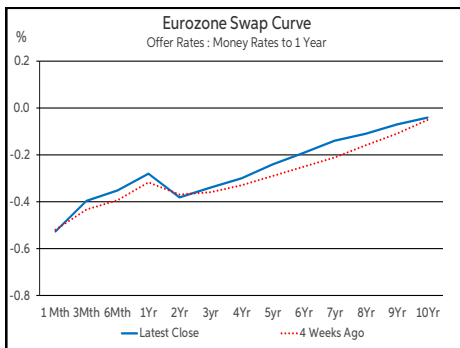
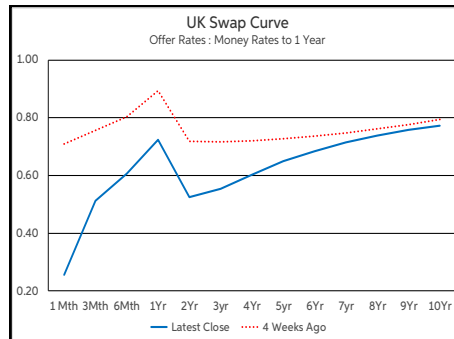
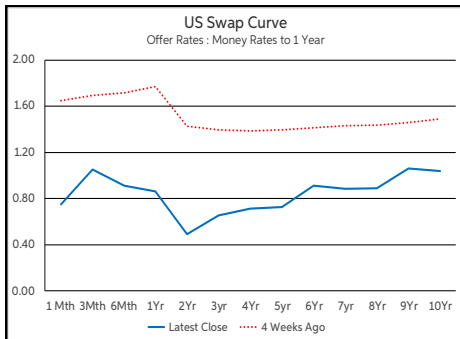
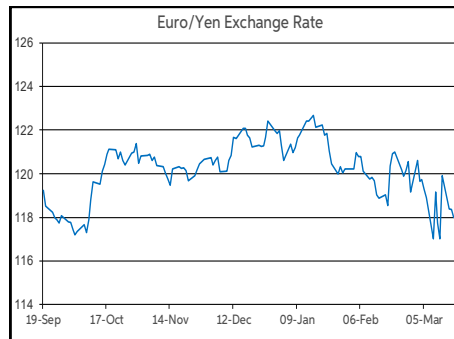
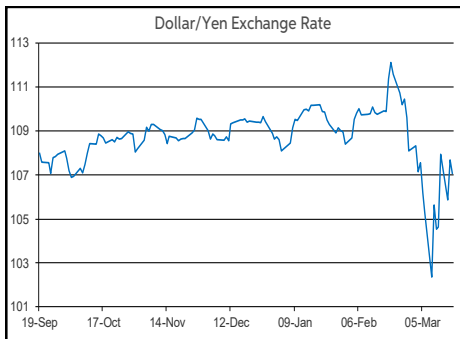
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Wednesday 18 March 2020  
07:15 am



Euro		Sterling		Dollar	
EUR/GBP	0.9106	GBP/EUR	1.0976	USD/JPY	107.01
EUR/USD	1.1011	GBP/USD	1.209	USD/CAD	1.4222
EUR/JPY	117.89	GBP/CAD	1.7196	USD/CHF	0.9587
EUR/SEK	10.8924	GBP/NZD	2.0327	USD/CNY	7.0183
EUR/DKK	7.474	GBP/JPY	129.39	USD/BRL	5.011
EUR/NOK	11.558	GBP/SEK	11.9564	USD/RUB	76.7515
EUR/CHF	1.0559	GBP/DKK	8.203	USD/INR	74.278
EUR/AUD	1.8353	GBP/NOK	12.6925		
EUR/HKD	8.55	GBP/CHF	1.1593	AUD/USD	0.6
EUR/CAD	1.5662	GBP/AUD	2.015	NZD/USD	0.5945



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.06	+33	-49	-85
Germany	-0.44	+3	-3	-25
UK	0.55	+12	-5	-27
<b>5 Year Swap %</b>				
US	0.73	+12	-67	-99
Eurozone	-0.24	+1	+5	-12
UK	0.65	+4	-8	-24
<b>2 Year Swap %</b>				
US	0.49	+3	-93	-121
Eurozone	-0.38	+0	-1	-9
UK	0.52	+1	-19	-28
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	75	+3	+48	+48
Belgium	70	+4	+40	+43
France	68	+7	+44	+37
Italy	276	+18	+143	+120
Spain	148	+17	+79	+83
Portugal	166	+17	+104	+105
Greece	386	+94	+251	+226

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	28.73	-4.39	-50.25	-56.47
West Texas Oil	26.96	-6.91	-48.25	-55.90
Gold \$	1528.9	+0.90	-4.57	+0.73

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