

Sterling at multi-decade lows

Overnight, in an emergency meeting the ECB announced a €750bn increase in its QE programme in response to considerable stress in Eurozone financial markets. The asset purchases will run until end 2020 and are in addition to the €120bn package announced last week. Crucially, Greece will be included in the programme (spreads have widened considerably there), buying limits will be reassessed and the range of eligible assets has been expanded.

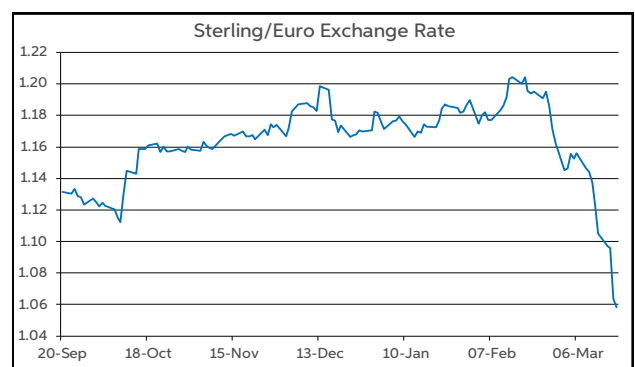
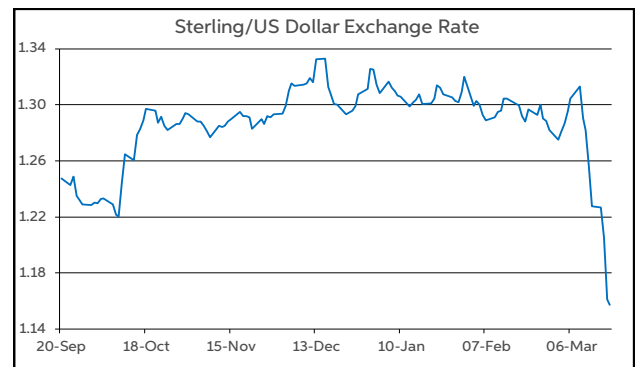
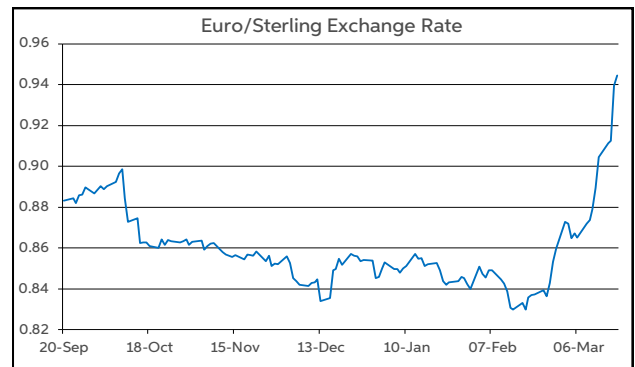
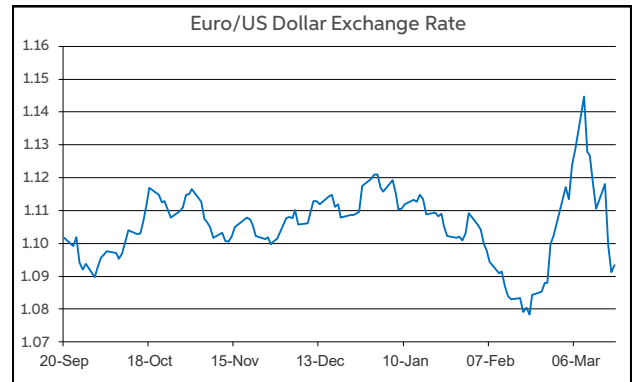
The moves have helped Eurozone core-periphery spreads narrow overnight. The most sizeable move has been in Italian debt, where spreads narrowed by circa 100bps. Elsewhere, a 'dash for cash' has continued to weigh on sovereigns. UK and US 10-year yields have risen by 30 and 20bps, respectively, in the past 24 hours.

On FX markets, sterling was trounced yesterday, with GBP/USD falling from \$1.21 to below \$1.16, a 35 year low. At the same time, EUR/GBP has broken through the 93p barrier and opens above 94p. Concerns about the government's approach to the coronavirus crisis and the size of the UK's current account deficit have weighed heavily on sterling. Meanwhile, the dollar continues to make ground as the world's most liquid currency remains in high demand, with EUR/USD down near \$1.09.

For equities, it was another down session. The main European and US indices fell by between 4-6%, while the Nikkei lost a more modest 1% in overnight trading. Meanwhile, oil prices dropped by a sharp 9%, with Brent crude opening down below \$26 a barrel.

Turning to the day ahead, it will remain the case that markets will remain focussed on the coronavirus and efforts to mitigate its impact. Against this backdrop, volatility will continue to dominate.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0931	-0.97	-2.49
EUR/GBP	0.9446	3.56	11.73
GBP/USD	1.1571	-4.36	-12.73
GBP/EUR	1.0583	-3.44	-10.50
USD/JPY	108.67	1.54	0.06
EUR/JPY	118.81	0.53	-2.48

* 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	0.125	0.77	1.12	0.89	0.59	0.81
EUR	0.00	-0.50	-0.41	-0.26	-0.34	-0.18
GBP	0.25	0.27	0.53	0.71	0.55	0.70

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

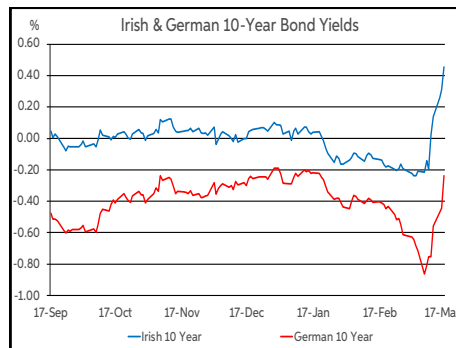
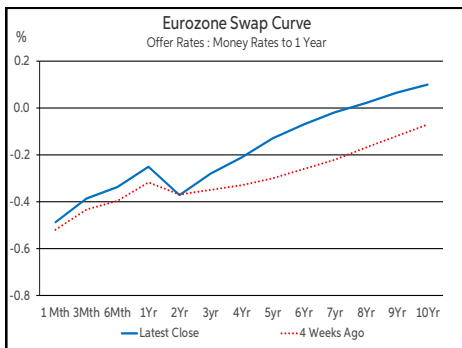
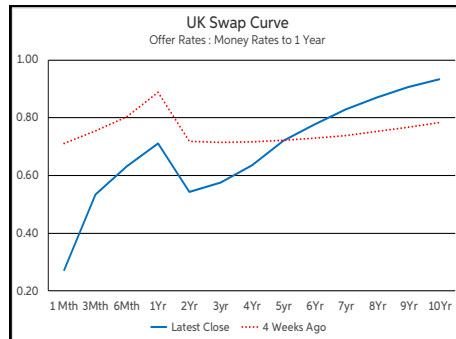
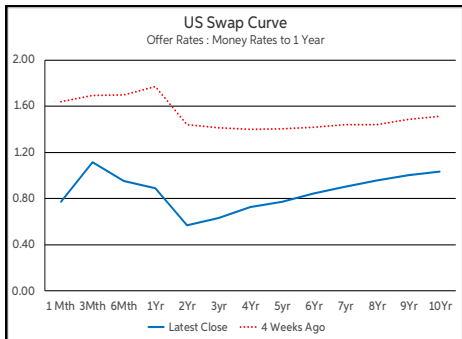
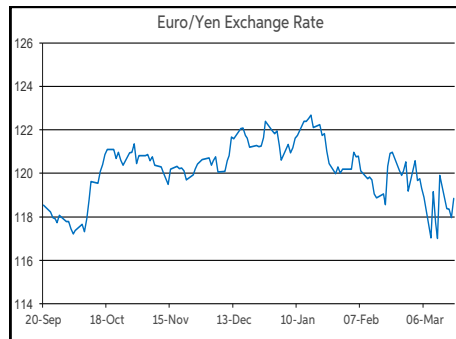
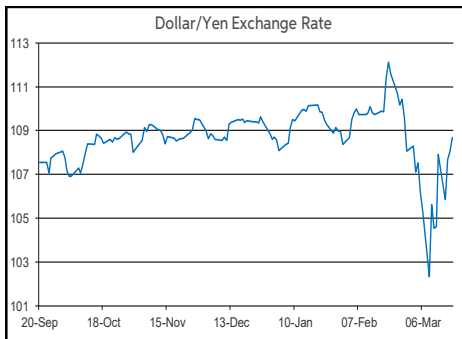
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Thursday 19 March 2020
07:08 am



Euro		Sterling		Dollar	
EUR/GBP	0.9446	GBP/EUR	1.0583	USD/JPY	108.67
EUR/USD	1.0931	GBP/USD	1.1571	USD/CAD	1.4536
EUR/JPY	118.81	GBP/CAD	1.6815	USD/CHF	0.9675
EUR/SEK	11.3141	GBP/NZD	2.0433	USD/CNY	7.0715
EUR/DKK	7.4723	GBP/JPY	125.74	USD/BRL	5.1064
EUR/NOK	12.889	GBP/SEK	11.9449	USD/RUB	81.0625
EUR/CHF	1.0576	GBP/DKK	7.9081	USD/INR	75.14
EUR/AUD	1.9045	GBP/NOK	13.6142	AUD/USD	0.5739
EUR/HKD	8.4872	GBP/CHF	1.1195	NZD/USD	0.5661
EUR/CAD	1.5889	GBP/AUD	2.0165		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.17	+11	-39	-74
Germany	-0.24	+20	+18	-5
UK	0.78	+23	+19	-3
Ireland	0.46	+14	+62	+37
Belgium	0.37	+11	+49	+29
France	0.31	+8	+50	+19
Italy	2.34	+2	+140	+96
Spain	1.20	+16	+93	+74
Portugal	1.38	+17	+118	+96
Greece	3.72	+30	+280	+231
5 Year Swap %				
US	0.77	-0	-63	-94
Eurozone	-0.13	+10	+17	-1
UK	0.72	+5	-0	-17
2 Year Swap %				
US	0.57	-2	-87	-113
Eurozone	-0.37	-0	-0	-8
UK	0.54	+1	-17	-27
10 Year Government Bond Spreads to Benchmark bps				
Ireland	69	-6	+44	+42
Belgium	61	-9	+31	+34
France	55	-13	+31	+24
Italy	258	-19	+121	+101
Spain	144	-4	+75	+79
Portugal	162	-4	+99	+101
Greece	396	+10	+262	+236

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	24.88	-13.40	-57.92	-62.30
West Texas Oil	20.48	-24.04	-61.58	-66.50
Gold \$	1486.6	-2.77	-7.78	-2.05

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