

BoE cuts Bank rate to 0.1%; Sterling higher

In its second emergency meeting in a week, the BoE yesterday announced further monetary stimulus measures. The Bank rate was cut by 15bps to 0.1%, a historic low. At the same time, the MPC voted to restart the central bank's QE programme, increasing its bond holdings by £200bn.

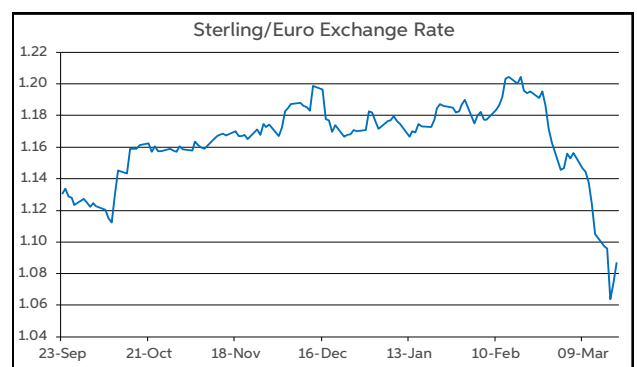
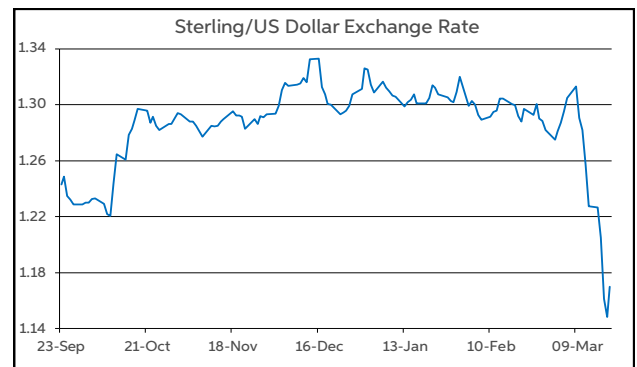
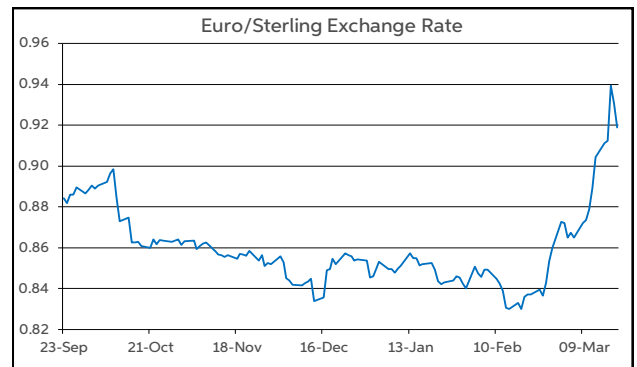
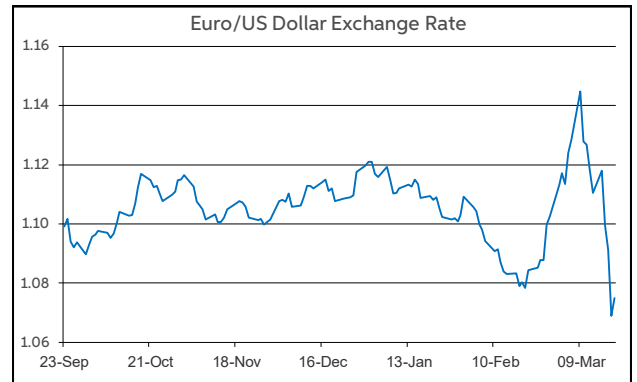
The announcement has supported Gilts, with 10-year yields down 25bps by this morning. Meanwhile, German Bunds remained under pressure as reports suggest the debt brake will be suspended. Eurozone periphery-core spreads continued to narrow as investors reacted positively to the ECB's latest QE package. In the US, the Fed's recent measures appear to have helped Treasuries stabilise.

On FX markets, sterling yesterday reclaimed some of the ground it lost in Wednesday's session. There was no standout macro factor behind the move and its rally may have reflected the fact it had been oversold. The partial recovery sees EUR/GBP open back below 92p, having briefly tested the 95p threshold. However, continued support for the highly liquid dollar means GBP/USD has only managed to move back up to \$1.17. Meanwhile, the demand for the greenback has pushed EUR/USD below the \$1.08 level.

Elsewhere, there was a somewhat more muted tone evident on equity markets when compared to recent sessions. The main European and US indices finished the day modestly higher, while overnight in Asia-Pacific there were some further gains.

Today, it will be interesting to see if volatility continues to subside in equity markets, and if this spreads to other asset classes. However, given the still substantial level of uncertainty, it may yet be too early in the day for markets to regain their composure.

Conor Beakey, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0749	-1.38	-4.11
EUR/GBP	0.9181	-3.12	8.60
GBP/USD	1.1703	1.78	-11.74
GBP/EUR	1.0885	3.22	-7.92
USD/JPY	109.87	0.96	1.16
EUR/JPY	118.08	-0.46	-3.08

* 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	0.92	1.20	0.92	0.60	0.70
EUR	0.00	-0.48	-0.41	-0.25	-0.27	-0.09
GBP	0.10	0.29	0.58	0.75	0.57	0.66

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

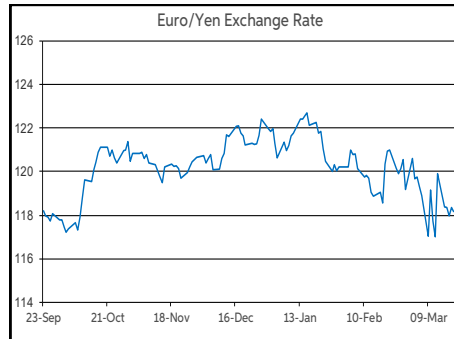
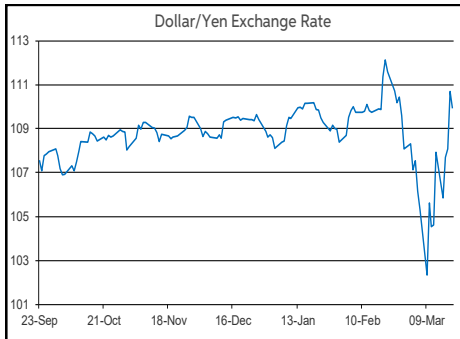
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

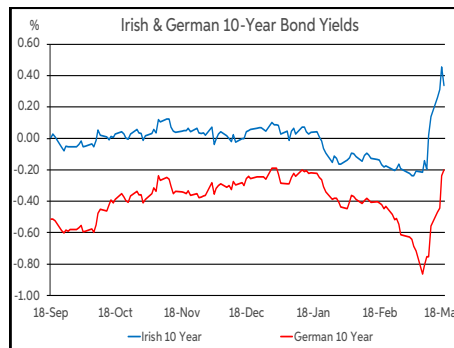
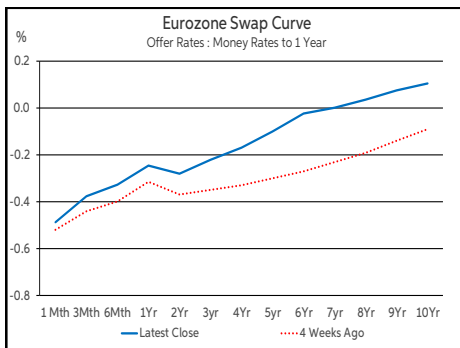
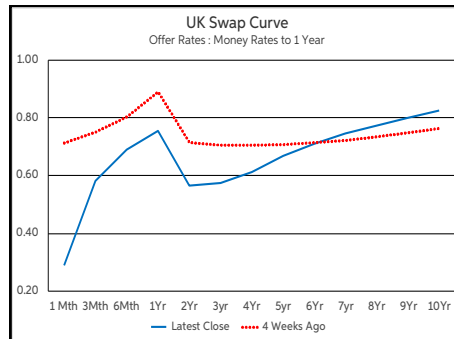
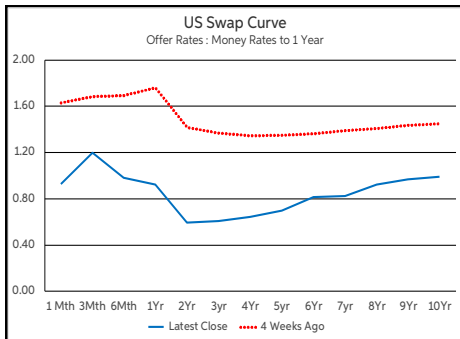
Friday 20 March 2020
07:11 am



Euro		Sterling		Dollar	
EUR/GBP	0.9181	GBP/EUR	1.0885	USD/JPY	109.87
EUR/USD	1.0749	GBP/USD	1.1703	USD/CAD	1.4314
EUR/JPY	118.08	GBP/CAD	1.6749	USD/CHF	0.9807
EUR/SEK	11.0908	GBP/NZD	2.0107	USD/CNY	7.0667
EUR/DKK	7.473	GBP/JPY	128.58	USD/BRL	5.0957
EUR/NOK	11.895	GBP/SEK	12.0811	USD/RUB	78.68
EUR/CHF	1.0541	GBP/DKK	8.1371	USD/INR	74.91
EUR/AUD	1.8127	GBP/NOK	12.9555		
EUR/HKD	8.3379	GBP/CHF	1.1481	AUD/USD	0.5926
EUR/CAD	1.5385	GBP/AUD	1.9748	NZD/USD	0.5819



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.15	-3	-37	-77
Germany	-0.20	+4	+24	-1
UK	0.71	-7	+14	-11
5 Year Swap %				
US	0.70	-9	-66	-102
Eurozone	-0.10	+2	+20	+2
UK	0.67	-7	-4	-22
2 Year Swap %				
US	0.59	-2	-83	-111
Eurozone	-0.28	+7	+9	+1
UK	0.56	+1	-15	-24
10 Year Government Bond Spreads to Benchmark bps				
Ireland	54	-15	+28	+26
Belgium	47	-14	+17	+20
France	42	-13	+19	+11
Italy	196	-62	+61	+40
Spain	107	-37	+40	+42
Portugal	125	-37	+63	+64
Greece	250	-146	+114	+90



Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	28.47	+14.43	-52.00	-56.86
West Texas Oil	25.09	+22.51	-53.34	-58.96
Gold \$	1472.2	-0.97	-9.12	-3.00

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