

Market sentiment remains volatile

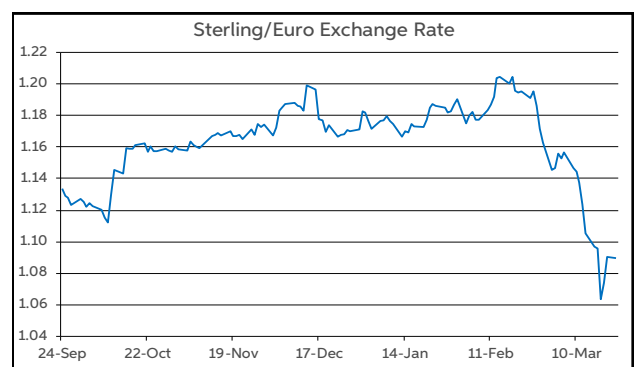
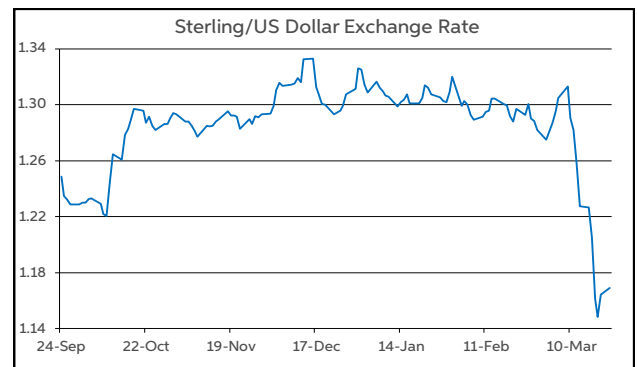
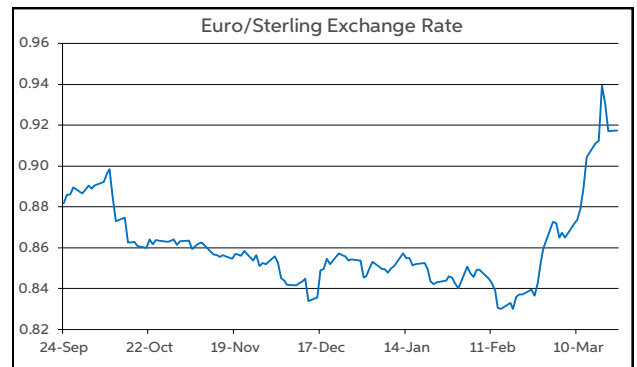
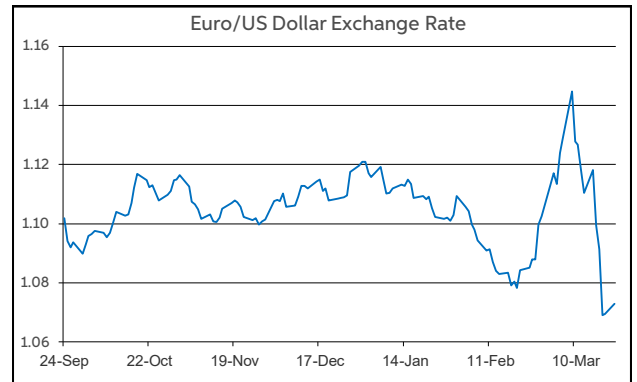
Last week was another extraordinary period on financial markets as concerns escalated about the impact the Coronavirus would have on the global economy. The flight to safety/'dash to cash' was evident in equity markets experiencing sharp falls, rising spreads on bond markets and gains for the dollar.

Against this challenging backdrop, central banks announced a raft of emergency measures in out-of-course meetings. The policy response included rate cuts, QE and liquidity operations. There was also a fiscal response from governments with a plethora of stimulus plans launched. The combination of these measures appeared to have eased some of the stress on markets towards the end of the week. This was reflected in equity markets stabilising somewhat, as well as Eurozone bond spreads narrowing significantly.

On the currency front, over the week the dollar remained in the ascendancy due to its safe haven attributes and strong underlying demand. Meanwhile, sterling got hammered mid-week on concerns over the government's handling of the crisis and the consequences for the UK economy. Sterling staged a comeback towards the end of the week, with EUR/GBP moving back from 95p to near 91p. The pair opens this morning closer to the 92p level. Elsewhere, the euro remains on the defensive against the dollar, with EUR/USD trading in the lower half of \$1.07-1.08.

This week, market moves will continue to be determined by Coronavirus related developments. Therefore, price action across all asset classes could remain volatile. Indeed, equity futures indicate the main indices will open lower this morning. Currency-wise, the dollar looks to be well underpinned in this environment, while sterling could continue to experience selling pressure.

John Fahey, Senior Economist, AIB



| Today's Opening FX Rates | | | |
|--------------------------|--------|----------|----------|
| | | % Change | |
| | | Day * | End 2019 |
| EUR/USD | 1.0734 | -0.16 | -4.25 |
| EUR/GBP | 0.9177 | -0.48 | 8.55 |
| GBP/USD | 1.1696 | 0.35 | -11.79 |
| GBP/EUR | 1.0893 | 0.48 | -7.88 |
| USD/JPY | 110.12 | 0.09 | 1.39 |
| EUR/JPY | 118.21 | -0.07 | -2.97 |

* 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 | 0.93 | 1.20 | 0.93 | 0.52 | 0.57 |
| EUR | 0.00 | -0.45 | -0.37 | -0.19 | -0.29 | -0.15 |
| GBP | 0.10 | 0.24 | 0.54 | 0.80 | 0.55 | 0.62 |

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

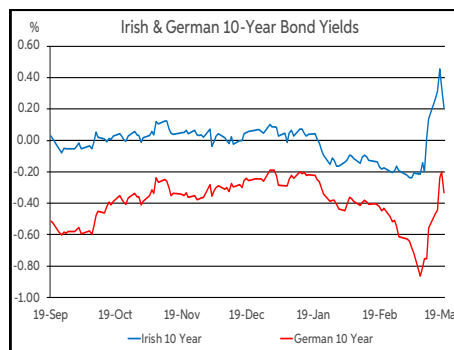
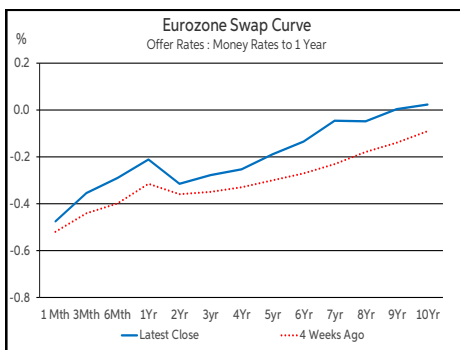
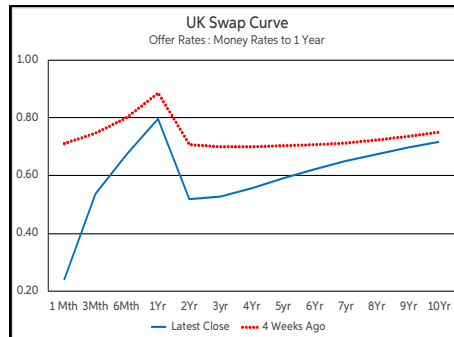
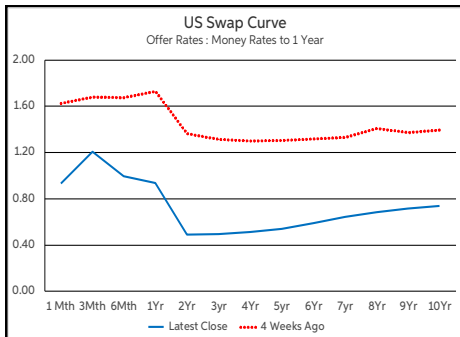
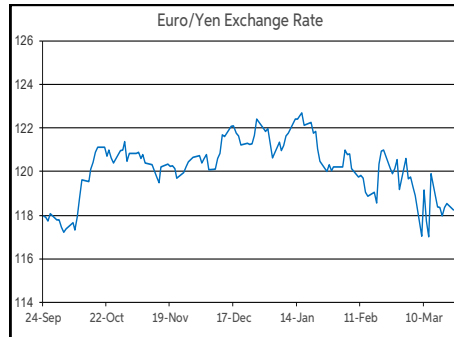
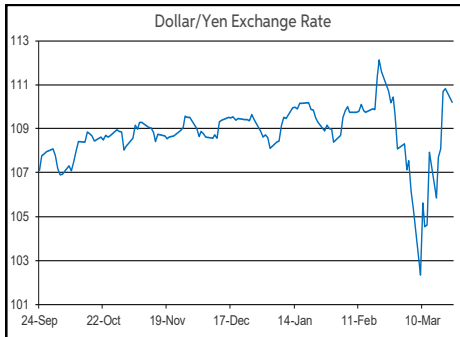
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|---------|--|----------------|------------|------------------|---------------------------|-----------------|-----------------------------------|
| FX Spot | Karl Cooke Shane Gargan Enda Homan | FX Options | Mark Tuite | Reuters Phone | AIBG.I 00353-1-7724018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

Opening Levels

Monday 23 March 2020
07:28 am



| Euro | | Sterling | | Dollar | |
|---------|---------|----------|---------|---------|---------|
| EUR/GBP | 0.9176 | GBP/EUR | 1.0893 | USD/JPY | 110.12 |
| EUR/USD | 1.0734 | GBP/USD | 1.1693 | USD/CAD | 1.4452 |
| EUR/JPY | 118.22 | GBP/CAD | 1.6892 | USD/CHF | 0.9827 |
| EUR/SEK | 11.137 | GBP/NZD | 2.0721 | USD/CNY | 7.1103 |
| EUR/DKK | 7.4688 | GBP/JPY | 128.79 | USD/BRL | 5.0627 |
| EUR/NOK | 12.6105 | GBP/SEK | 12.0963 | USD/RUB | 80.56 |
| EUR/CHF | 1.0551 | GBP/DKK | 8.1351 | USD/INR | 75.9525 |
| EUR/AUD | 1.8593 | GBP/NOK | 13.7384 | AUD/USD | 0.5771 |
| EUR/HKD | 8.3263 | GBP/CHF | 1.1496 | NZD/USD | 0.564 |
| EUR/CAD | 1.5516 | GBP/AUD | 2.026 | | |



| Debt Markets | | | | |
|---|-------|------------|---------|--------|
| | Close | Change bps | | |
| | | Day | 4 Weeks | End 19 |
| 10 Year Yield % | | | | |
| US | 0.88 | -27 | -59 | -104 |
| Germany | -0.33 | -13 | +10 | -15 |
| UK | 0.55 | -16 | -2 | -27 |
| 5 Year Swap % | | | | |
| US | 0.54 | -22 | -77 | -118 |
| Eurozone | -0.19 | -10 | +11 | -7 |
| UK | 0.59 | -9 | -11 | -30 |
| 2 Year Swap % | | | | |
| US | 0.49 | -14 | -88 | -121 |
| Eurozone | -0.32 | -5 | +5 | -2 |
| UK | 0.52 | -6 | -19 | -29 |
| 10 Year Government Bond Spreads to Benchmark bps | | | | |
| Ireland | 54 | +0 | +29 | +27 |
| Belgium | 48 | +1 | +19 | +21 |
| France | 43 | +1 | +20 | +12 |
| Italy | 195 | -1 | +62 | +39 |
| Spain | 104 | -3 | +39 | +40 |
| Portugal | 121 | -4 | +61 | +60 |
| Greece | 272 | +23 | +137 | +113 |

| Commodities | | | | |
|----------------|----------|--------|---------|--------|
| | % Change | | | |
| | Close | Day | 4 Weeks | End 19 |
| Brent Oil | 26.98 | -5.23 | -53.88 | -59.12 |
| West Texas Oil | 19.48 | -22.36 | -63.49 | -68.14 |
| Gold \$ | 1498.9 | +1.81 | -8.83 | -1.25 |

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