

Fed announces unlimited QE

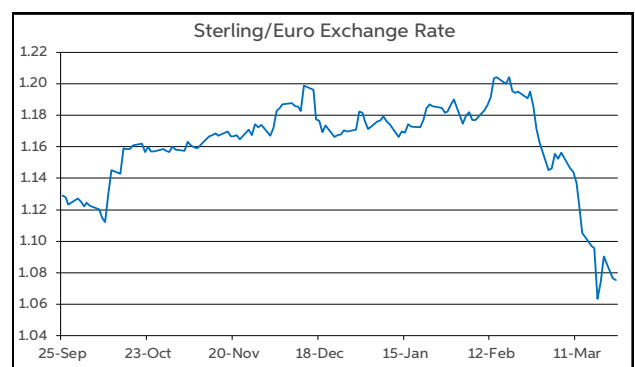
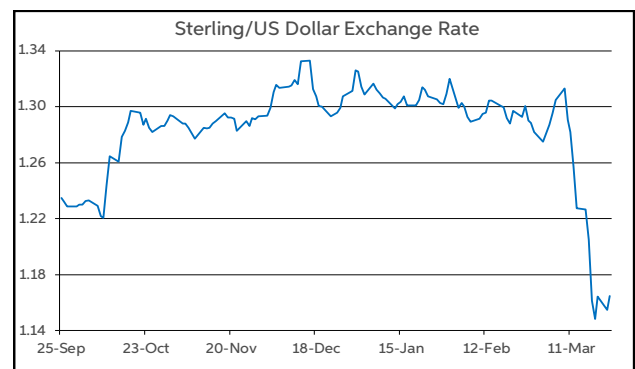
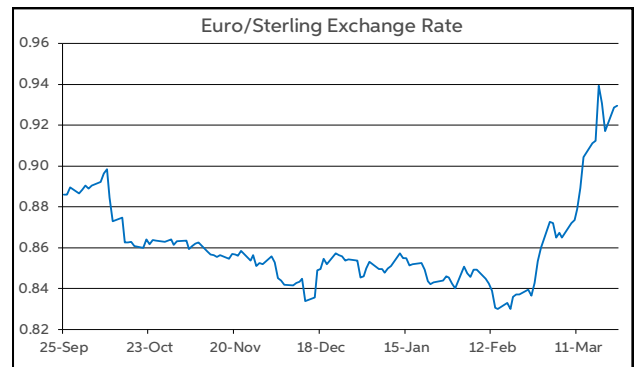
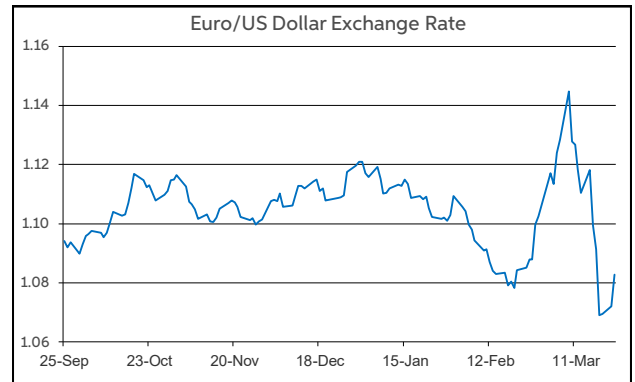
The start of another week on financial markets in the midst of the Coronavirus crisis was once again characterised by risk aversion and emergency central bank announcements. The central bank action came from the US Fed in another out-of-course meeting. In an unprecedented move, the Fed announced unlimited QE. On top of this it is shoring up credit markets through the establishment of primary/secondary corporate credit facilities, while also planning a lending programme to support small and medium size enterprises.

On bond markets, US Treasuries made some gains on the back of the Fed's announcements. 10-year yields were down by around 10bps. Elsewhere, yields in the Eurozone also fell somewhat. However, equity markets continued to struggle. Risk appetite continues to be hampered by the recessionary economic outlook and downgrades to growth forecasts arising from the Coronavirus. At the closing bell last night on Wall Street, the S&P 500 was down 2.9%. Although, overnight, Asia-Pacific indices traded higher.

Currency-wise, the past 24 hours has seen sterling continue to experience selling pressure. Meanwhile, the euro has managed to regain some modest ground against the dollar. The euro was aided by news that Germany has agreed a stimulus package in contrast to the US where agreement has still to be reached. In level terms, EUR/USD opens above \$1.08 and EUR/GBP is up close to 93p.

Today, the flash PMIs for March in the Eurozone, UK and US will offer some insight into how the coronavirus is impacting activity. Sharp falls are expected everywhere. Overall, market moves will likely remain sensitive to Coronavirus related developments. From a currency viewpoint, we would expect the dollar to remain supported in this risk averse environment.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.0827	0.74	-3.42
EUR/GBP	0.929	1.04	9.89
GBP/USD	1.1652	-0.28	-12.12
GBP/EUR	1.0758	-1.03	-9.00
USD/JPY	110.57	0.64	1.80
EUR/JPY	119.73	1.36	-1.72

* 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	0.95	1.22	0.94	0.51	0.55
EUR	0.00	-0.45	-0.37	-0.19	-0.29	-0.15
GBP	0.10	0.23	0.52	0.77	0.48	0.50

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				

Euro

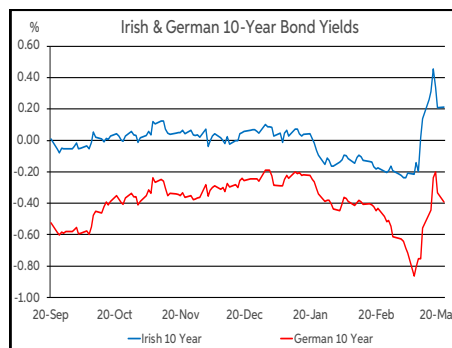
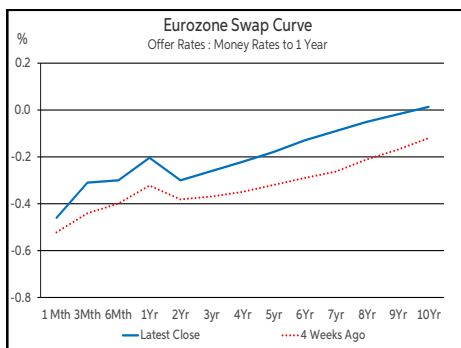
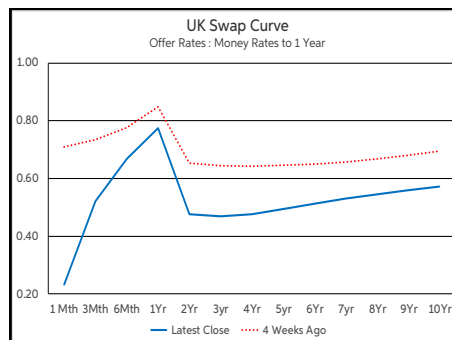
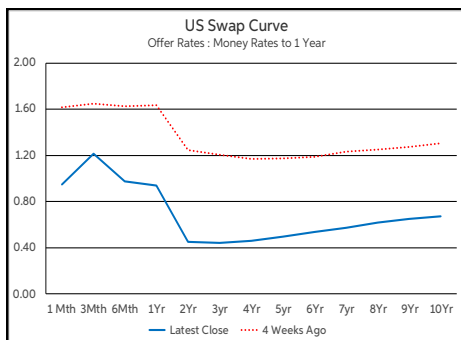
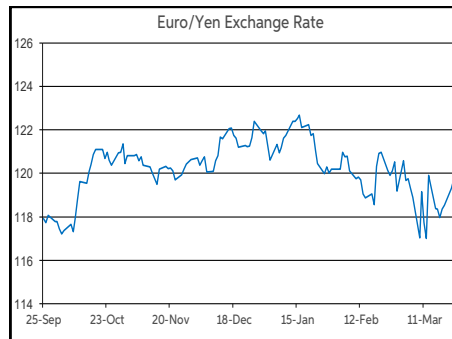
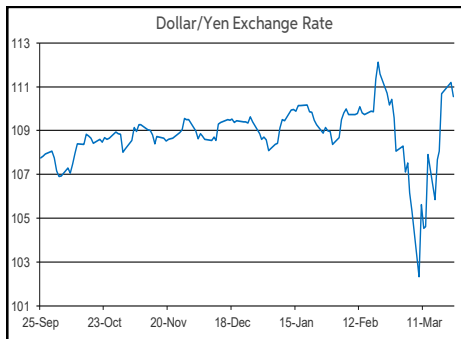
EUR/GBP	0.9291
EUR/USD	1.0827
EUR/JPY	119.72
EUR/SEK	11.0524
EUR/DKK	7.467
EUR/NOK	12.17
EUR/CHF	1.0583
EUR/AUD	1.8193
EUR/HKD	8.3963
EUR/CAD	1.5597

Sterling

GBP/EUR	1.0757
GBP/USD	1.1651
GBP/CAD	1.6784
GBP/NZD	2.007
GBP/JPY	128.82
GBP/SEK	11.8818
GBP/DKK	8.031
GBP/NOK	13.0899
GBP/CHF	1.1389
GBP/AUD	1.9575

Dollar

USD/JPY	110.56
USD/CAD	1.4402
USD/CHF	0.9774
USD/CNY	7.0744
USD/BRL	5.1429
USD/RUB	78.6903
USD/INR	76.18
AUD/USD	0.5951
NZD/USD	0.5802



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.75	-12	-61	-116
Germany	-0.39	-6	+9	-20
UK	0.41	-14	-12	-41
5 Year Swap %				
US	0.50	-4	-68	-122
Eurozone	-0.18	-2	+14	-6
UK	0.49	-11	-15	-40
2 Year Swap %				
US	0.45	-5	-79	-125
Eurozone	-0.30	-0	+8	-1
UK	0.48	-5	-18	-33
10 Year Government Bond Spreads to Benchmark bps				
Ireland	60	+6	+32	+33
Belgium	54	+6	+23	+27
France	49	+7	+25	+19
Italy	195	-0	+51	+39
Spain	113	+9	+45	+49
Portugal	130	+10	+67	+69
Greece	281	+8	+136	+121

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	27.03	+0.19	-51.99	-59.05
West Texas Oil	23.33	+19.76	-54.58	-61.84
Gold \$	1554.6	+3.72	-6.41	+2.42

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