

## Euro continues to move higher

The action on currency markets yesterday saw the euro remain in the ascendancy. Growing expectations that significant easing by the Fed is imminent acted as a headwind for the dollar. Futures contracts are pricing in some 100bps of easing this year, with 50bps of this to come at the March 17/18 meeting.

Meanwhile, a statement from the BoE that it will co-ordinate its policy response to mitigate the coronavirus impact was unhelpful for sterling. A rate cut is now almost fully priced in for March's meeting. The ECB also signalled that it stands ready to act. Overnight, the Reserve Bank of Australia cut its policy rate by 25bps, but there was only a limited response in the Aussie dollar.

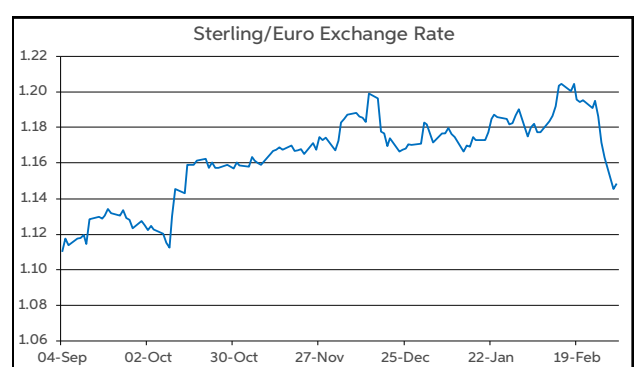
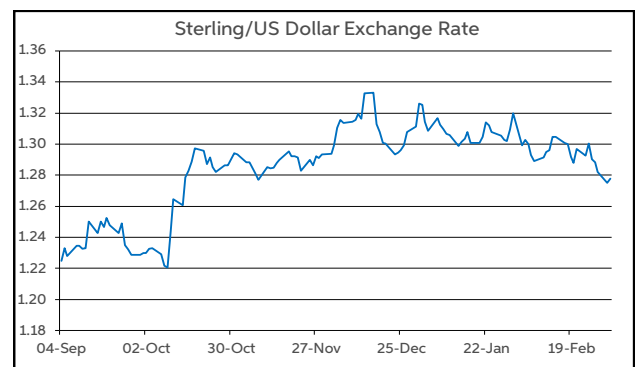
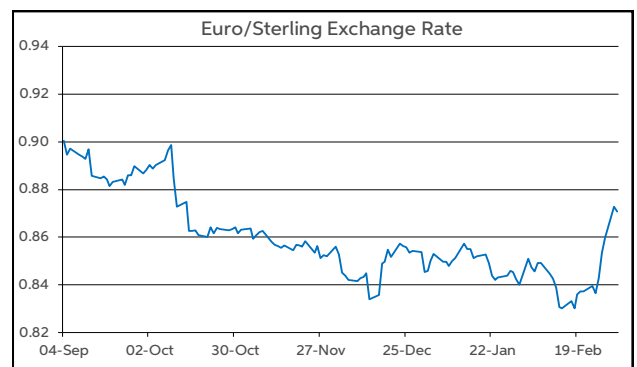
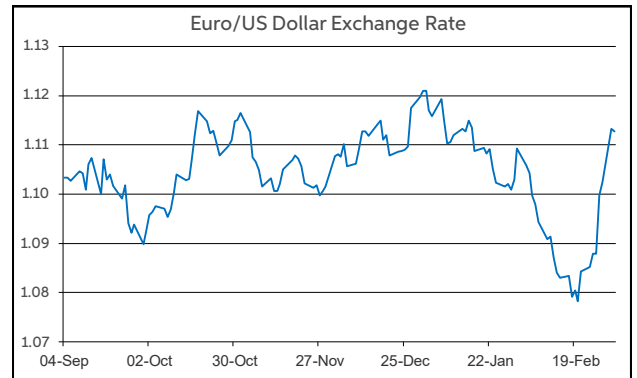
In level terms, all of the above is reflected in EUR/USD regaining the \$1.11 handle, while at the same time, EUR/GBP has moved back above the 87p level. Meantime, cable (GBP/USD) is changing hands below the \$1.28 threshold.

Elsewhere on financial markets, expectations of central bank policy easing boosted US equity markets. The S&P 500 rallied by 4.6%. However, overnight continued negative newsflow surrounding the coronavirus weighed on sentiment, with the Nikkei finishing the session down 1.1%.

Turning to the day ahead, Eurozone inflation figures for February are due but are unlikely to prompt a move in the euro. Instead, the focus will remain on coronavirus developments.

Separately, we may have a clearer picture of who the Democratic candidate for this year's US election will be following today's Super Tuesday primaries in the US. The dollar may experience some volatility as a result.

**Conor Beakey, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1134	0.84	-0.68
EUR/GBP	0.8712	1.21	3.05
GBP/USD	1.2779	-0.37	-3.62
GBP/EUR	1.1473	-1.19	-2.96
USD/JPY	107.9	-0.33	-0.65
EUR/JPY	120.17	0.53	-1.36

\* v Previous Day's European Open

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Opening Interest Rates						
	Base Rate	Short Term			Long Term	
		1-Mth	3-Mth	12-Mth	2-Yr	5-Yr
USD	1.625	1.36	1.25	1.15	0.92	0.98
EUR	0.00	-0.49	-0.42	-0.31	-0.47	-0.39
GBP	0.75	0.62	0.60	0.68	0.51	0.54

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

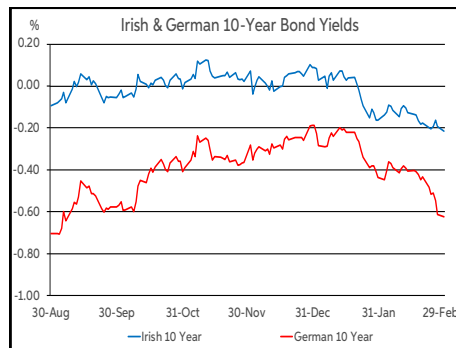
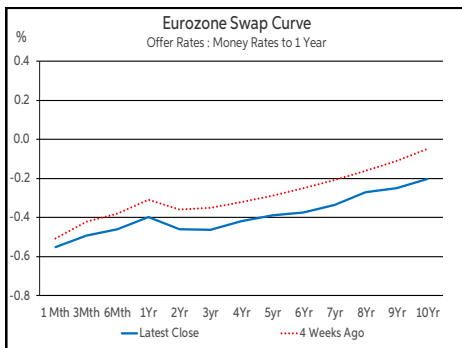
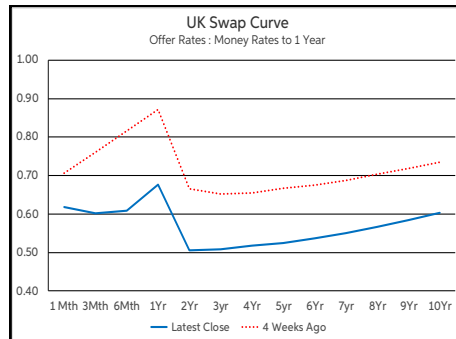
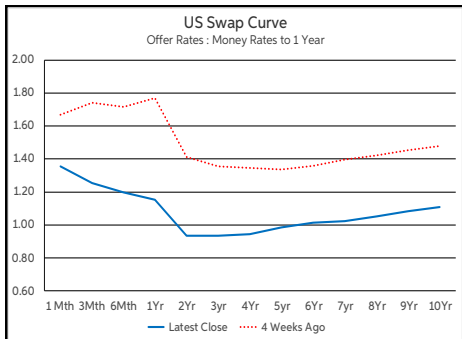
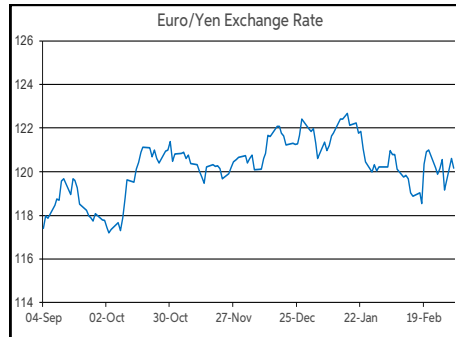
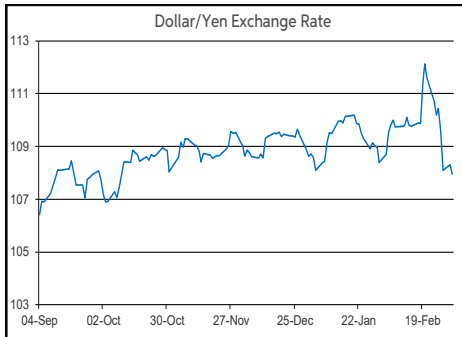
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

# Opening Levels

Tuesday 03 March 2020  
07:20 am



Euro		Sterling		Dollar	
EUR/GBP	0.8712	GBP/EUR	1.1473	USD/JPY	107.9
EUR/USD	1.1134	GBP/USD	1.2779	USD/CAD	1.3343
EUR/JPY	120.17	GBP/CAD	1.7055	USD/CHF	0.9583
EUR/SEK	10.6088	GBP/NZD	2.0399	USD/CNY	6.9786
EUR/DKK	7.4729	GBP/JPY	137.89	USD/BRL	4.4738
EUR/NOK	10.3654	GBP/SEK	12.1766	USD/RUB	66.484
EUR/CHF	1.0672	GBP/DKK	8.5756	USD/INR	72.885
EUR/AUD	1.6997	GBP/NOK	11.8934	AUD/USD	0.655
EUR/HKD	8.6637	GBP/CHF	1.2249	NZD/USD	0.6263
EUR/CAD	1.4853	GBP/AUD	1.9508		



Debt Markets				
	Close	Day	4 Weeks	End 19
<b>10 Year Yield %</b>				
US	1.15	-1	-37	-77
Germany	-0.62	-1	-18	-44
UK	0.41	-3	-10	-41
Ireland	-0.22	-2	-8	-30
Belgium	-0.23	-1	-4	-31
France	-0.30	-1	-12	-42
Italy	1.13	+3	+19	-24
Spain	0.28	+0	+5	-17
Portugal	0.29	+1	+7	-13
Greece	1.33	+5	+17	-8
<b>5 Year Swap %</b>				
US	0.99	-2	-35	-73
Eurozone	-0.39	-2	-10	-27
UK	0.52	-5	-14	-37
<b>2 Year Swap %</b>				
US	0.94	-7	-48	-76
Eurozone	-0.46	-2	-10	-17
UK	0.51	-6	-16	-30
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	41	-1	+10	+13
Belgium	39	+0	+14	+12
France	32	-0	+6	+1
Italy	176	+4	+37	+19
Spain	91	+1	+23	+26
Portugal	91	+2	+25	+31
Greece	196	+6	+35	+36

Commodities				
	Close	Day	4 Weeks	End 19
Brent Oil	51.9	+2.73	-4.68	-21.36
West Texas Oil	46.78	+4.35	-6.55	-23.49
Gold \$	1591.0	+0.35	+0.90	+4.83

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