

Improvement in risk appetite

There was some improvement in risk appetite yesterday. Sentiment was aided by the strong showing from the more 'pro business' Joe Biden in the US Democratic primaries on Super Tuesday. Some better than forecast US macro data was also helpful.

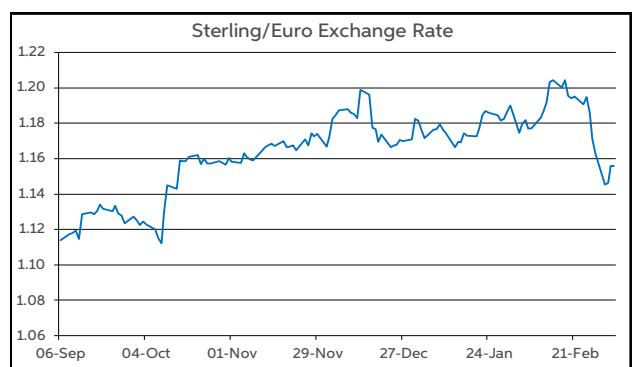
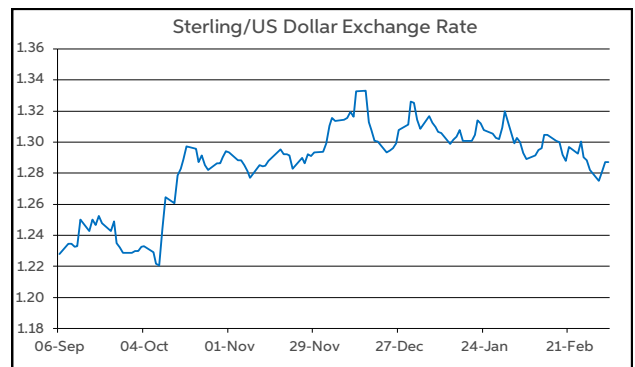
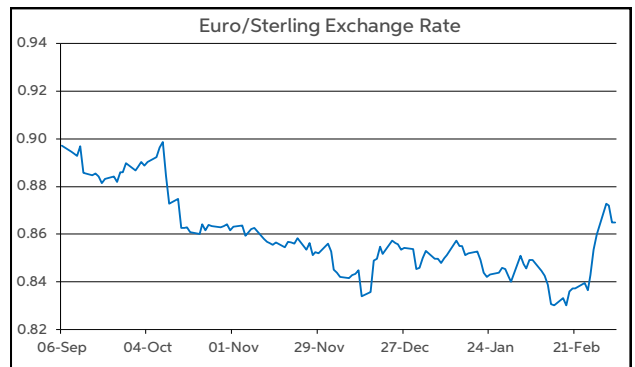
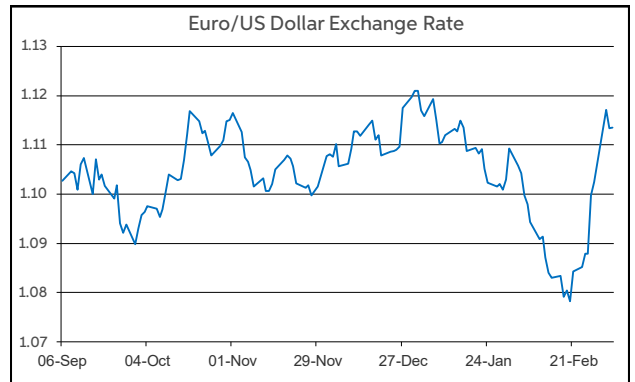
Expectations of further stimulus to support economic activity to deal with the evolving risks posed by the Coronavirus was also a positive. As a result, most of the main equity indices were higher yesterday. At the closing bell on Wall Street last night, the S&P 500 was up over 4% on the day.

On the monetary policy front, following the Fed's easing announcement on Tuesday, the Bank of Canada also cut rates by 50bps at its scheduled March policy meeting yesterday. Meanwhile, futures contracts are now pricing in a 90% probability of an ECB rate cut next week (up from 60% on Tuesday) with the expectation that the depo rate will be cut by 10bps to -0.60%.

Currency-wise, the euro has surrendered some of its recent gains during the past 24 hours. At the same time, sterling has been holding a firmer tone. In level terms, the softer euro and firmer sterling is reflected EUR/GBP in moving back below the 87p threshold to trade near to the midpoint of 86-87p. The EUR/USD rate has edged down into the lower half of the \$1.11-1.12 range. Meantime, cable (GBP/USD) is changing hands in the upper half of \$1.28-1.29.

Today, the market's focus will likely remain centred on developments related to the Coronavirus, as well as the efforts to mitigate the economic fallout. As a result, market sentiment/action may continue to be somewhat volatile.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1137	-0.16	-0.65
EUR/GBP	0.8647	-0.68	2.28
GBP/USD	1.2874	0.48	-2.90
GBP/EUR	1.1558	0.68	-2.23
USD/JPY	107.3	-0.08	-1.21
EUR/JPY	119.5	-0.25	-1.91

* 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	1.625	1.02	1.00	0.97	0.72	0.80
EUR	0.00	-0.51	-0.46	-0.36	-0.48	-0.41
GBP	0.75	0.51	0.50	0.59	0.46	0.51

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 05 March 2020
07:28 am



Euro

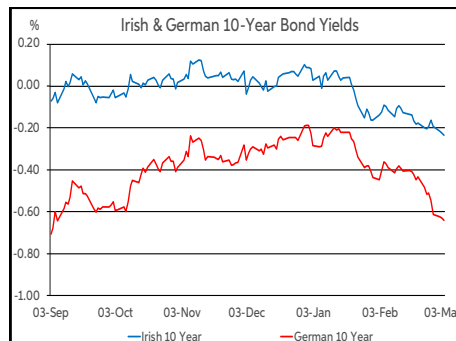
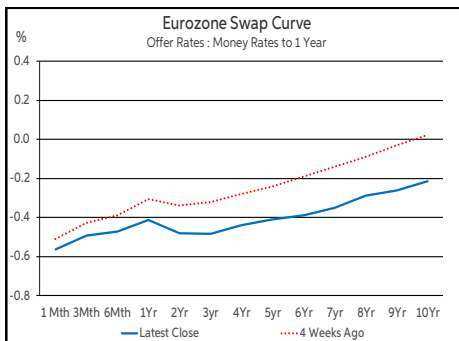
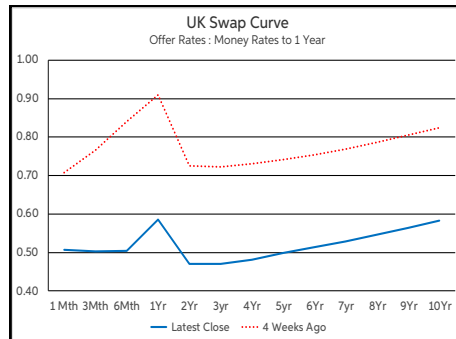
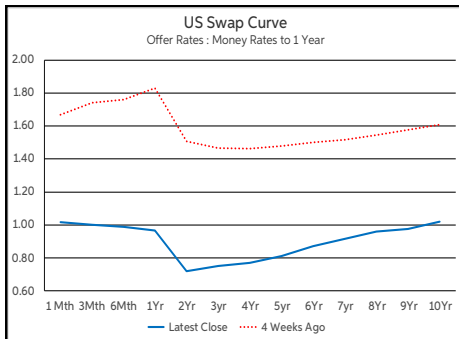
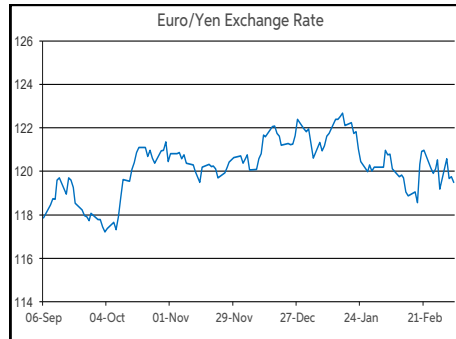
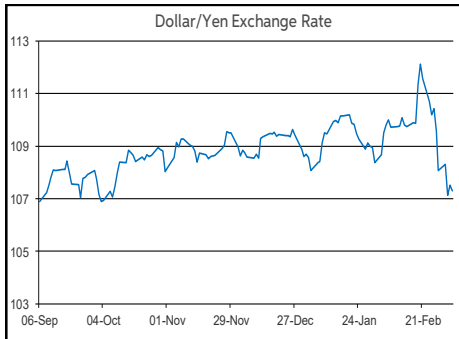
EUR/GBP	0.8647
EUR/USD	1.1134
EUR/JPY	119.5
EUR/SEK	10.5465
EUR/DKK	7.4725
EUR/NOK	10.3169
EUR/CHF	1.0647
EUR/AUD	1.6796
EUR/HKD	8.6519
EUR/CAD	1.4916

Sterling

GBP/EUR	1.1557
GBP/USD	1.2875
GBP/CAD	1.7243
GBP/NZD	2.0416
GBP/JPY	138.14
GBP/SEK	12.1912
GBP/DKK	8.6371
GBP/NOK	11.9236
GBP/CHF	1.2309
GBP/AUD	1.9417

Dollar

USD/JPY	107.29
USD/CAD	1.3395
USD/CHF	0.9559
USD/CNY	6.9419
USD/BRL	4.5847
USD/RUB	66.243
USD/INR	73.1875
AUD/USD	0.6628
NZD/USD	0.6304



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	1.05	+5	-60	-87
Germany	-0.64	-1	-28	-45
UK	0.37	-2	-25	-45
Ireland	-0.24	-1	-14	-32
Belgium	-0.26	+1	-21	-34
France	-0.32	+1	-22	-44
Italy	1.01	+3	+5	-37
Spain	0.17	-1	-12	-29
Portugal	0.18	-0	-9	-24
Greece	1.15	-10	-1	-26
5 Year Swap %				
US	0.81	+1	-67	-90
Eurozone	-0.41	+1	-17	-29
UK	0.50	-3	-24	-39
2 Year Swap %				
US	0.72	-5	-79	-98
Eurozone	-0.48	-0	-14	-19
UK	0.47	-1	-25	-34
10 Year Government Bond Spreads to Benchmark bps				
Ireland	41	+0	+14	+13
Belgium	39	+2	+7	+12
France	32	+3	+6	+1
Italy	165	+4	+33	+9
Spain	81	+0	+16	+16
Portugal	82	+1	+19	+22
Greece	180	-9	+27	+20

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	51.13	-1.41	-7.51	-22.53
West Texas Oil	46.78	-1.04	-8.04	-23.49
Gold \$	1636.2	-0.23	+5.09	+7.80

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