

Risk aversion intensifies

Last week saw volatile trading conditions on markets. The increasing concerns regarding the potential drag on the global economy from the Coronavirus impacted investor sentiment. This resulted in sharp swings on equity markets.

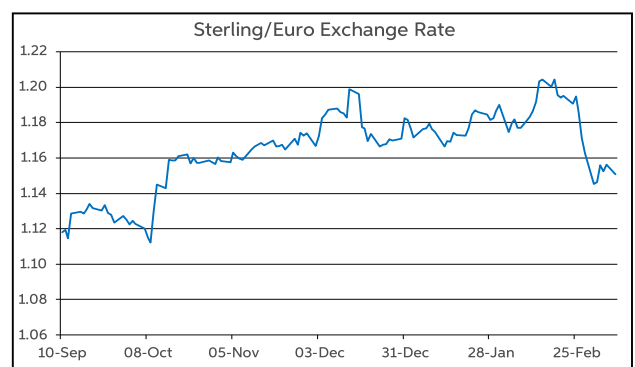
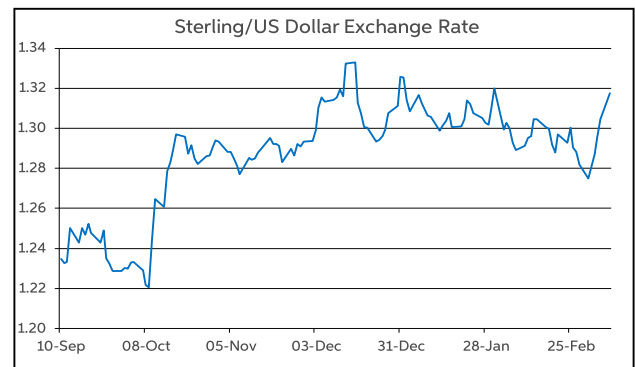
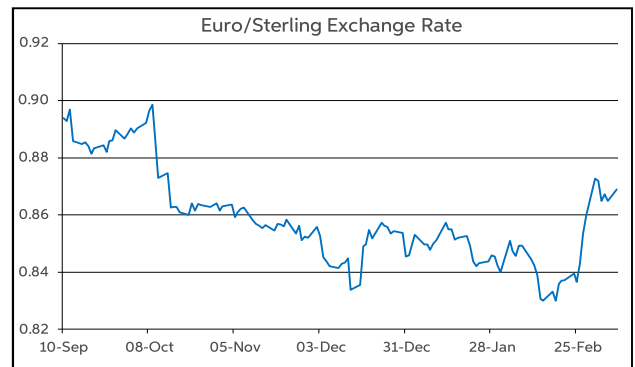
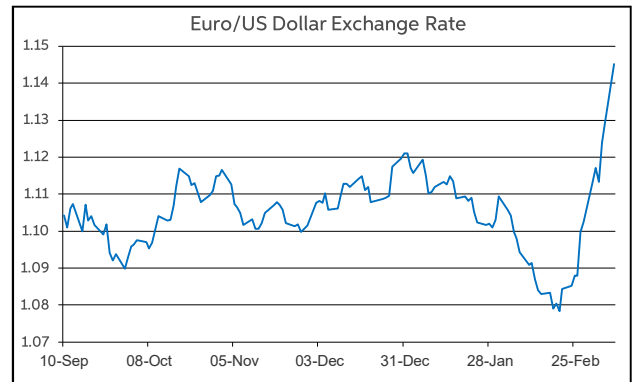
The concerns were also very much evident on the monetary policy front. There were rate cuts from the Bank of Canada and Australia. More significantly, the Fed in an out of course meeting cut rates by 50bps. Markets are looking for around 90bp of additional easing from the Fed by the end of the year. Not surprisingly, given this rate outlook and risk averse environment, US Treasury yields have tumbled. The 10 year yield fell to a new record low of 0.7%. Expectations of rate reductions by the BoE and ECB have also intensified, with 50bps and 20bps priced in, respectively, this year.

Overnight, the risk off mood has gained further momentum. The combination of coronavirus fears and the sharp fall in oil prices (following the lack of agreement at Friday's OPEC meeting) has weighed heavily on risk appetite. The Nikkei is down 5%.

The relative moves in swap rates and fall in oil prices have hampered on the dollar. This is reflected in EUR/USD starting this week above the \$1.14 mark (begun last week at \$1.105). At the same time, GBP/USD has regained the \$1.31 level. Meanwhile, the euro has also traded higher versus sterling with EUR/GBP near to the 87p threshold. Meanwhile, USD/JPY has plummeted to ¥102.

This week, market sentiment will likely continue to be driven by coronavirus developments. As a result, market action will likely remain volatile. In terms of scheduled events, the ECB meeting will be scrutinised on Thursday.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2019
EUR/USD	1.1449	1.97	2.13
EUR/GBP	0.8688	0.24	2.77
GBP/USD	1.3175	1.73	-0.63
GBP/EUR	1.1503	-0.24	-2.69
USD/JPY	102.03	-3.57	-6.06
EUR/JPY	116.84	-1.65	-4.10

* 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	0.86	0.90	0.85	0.53	0.51
EUR	0.00	-0.50	-0.47	-0.35	-0.48	-0.45
GBP	0.75	0.56	0.52	0.60	0.48	0.49

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

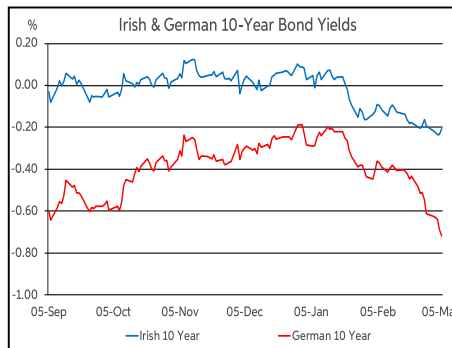
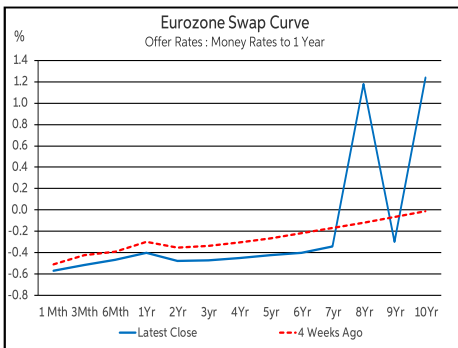
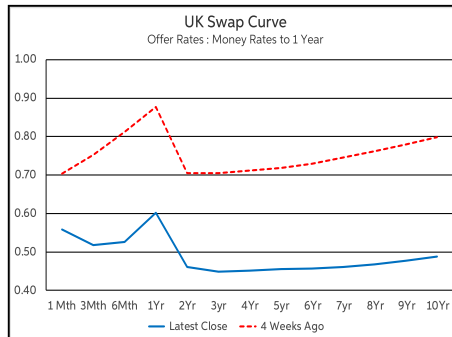
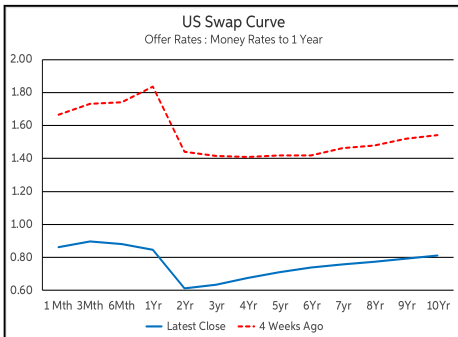
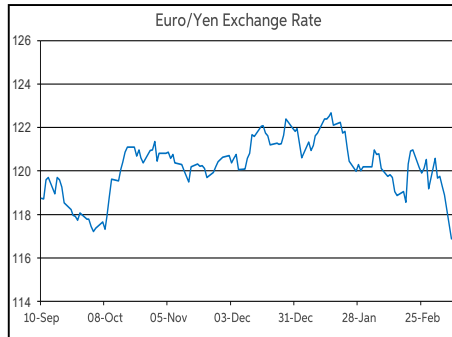
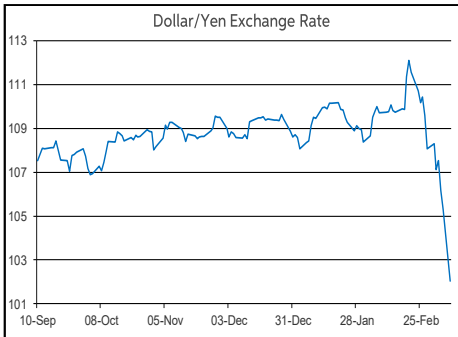
FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Opening Levels

Monday 09 March 2020
07:28 am



Euro		Sterling		Dollar	
EUR/GBP	0.8688	GBP/EUR	1.1503	USD/JPY	102.03
EUR/USD	1.1449	GBP/USD	1.3175	USD/CAD	1.3662
EUR/JPY	116.84	GBP/CAD	1.8001	USD/CHF	0.9205
EUR/SEK	10.7237	GBP/NZD	2.0986	USD/CNY	6.945
EUR/DKK	7.4698	GBP/JPY	134.42	USD/BRL	4.6269
EUR/NOK	10.9522	GBP/SEK	12.3421	USD/RUB	73.495
EUR/CHF	1.0542	GBP/DKK	8.5948	USD/INR	74.155
EUR/AUD	1.7464	GBP/NOK	12.6007	AUD/USD	0.6556
EUR/HKD	8.8951	GBP/CHF	1.2131	NZD/USD	0.6277
EUR/CAD	1.5644	GBP/AUD	2.0097		



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 19
10 Year Yield %				
US	0.77	-14	-81	-115
Germany	-0.72	-3	-35	-53
UK	0.23	-10	-34	-59
Ireland	-0.21	+3	-9	-30
Belgium	-0.31	-1	-22	-39
France	-0.36	-1	-22	-48
Italy	1.06	+1	+13	-31
Spain	0.20	-1	-9	-25
Portugal	0.23	-1	-3	-19
Greece	1.38	+14	+22	-2
5 Year Swap %				
US	0.71	-4	-71	-100
Eurozone	-0.43	-1	-16	-31
UK	0.46	-3	-26	-44
2 Year Swap %				
US	0.61	-5	-83	-109
Eurozone	-0.48	+0	-12	-19
UK	0.46	+1	-24	-35
10 Year Government Bond Spreads to Benchmark bps				
Ireland	51	+6	+26	+23
Belgium	41	+2	+13	+14
France	36	+2	+13	+5
Italy	178	+4	+48	+22
Spain	92	+2	+27	+28
Portugal	94	+2	+33	+34
Greece	210	+17	+58	+50

Commodities				
	% Change			
	Close	Day	4 Weeks	End 19
Brent Oil	45.27	-9.44	-16.89	-31.41
West Texas Oil	41.14	-10.37	-18.28	-32.71
Gold \$	1674.6	+0.22	+6.62	+10.33

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