

ECB meeting ahead today

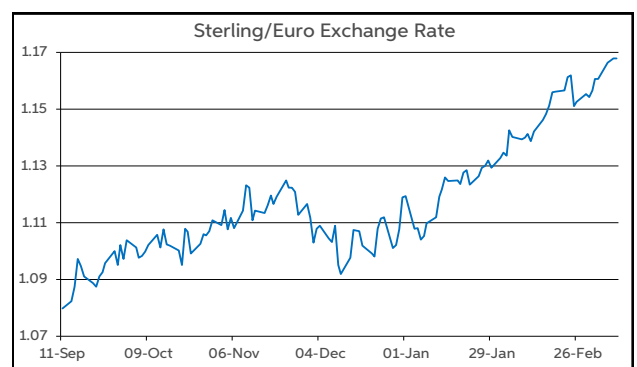
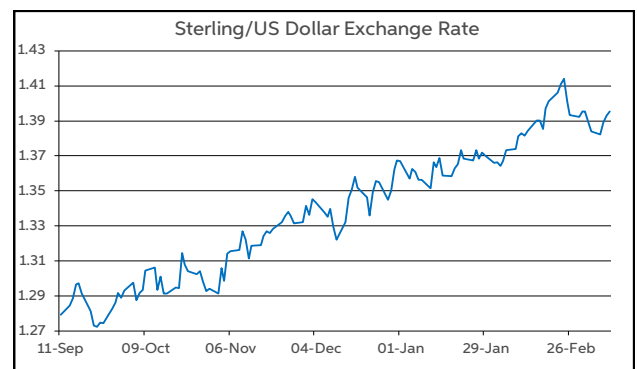
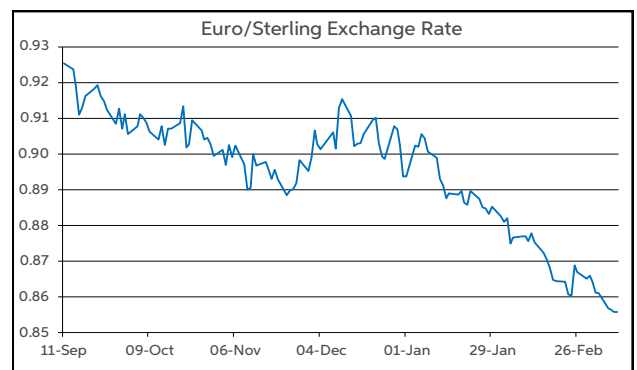
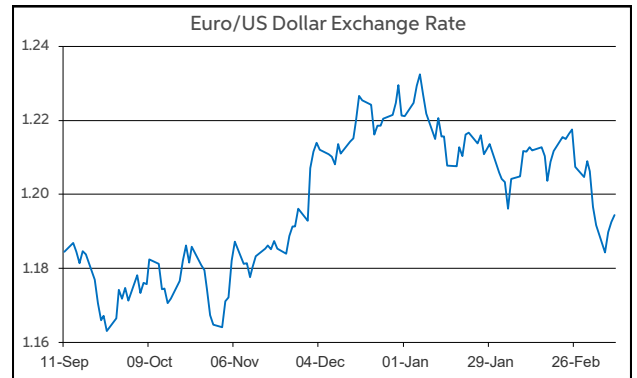
There was a calmer tone to market proceedings yesterday, as the House of Congress passed the long awaited fiscal stimulus package worth \$1.9trn in the US. On bond markets, US Treasury yields continued to stabilise despite a record \$38bn auction in the ten year space. On equity markets, the Eurostoxx 50 finished the day up 0.9%, while across the Atlantic, the S&P 500 gained 0.6%. Currency-wise, there was a somewhat softer tone to the dollar, as the greenback registered losses against the euro and sterling.

Data-wise yesterday, the only noteworthy release was US CPI inflation for February. The headline index increased to 1.7% from 1.4% in January. However, the core rate declined to 1.3% from 1.4% as underlying price pressures continued to be subdued. The release had little impact on the dollar.

In level terms, the softer dollar tone is reflected in EUR/USD opening this morning back above the \$1.19 level, near the halfway mark of the \$1.19-1.20 range. GBP/USD has regained the \$1.39 threshold. EUR/GBP starts today unchanged from 24 hours previous, at the midpoint of 85-86p.

Turning to the day ahead, the ECB meeting may pose some event risk for the euro, even though the central bank is expected to keep policy on hold. Numerous ECB Executive Board members have highlighted the need to maintain loose financing conditions amidst concerns regarding rising bond yields over recent weeks. President Lagarde is likely to highlight that the ECB will continue to monitor the situation closely, while increased purchases under the PEPP may also be hinted at. The latest ECB staff projections will also garner close attention, especially the inflation forecast. Elsewhere, there is a sparse data schedule today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2020
EUR/USD	1.1941	0.56	-2.23
EUR/GBP	0.856	-0.08	-4.22
GBP/USD	1.3948	0.65	2.01
GBP/EUR	1.1675	0.08	4.40
USD/JPY	108.66	-0.19	5.25
EUR/JPY	129.76	0.37	2.85

* v Previous Day's European Open

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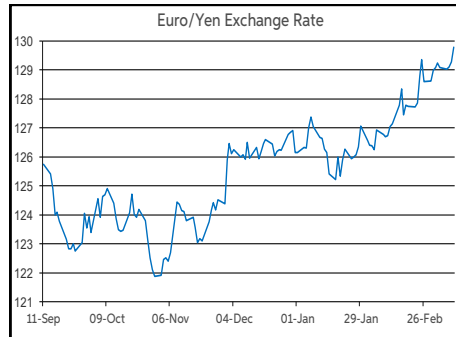
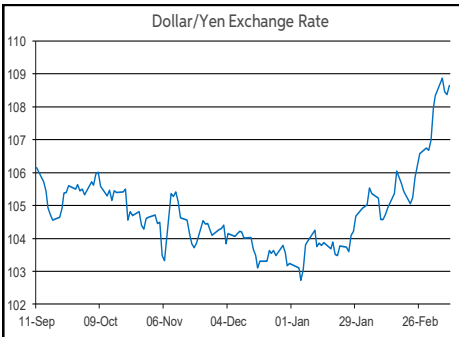
Opening Interest Rates						
	Base Rate	Money Market		Swap Rates		
		1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	0.125	0.11	0.18	0.18	0.26	0.87
EUR	0.00	-0.56	-0.54	-0.51	-0.49	-0.32
GBP	0.10	0.05	0.08	0.10	0.25	0.60

All rates quoted are indicative market rates

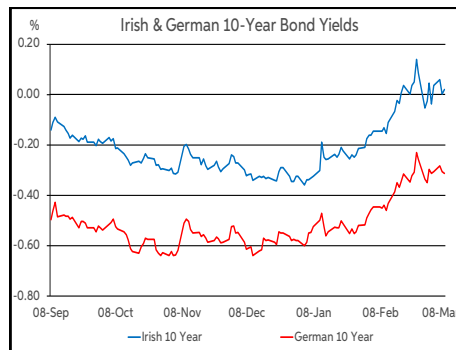
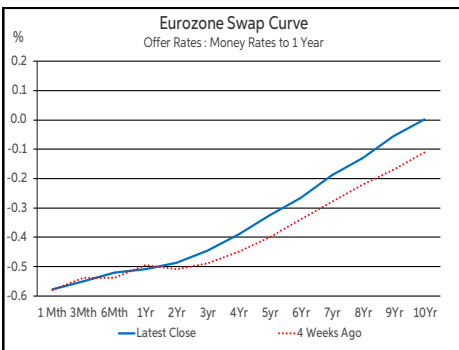
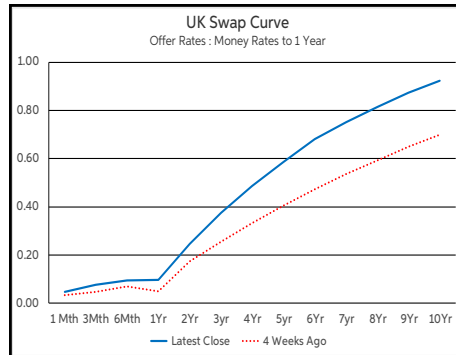
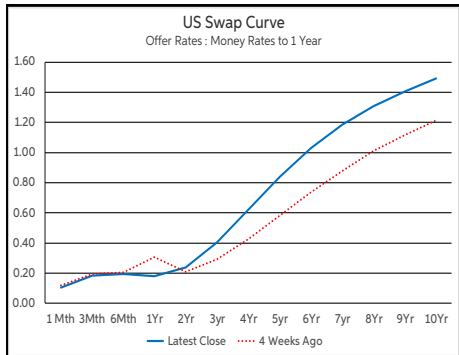
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FX Spot	Karl Cooke Shane Gargan Enda Homan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
		Equity Options	Gary Luff				

Euro		Sterling		Dollar	
EUR/GBP	0.856	GBP/EUR	1.1675	USD/JPY	108.66
EUR/USD	1.1941	GBP/USD	1.3948	USD/CAD	1.2593
EUR/JPY	129.76	GBP/CAD	1.7569	USD/CHF	0.9289
EUR/SEK	10.0967	GBP/NZD	1.9297	USD/CNY	6.4933
EUR/DKK	7.4362	GBP/JPY	151.56	USD/BRL	5.672
EUR/NOK	10.0371	GBP/SEK	11.7882	USD/RUB	73.4664
EUR/CHF	1.1092	GBP/DKK	8.683	USD/INR	72.625
EUR/AUD	1.5359	GBP/NOK	11.7176	AUD/USD	0.7774
EUR/HKD	9.2647	GBP/CHF	1.2954	NZD/USD	0.7225
EUR/CAD	1.5043	GBP/AUD	1.7936		



Debt Markets				
	Close	Day	4 Weeks	End 20
10 Year Yield %				
US	1.52	-1	+40	+60
Germany	-0.31	-1	+13	+26
UK	0.72	-1	+23	+52
Ireland	0.05	-1	+16	+35
Belgium	0.00	+1	+26	+39
France	-0.06	-0	+15	+28
Italy	0.68	-2	+18	+16
Spain	0.36	-1	+21	+31
Portugal	0.25	-2	+16	+19
Greece	0.84	-6	+6	+22
5 Year Swap %				
US	0.84	-3	+30	+42
Eurozone	-0.33	-1	+8	+13
UK	0.59	-2	+19	+40
2 Year Swap %				
US	0.24	+1	+5	+4
Eurozone	-0.49	-1	+3	+4
UK	0.25	-0	+8	+22
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	-0	+3	+9
Belgium	31	+2	+14	+12
France	25	+0	+2	+2
Italy	99	-1	+5	-10
Spain	67	-0	+9	+4
Portugal	56	-1	+3	-8
Greece	115	-5	-7	-5



Commodities				
	Close	Day	4 Weeks	End 20
Brent Oil	67.9	+0.56	+10.46	+31.08
West Texas Oil	64.45	+0.67	+9.81	+33.30
Gold \$	1726.0	+0.62	-6.31	-8.99

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