Morning Comment

AIB Treasury Economic Research Unit

Friday 26 September 2025
07:50 am

Dollar remains on the front-foot

The cautious tone to investor sentiment persisted yesterday on both sides of the Atlantic. This was evidenced by the Euro Stoxx 50 edging 0.4% lower. On Wall Street, the S&P fell by 0.5%. Meantime, on bond markets, US Treasury and UK Gilt yields moved 3-9bps higher, amid a firming in interest rate futures. In contrast, German Bund yields rose by a more modest 1-2bps.

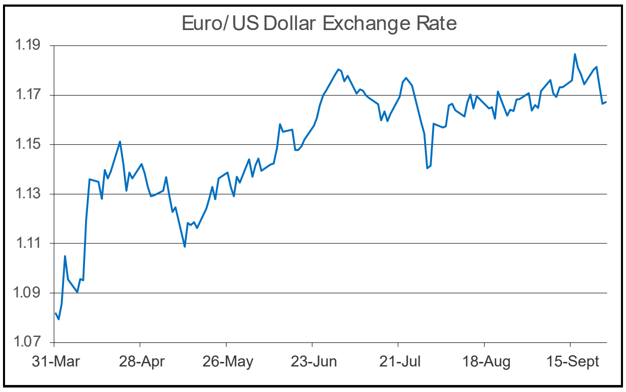
On the monetary policy front, a raft of Fed speakers were on the wires yesterday. Both Schmid and Goolsbee indicated that a gradual pace of easing would be appropriate. In contrast, Governor Miran argued once again for a faster pace of rate cuts, while Governor Bowman stated that the Fed is right to be focusing on the labour market side of its mandate.

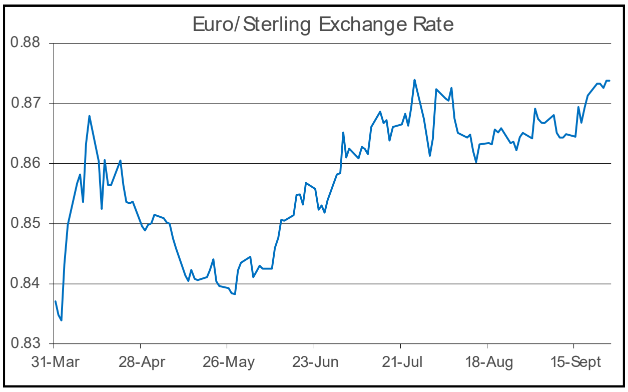
Data-wise, a slew of US releases came in ahead of the consensus. GDP for Q2 was revised up to +3.8% annualised (from +3.3%) largely due to a sharper rise in consumption. Meanwhile, initial jobless claims fell to 218k (235k f'cast). Existing home sales were also stronger than anticipated, rising to 4m in August (vs. 3.95m f'cast). Thus, despite the aforementioned dovish rhetoric from some Fed officials, US futures contracts continued to harden yesterday, on the back of the solid data releases. This in-turn, spilled over to UK futures contracts and to a lesser extent, Eurozone futures contracts also.

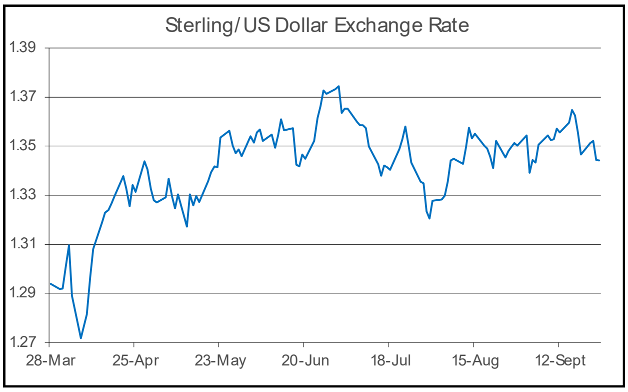
In terms of FX markets, the dollar remained on the front-foot, supported by the risk averse sentiment and the firming in US rate expectations. This sees EUR/USD open today back below the $1.17 threshold. GBP/USD is down near midpoint of $1.33-1.34. EUR/GBP remains above the 87p mark.

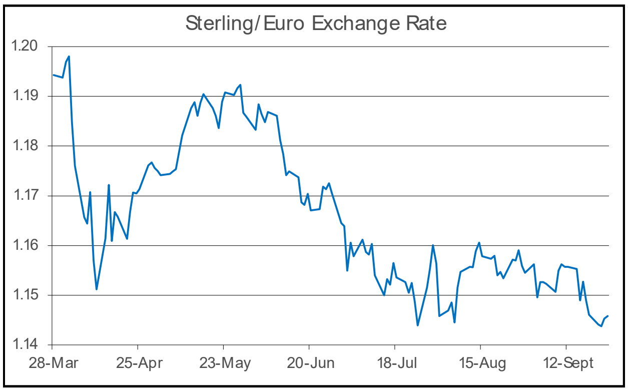
Today, the main highlight will be US core-PCE inflation for August. It is forecast to stay at 2.9% in August. US personal consumption and income data will also be released.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1678	-0.62	12.80
EUR/GBP	0.8739	0.14	5.63
GBP/USD	1.3359	-0.76	6.78
GBP/EUR	1.1438	-0.14	-5.33
USD/JPY	149.79	0.81	-4.70
EUR/JPY	174.96	0.18	7.50

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	4.13	4.16	3.99	3.68	3.72	3.70
EUR	2.00	1.89	1.99	2.12	2.19	2.43
GBP	4.00	3.96	3.96	3.86	4.02	4.11

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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

All Data Sourced from Refinitiv

Opening Levels

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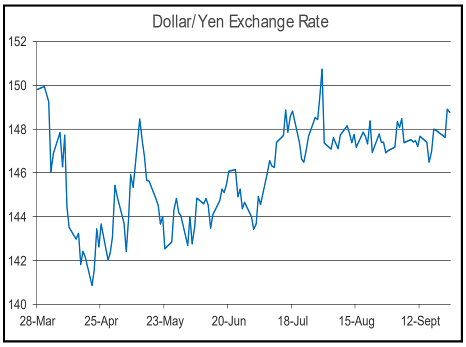
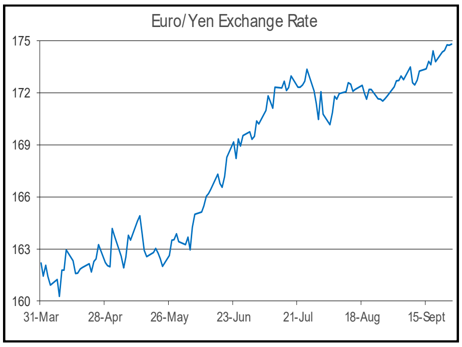
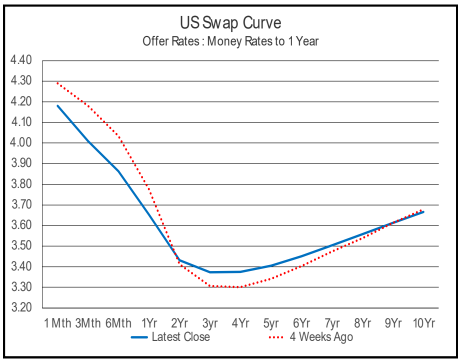
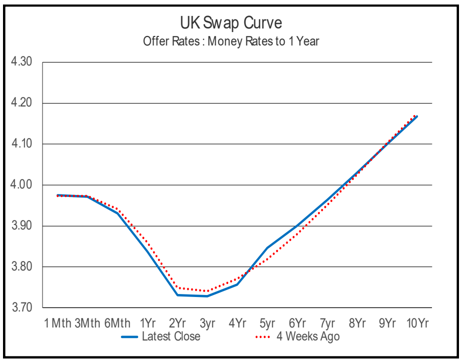
AIB

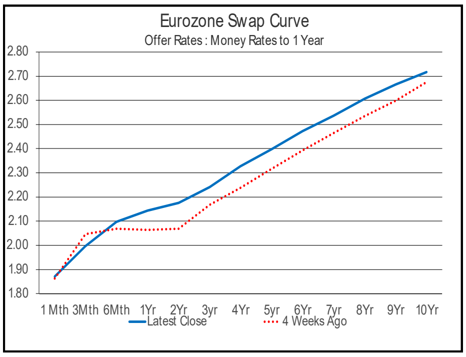
Euro		Sterling		Dollar	
EUR/ GBP	0.8739	GBP/ EUR	1.1438	USD/ JPY	149.81
EUR/ USD	1.1678	GBP/ USD	1.3359	USD/ CAD	1.3942
EUR/ JPY	174.96	GBP/ CAD	1.8622	USD/ CHF	0.7988
EUR/ SEK	11.0312	GBP/ NZD	2.3161	USD/ CNY	7.1346
EUR/ DKK	7.4638	GBP/ JPY	200.13	USD/ BRL	5.3644
EUR/ NOK	11.7154	GBP/ SEK	12.6189	USD/ RUB	83.7
EUR/ CHF	0.9329	GBP/ DKK	8.5366	USD/ INR	88.715
EUR/ AUD	1.7866	GBP/ NOK	13.3936		
EUR/ HKD	9.0844	GBP/ CHF	1.0672	AUD/ USD	0.6534
EUR/ CAD	1.628	GBP/ AUD	2.0437	NZD/ USD	0.5764

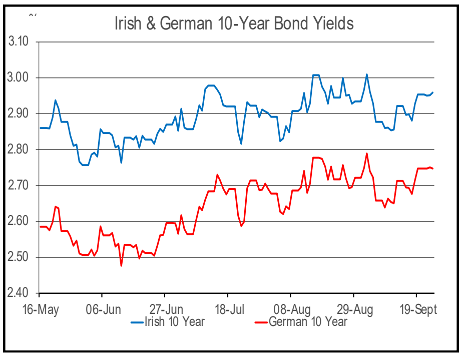












Debt Markets

	Close	Change bps Day	4 Weeks	End 24
10 Year Yield %				
US	4.17	+3	-3	-40
Germany	2.77	+2	+7	+41
UK	4.76	+9	+6	+19
Ireland	3.03	+3	+7	+38
Belgium	3.34	+4	+8	+36
France	3.61	+4	+13	+41
Italy	3.64	+5	+8	+12
Spain	3.34	+4	+5	+28
Portugal	3.21	+5	+6	+36
Greece	3.50	+4	+10	+25
5 Year Swap %				
US	3.68	+6	+10	-61
Eurozone	2.43	+4	+13	+19
UK	4.10	+6	+5	-18
2 Year Swap %				
US	3.68	+5	+3	-65
Eurozone	2.17	+4	+11	-2
UK	4.01	+4	+4	-48
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	+0	+0	-3
Belgium	57	+2	+1	-5
France	83	+1	+6	+0
Italy	87	+2	+0	-29
Spain	57	+2	-2	-13
Portugal	43	+2	-2	-5
Greece	73	+2	+2	-16

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	69.31	+2.48	+1.85	-7.14
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	3735.9	-0.74	+9.98	+42.39

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