

# Morning Comment

AIB Treasury Economic Research Unit



Thursday 08 January 2026  
07:51 am

## Sterling under modest pressure

The cautious tone to investor sentiment persisted across markets yesterday. On equity markets, the Euro Stoxx 50 registered a marginal 0.1% loss. Meanwhile, on Wall Street, the S&P 500 finished the day down by 0.3%. On bond markets, German Bund and US Treasury yields declined by 1-4bps. UK Gilt yields fell by a more pronounced 3-8bps along the curve.

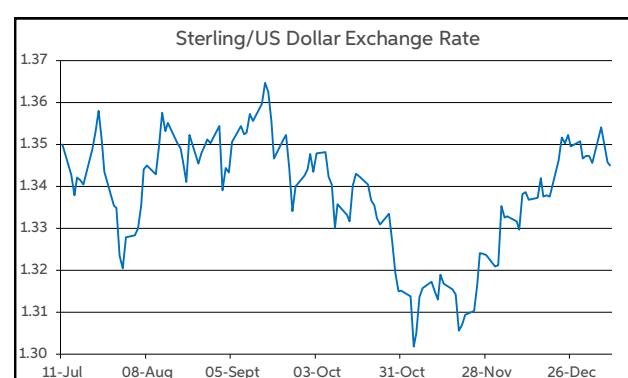
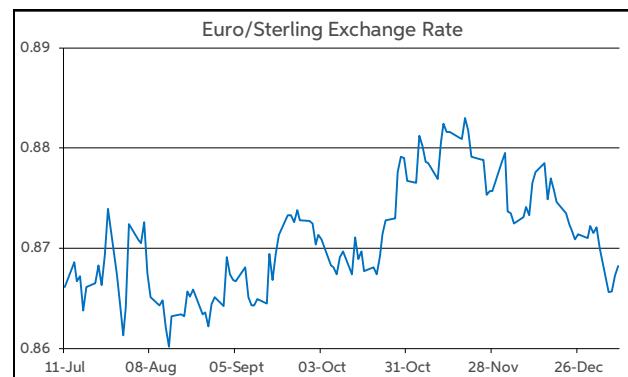
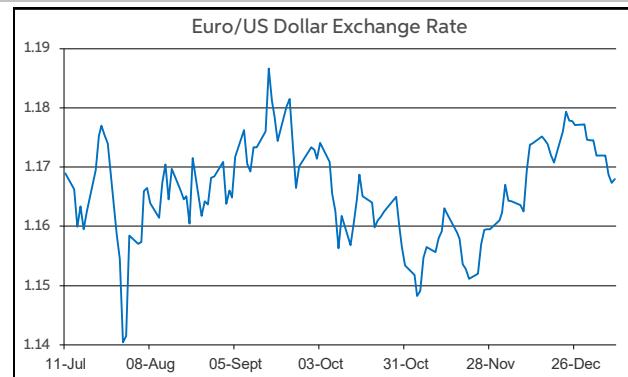
Data-wise, the flash estimate of Eurozone inflation for December printed in line with expectations. Both the headline and the core rate edged a tenth lower to 2.0% and 2.3%, respectively. Meantime in the US, the JOLTS job openings figure moved below 7.2m for the first time since September'24, while the ADP employment report showed that payrolls expanded by just 41k in December (vs. 47k f'cast). Both reports suggest that labour market conditions cooled further at the end of last year. On a more positive note, the US non-manufacturing ISM jumped to 54.4 in December (its highest level since October'24), amid an improvement in new orders and employment in the sector.

Against this backdrop, the main FX pairs operated within quite narrow trading ranges yesterday. Of the limited moves to note, sterling handed back some of its gains from earlier in the week. The pound shed around 0.3-0.4% versus the euro and the dollar.

In level terms, the softer tone to sterling sees EUR/GBP open today in the top half of the 86-87p trading band. GBP/USD is changing hands back at the midpoint of \$1.34-1.35. Meanwhile, EUR/USD remains in the top half of the \$1.16-1.17 corridor.

Turning to the day ahead, the focus will be on the Eurozone unemployment rate for November and the EC sentiment survey results for December. The jobless rate is expected to stay at 6.4%, while sentiment is projected to improve modestly. In the US, the latest weekly initial jobless claims data will garner some attention.

Daniel Noonan, Economist, AIB



| Today's Opening FX Rates |        |          |       |
|--------------------------|--------|----------|-------|
| % Change                 |        |          |       |
|                          | Day *  | End 2025 |       |
| EUR/USD                  | 1.168  | -0.10    | -0.55 |
| EUR/GBP                  | 0.8682 | 0.32     | -0.38 |
| GBP/USD                  | 1.345  | -0.41    | -0.17 |
| GBP/EUR                  | 1.1513 | -0.32    | 0.38  |
| USD/JPY                  | 156.5  | 0.08     | -0.10 |
| EUR/JPY                  | 182.82 | -0.02    | -0.64 |

\* v Previous Day's European Open

See Next Page for More Rates

| Opening Interest Rates |              |       |            |      |      |
|------------------------|--------------|-------|------------|------|------|
| Base Rate              | Money Market |       | Swap Rates |      |      |
|                        | 1-Mth        | 3-Mth | 1-Yr       | 2-Yr | 5-Yr |
| USD                    | 3.63         | 3.67  | 3.64       | 3.42 | 3.58 |
| EUR                    | 2.00         | 1.94  | 2.03       | 2.14 | 2.22 |
| GBP                    | 3.75         | 3.72  | 3.70       | 3.52 | 3.70 |

All rates quoted are indicative market rates

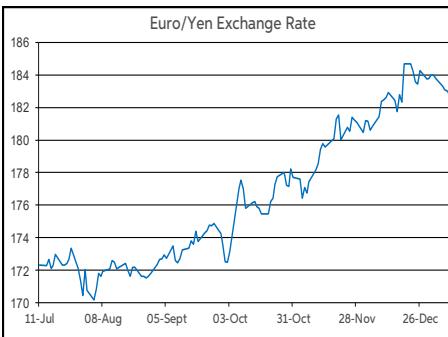
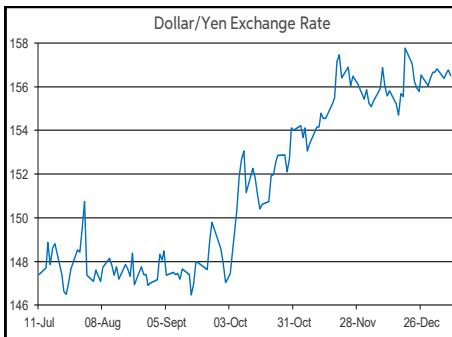
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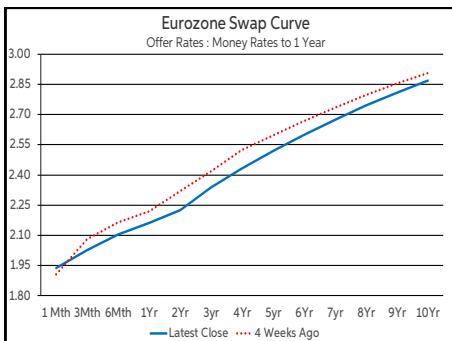
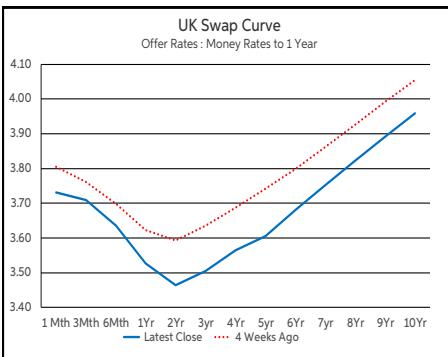
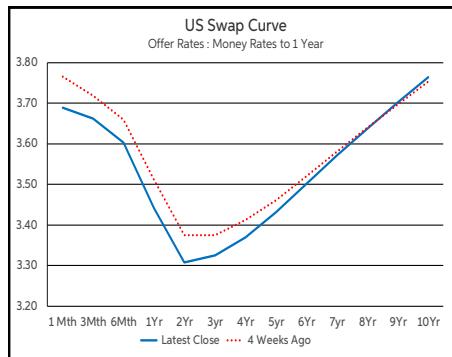
| Euro    |         |
|---------|---------|
| EUR/GBP | 0.8682  |
| EUR/USD | 1.168   |
| EUR/JPY | 182.82  |
| EUR/SEK | 10.7493 |
| EUR/DKK | 7.4717  |
| EUR/NOK | 11.8025 |
| EUR/CHF | 0.9314  |
| EUR/AUD | 1.7436  |
| EUR/HKD | 9.1005  |
| EUR/CAD | 1.6206  |

| Sterling |         |
|----------|---------|
| GBP/EUR  | 1.1513  |
| GBP/USD  | 1.345   |
| GBP/CAD  | 1.8662  |
| GBP/NZD  | 2.3367  |
| GBP/JPY  | 210.49  |
| GBP/SEK  | 12.3802 |
| GBP/DKK  | 8.6029  |
| GBP/NOK  | 13.592  |
| GBP/CHF  | 1.0724  |
| GBP/AUD  | 2.0075  |

| Dollar  |        |
|---------|--------|
| USD/JPY | 156.5  |
| USD/CAD | 1.3876 |
| USD/CHF | 0.7973 |
| USD/CNY | 6.9817 |
| USD/BRL | 5.3848 |
| USD/RUB | 80.4   |
| USD/INR | 89.927 |
| AUD/USD | 0.6698 |
| NZD/USD | 0.5753 |



|  | Close | Change bps |         |        |
|--|-------|------------|---------|--------|
|  |       | Day        | 4 Weeks | End 25 |
| 10 Year Yield %                                  |       |            |         |        |
| US   | 4.14  | -4         | -3      | -1     |
| Germany  | 2.81  | -4         | -5      | -5     |
| UK   | 4.42  | -7         | -9      | -6     |
| Ireland  | 2.98  | -3         | -7      | -4     |
| Belgium  | 3.30  | -5         | -7      | -5     |
| France   | 3.52  | -4         | -6      | -4     |
| Italy  | 3.47  | -2         | -9      | -4     |
| Spain  | 3.25  | -2         | -7      | -4     |
| Portugal   | 3.11  | -4         | -8      | -5     |
| Greece   | 3.41  | -7         | -9      | -7     |
| 5 Year Swap %                                    |       |            |         |        |
| US   | 3.68  | +0         | -0      | -5     |
| Eurozone   | 2.50  | -4         | -8      | -6     |
| UK   | 3.86  | -4         | -11     | -3     |
| 2 Year Swap %                                    |       |            |         |        |
| US   | 3.57  | +1         | -4      | +0     |
| Eurozone   | 2.22  | +0         | -10     | -4     |
| UK   | 3.70  | -3         | -12     | -3     |
| 10 Year Government Bond Spreads to Benchmark bps |       |            |         |        |
| Ireland  | 18    | +1         | -2      | +1     |
| Belgium  | 49    | -1         | -2      | +1     |
| France   | 71    | +0         | -1      | +1     |
| Italy  | 66    | +1         | -4      | +1     |
| Spain  | 44    | +2         | -2      | +1     |
| Portugal   | 31    | +0         | -3      | +1     |
| Greece   | 60    | -3         | -4      | -1     |



|                | % Change |       |         |        |
|----------------|----------|-------|---------|--------|
|                | Close    | Day   | 4 Weeks | End 25 |
| Brent Oil      | 59.96    | -1.22 | -3.62   | -1.46  |
| West Texas Oil | 71.65    | -0.17 | -1.90   | -1.27  |
| Gold \$        | 4452.8   | -0.98 | +5.32   | +3.21  |

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