

Morning Comment

AIB Treasury Economic Research Unit



Wednesday 12 November 2025
07:43 am

EUR/GBP back above 88p

There was a mixed mood on markets yesterday. This was reflected by the Euro Stoxx 50 gaining 1.1%, supported in part by some strong company earnings reports. In contrast, the S&P 500 struggled for momentum amid lingering concerns of stretched valuations for AI-related firms. The index rallied late on to register a meagre 0.2% rise.

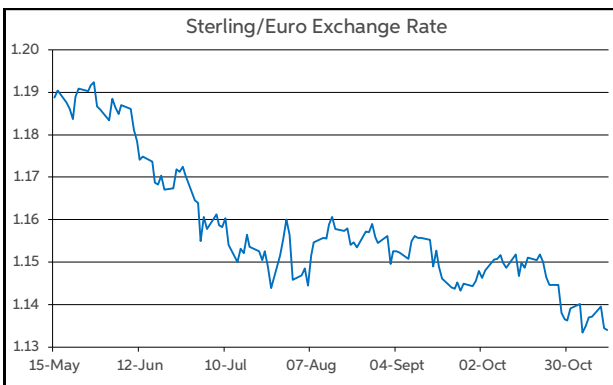
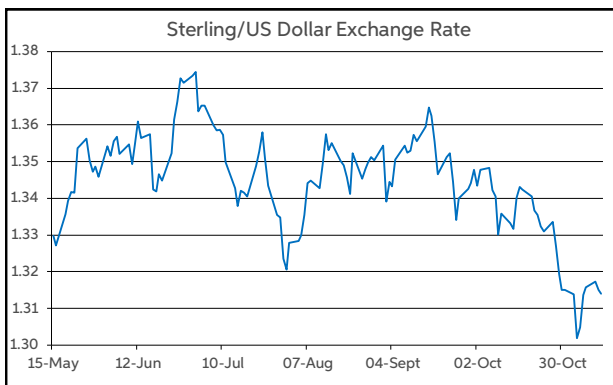
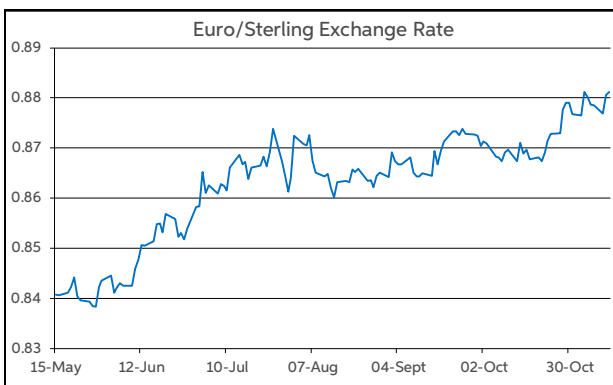
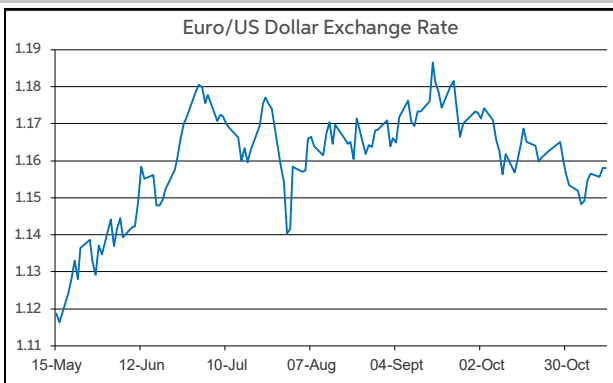
Meantime on bond markets, UK Gilt yields fell by 7-8bps along the curve yesterday, due to a softening in UK rate expectations following a soft labour market report for September/October. Market pricing indicates that it now attaches around a 75% chance of a BoE rate cut in December, and a total of 65bps of policy easing is expected by the end of 2026. Elsewhere, German Bund yields inched 2-3bps lower. US Treasury markets were closed for Veteran's Day.

Data-wise, aside from the aforementioned early UK labour market release, the macro calendar was relatively light. In Germany, the ZEW economic sentiment indicator deteriorated slightly to 38.5 (vs. 41.0 f'cast) in November. Meanwhile, US small business optimism edged marginally lower to 98.2 in October, from 98.8. However, neither release had a major impact on the euro or the dollar yesterday.

On the currency front, sterling was under some modest downward pressure yesterday, owing to the softening in UK market rates. Elsewhere, there was affirmer tone to the euro. As trading gets underway this morning, this sees EUR/GBP open above the 88p mark. Meantime EUR/USD is changing hands in the top half of \$1.15-1.16. GBP/USD is near the midpoint of the \$1.31-1.32 corridor.

Turning to the day ahead, the macro calendar is sparse on both sides of the Atlantic. Meanwhile, remarks from a number of Fed officials will warrant some attention. However, the main focus will likely be on efforts to end the US government shutdown. The House of Representatives may vote on a funding bill to end it as soon as today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1581	0.17	11.86
EUR/GBP	0.8812	0.35	6.52
GBP/USD	1.314	-0.18	5.03
GBP/EUR	1.1342	-0.35	-6.12
USD/JPY	154.61	0.32	-1.64
EUR/JPY	179.1	0.51	10.05
* 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	3.88	3.95	3.84	3.56	3.63	3.64
EUR	2.00	1.90	2.01	2.14	2.17	2.37
GBP	4.00	3.96	3.84	3.59	3.74	3.82

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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Euro

EUR/GBP	0.8812
EUR/USD	1.1581
EUR/JPY	179.1
EUR/SEK	10.9517
EUR/DKK	7.4676
EUR/NOK	11.646
EUR/CHF	0.9267
EUR/AUD	1.7709
EUR/HKD	9.0011
EUR/CAD	1.622

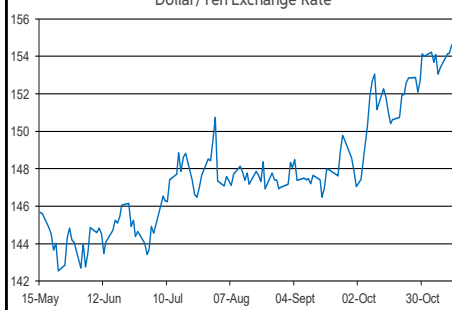
Sterling

GBP/EUR	1.1342
GBP/USD	1.314
GBP/CAD	1.8401
GBP/NZD	2.3217
GBP/JPY	203.16
GBP/SEK	12.4256
GBP/DKK	8.47
GBP/NOK	13.2134
GBP/CHF	1.0511
GBP/AUD	2.0089

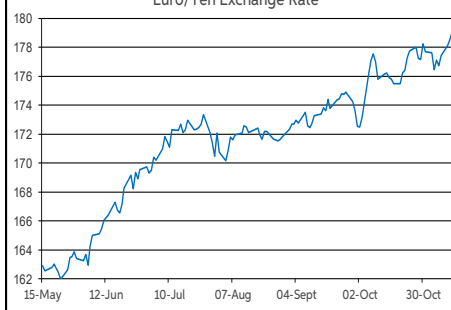
Dollar

USD/JPY	154.61
USD/CAD	1.4005
USD/CHF	0.8
USD/CNY	7.1177
USD/BRL	5.2696
USD/RUB	81
USD/INR	88.61
AUD/USD	0.6538
NZD/USD	0.5656

Dollar/Yen Exchange Rate

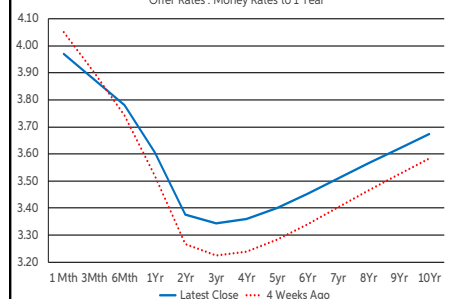


Euro/Yen Exchange Rate



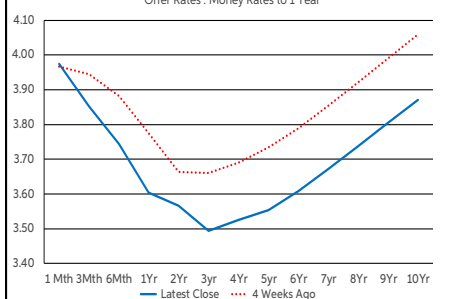
US Swap Curve

Offer Rates : Money Rates to 1 Year



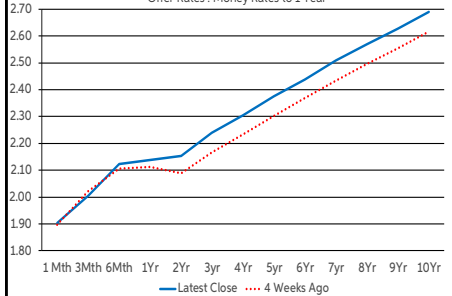
UK Swap Curve

Offer Rates : Money Rates to 1 Year

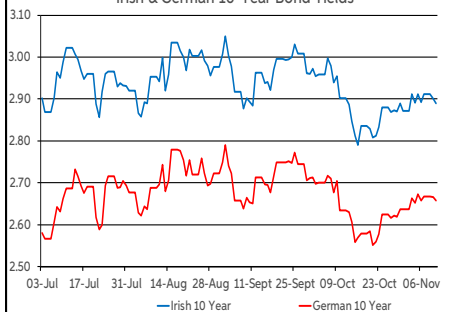


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.11	+2	+9	-47
Germany	2.66	-1	+5	+29
UK	4.39	-8	-20	-19
Ireland	2.89	-1	+4	+24
Belgium	3.20	-0	+5	+22
France	3.42	-2	+2	+23
Italy	3.40	-1	-2	-12
Spain	3.16	-1	+3	+10
Portugal	3.01	-1	+2	+16
Greece	3.30	-1	+1	+5

5 Year Swap %				
US	3.67	+2	+13	-62
Eurozone	2.36	-1	+7	+12
UK	3.81	-8	-16	-47

2 Year Swap %				
US	3.64	+0	+14	-69
Eurozone	2.15	-0	+6	-4
UK	3.73	-8	-17	-75

10 Year Government Bond Spreads to Benchmark bps				
Ireland	23	-0	-1	-5
Belgium	54	+1	-0	-8
France	76	-1	-3	-7
Italy	74	-0	-7	-41
Spain	50	-0	-2	-20
Portugal	36	+0	-3	-13
Greece	64	-0	-4	-24

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	65.16	+1.72	+4.44	-12.70
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4126.4	+0.26	-0.36	+57.27

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