

Morning Comment

AIB Treasury Economic Research Unit



Wednesday 13 August 2025
06:57 am

Dollar weaker post-US inflation update

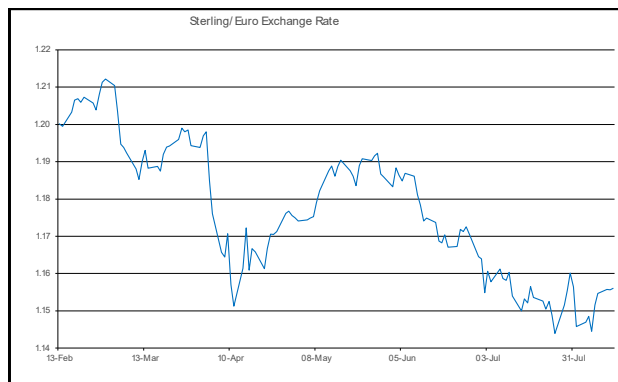
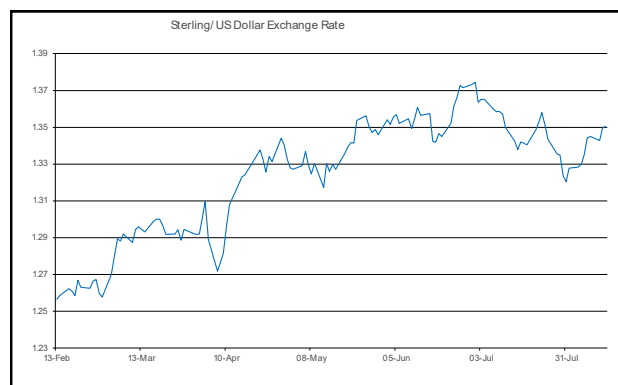
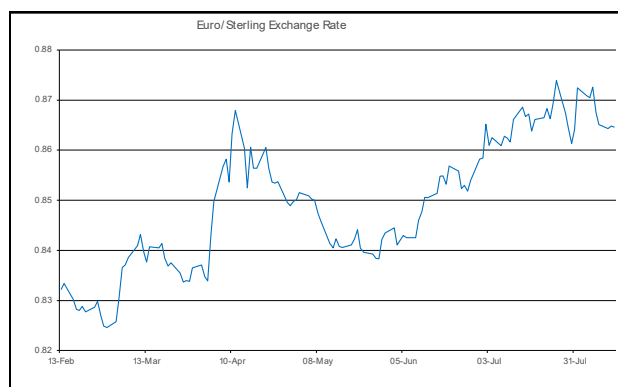
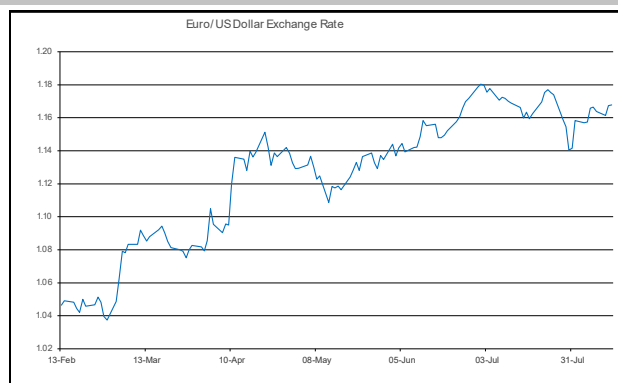
The main focus for markets yesterday was the release of US CPI inflation data for July. This publication was under the market gaze due to it forming a key input into the Fed's policy deliberations on whether to cut rates at its next FOMC meeting in September (16th/17th). The headline number printed slightly below expectations, remaining at 2.7%, compared to a forecast for a modest rise to 2.8%. Meanwhile, the core CPI inflation measure registered a marginally higher than anticipated reading of 3.1% (vs. f'cast for 3.0%). A key area of interest in the data was regarding any signs of tariff related upward pressure on prices. The 'core goods' metric indicated there was no noticeable tariff impact.

From a currency perspective, the dollar weakened in the aftermath of the inflation data. This suggests the market had been anticipating more signs of tariff related pressures within the CPI numbers. Futures contracts also softened, with the market now assigning a 98% probability to a September rate cut (was 93% before the data). The dollar was also hampered by comments from President Trump regarding Fed Chair Powell. Elsewhere on the currency front, yesterday's early morning release of a raft of UK labour market updates for the June/July period did not generate any noteworthy reaction from sterling.

In level terms, the weaker dollar tone over the past 24 hours is evident in EUR/USD opening this morning in the upper half of \$1.16-1.17, GBP/USD up at \$1.35 and USD/JPY below ¥148. Meanwhile, EUR/GBP continues to operate in a tight range near the midpoint of 86-87p.

After yesterday's plethora of data, today's macro diary is very sparse, with no releases of any note due on either side of the Atlantic. Therefore, this could see the main FX pairs operate within relatively narrow ranges over the course of today.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1678	0.44	12.80
EUR/GBP	0.8646	-0.05	4.51
GBP/USD	1.3505	0.51	7.95
GBP/EUR	1.1563	0.05	-4.31
USD/JPY	147.91	-0.30	-5.90
EUR/JPY	172.76	0.16	6.15

* 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	4.38	4.35	4.20	3.80	3.78	3.74
EUR	2.00	1.90	2.03	2.08	2.10	2.37
GBP	4.00	3.96	3.96	3.79	3.91	3.99

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

CONTACTS

AIB Customer Treasury Services
business.treasury@aib.ie
aib.corporate@treasury@aib.ie
aib.ie/fxcentre

Customer Treasury Services GB
treasury.gb@aib.ie

aibgb.co.uk/fxcentre

Customer Treasury Services NI
TreasuryNI@aib.ie

aibni.co.uk/fxcentre

Opening Levels

Wednesday 13 August 2025
06:57 am



Euro

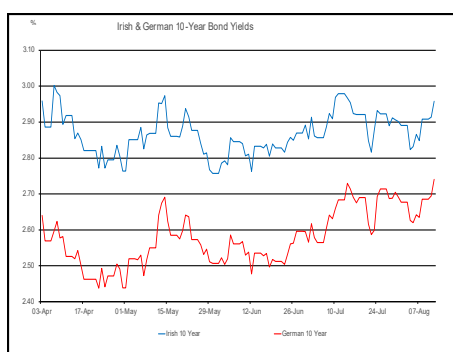
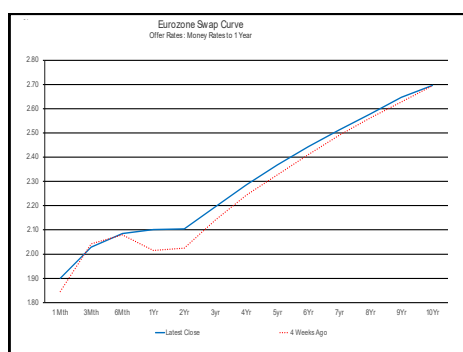
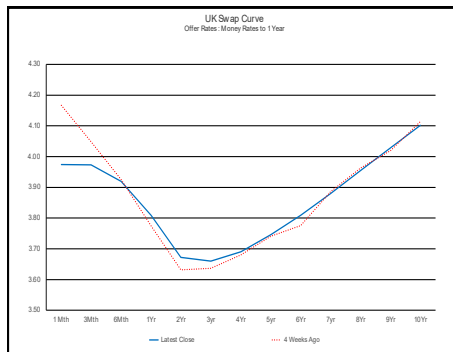
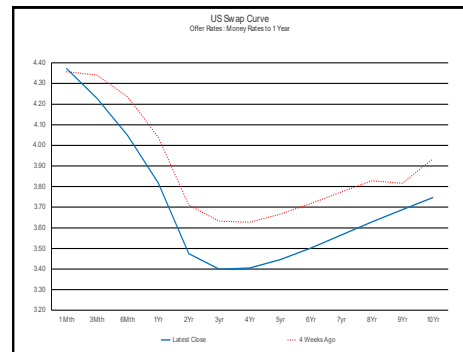
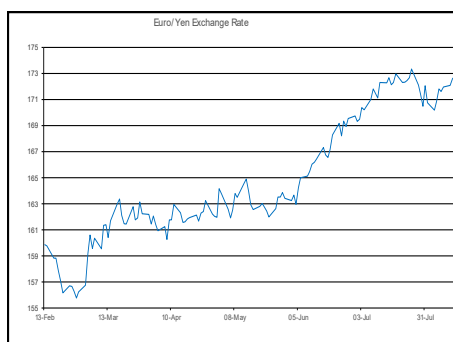
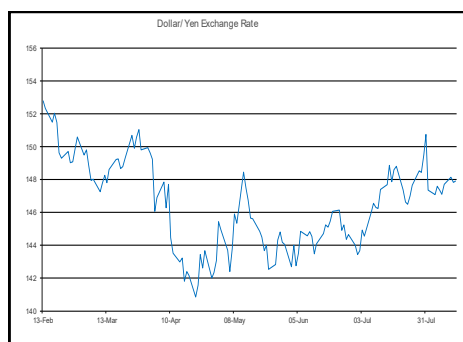
EUR/GBP	0.8646
EUR/USD	1.1678
EUR/JPY	172.76
EUR/SEK	11.1469
EUR/DKK	7.4625
EUR/NOK	11.9222
EUR/CHF	0.9417
EUR/AUD	1.7877
EUR/HKD	9.1673
EUR/CAD	1.6088

Sterling

GBP/EUR	1.1563
GBP/USD	1.3505
GBP/CAD	1.8604
GBP/NZD	2.2664
GBP/JPY	199.75
GBP/SEK	12.8924
GBP/DKK	8.6276
GBP/NOK	13.7876
GBP/CHF	1.0894
GBP/AUD	2.0673

Dollar

USD/JPY	147.91
USD/CAD	1.3778
USD/CHF	0.8066
USD/CNY	7.18
USD/BRL	5.402
USD/RUB	79.7
USD/INR	87.7
AUD/USD	0.653
NZD/USD	0.5955



Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.29	+2	-20	-28
Germany	2.74	+5	+3	+38
UK	4.63	+6	+1	+5
Ireland	3.00	+6	+0	+35
Belgium	3.25	+4	-1	+27
France	3.41	+5	+0	+21
Italy	3.56	+4	-5	+4
Spain	3.30	+4	-2	+24
Portugal	3.14	+4	-2	+29
Greece	3.41	+4	+2	+16
5 Year Swap %				
US	3.72	-1	-19	-57
Eurozone	2.36	+2	+4	+12
UK	3.99	+4	+1	-30
2 Year Swap %				
US	3.72	-6	-22	-61
Eurozone	2.09	+1	+7	-10
UK	3.91	+2	+5	-58
10 Year Government Bond Spreads to Benchmark bps				
Ireland	26	+1	-2	-3
Belgium	51	-0	-4	-11
France	67	+1	-3	-17
Italy	81	-0	-7	-34
Spain	56	-1	-5	-14
Portugal	39	-1	-5	-9
Greece	67	-1	-1	-22

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	66.12	-0.77	-3.77	-11.41
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3345.0	+0.03	+0.69	+27.49

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.