Morning Comment

AIB Treasury Economic Research Unit

Wednesday 15 October 2025
06:57 am

Risk appetite remains fragile

Risk appetite soured once again yesterday on both sides of the Atlantic. Lingering concern regarding the recent tit-for-tat escalation in trade tensions between the US and China remained in focus. At the same time, the ongoing political uncertainty in the US (government shutdown) and Japan (upcoming parliamentary vote to elect a new prime minister) provided an unhelpful backdrop for risk appetite, albeit signs of progress in agreeing a budget in France offered some optimism late on. Overall though, the Euro Stoxx 50 fell by 0.3%, while the S&P 500 declined by 0.2% yesterday.

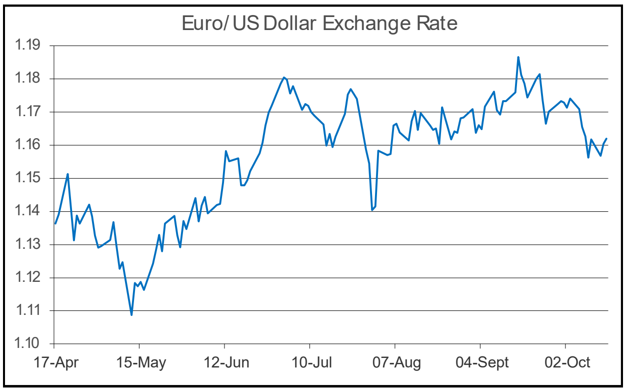
Data-wise, a number of releases also weighed on sentiment. The German ZEW survey printed at 39.3 in October, below the consensus of 41.0. Meantime, US small business optimism fell to 98.8 in September, down from 100.8. Elsewhere, the UK unemployment rate rose to 4.8% in August, its highest level since May 2021.

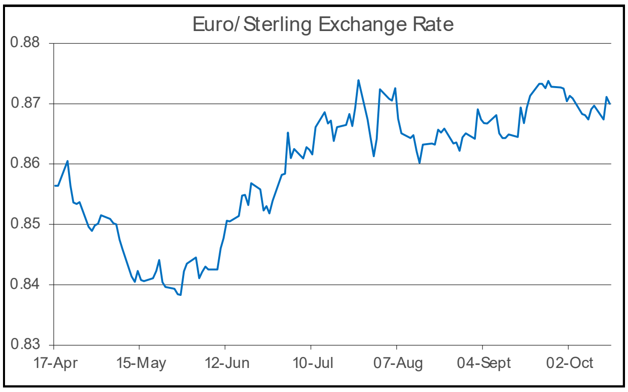
From a currency view point, the dollar was on the front-foot early in the European session. However, the euro gained the ascendancy later in the day, amid the aforementioned signs of progress in Budget negotiations in France. Meanwhile, sterling was under pressure throughout the day following the soft labour market report. Overnight, the dollar edged a touch lower, as Chair Powell indicated the Fed may cut rates again in October.

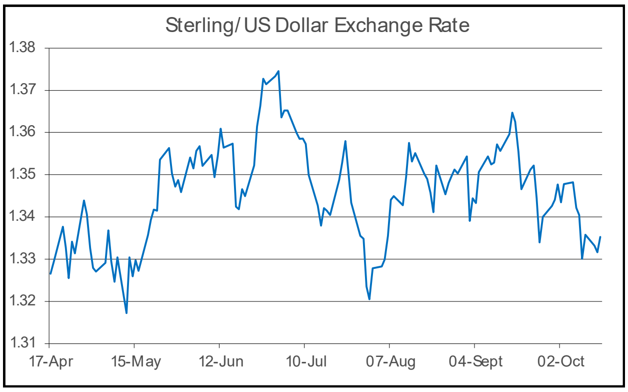
As trading gets underway this morning, EUR/USD opens back above the $1.16 threshold, having traded to a low of $1.1543 yesterday. EUR/GBP is at the 87p handle. Elsewhere, GBP/USD is at the midpoint of the $1.33-1.34 trading range.

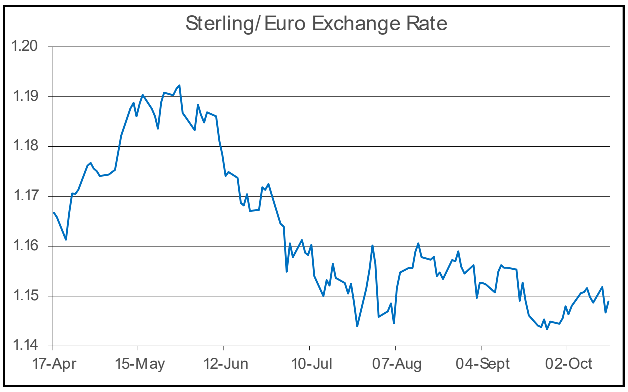
Today, the only release of note will be Eurozone industrial production figures for August. A sharp 1.6% contraction is pencilled in for the month. Political developments in the US, France and Japan will continue to warrant attention.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/ USD	1.162	0.24	12.24
EUR/ GBP	0.87	0.24	5.16
GBP/ USD	1.3353	0.02	6.73
GBP/ EUR	1.1489	-0.24	-4.91
USD/ JPY	151.19	-0.43	-3.81
EUR/ JPY	175.71	-0.19	7.96

* 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	4.03	3.88	3.49	3.53	3.54
EUR	2.00	1.89	2.03	2.09	2.09	2.30
GBP	4.00	3.95	3.93	3.76	3.91	3.97

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

CONTACTS

AIB Customer Treasury Services
business.treasury@aib.ie
aib.corporatetreasury@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

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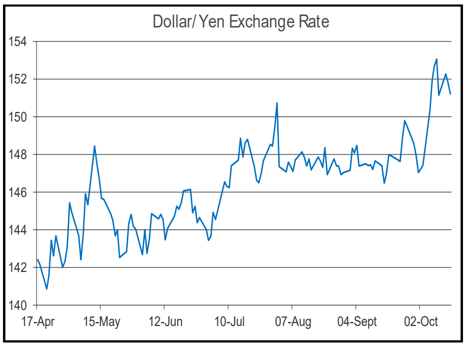
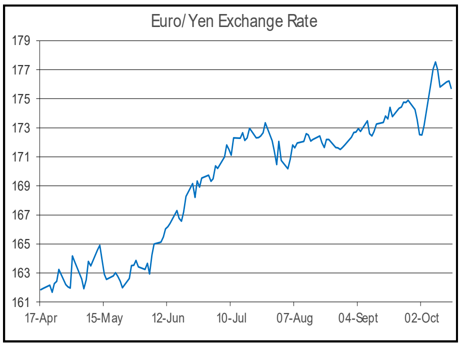
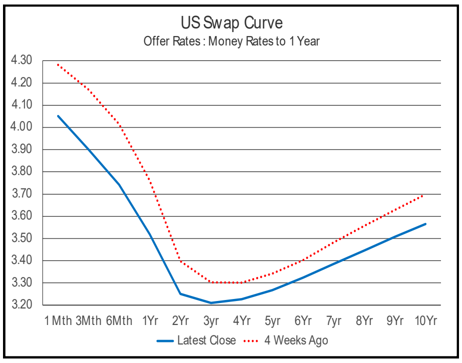
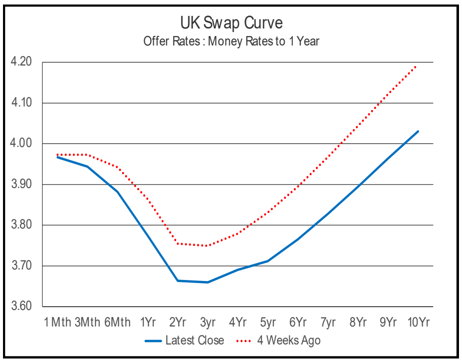
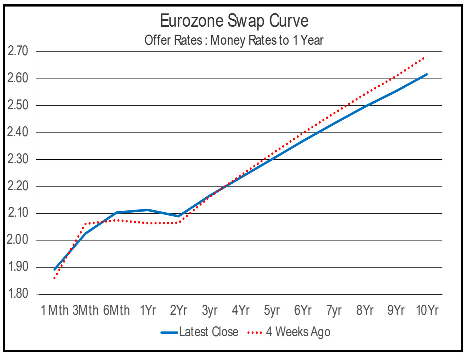
Euro		Sterling		Dollar	
EUR/ GBP	0.87	GBP/ EUR	1.1489	USD/ JPY	151.19
EUR/ USD	1.162	GBP/ USD	1.3353	USD/ CAD	1.4035
EUR/ JPY	175.71	GBP/ CAD	1.8738	USD/ CHF	0.7999
EUR/ SEK	11.0521	GBP/ NZD	2.3346	USD/ CNY	7.125
EUR/ DKK	7.4682	GBP/ JPY	201.88	USD/ BRL	5.483
EUR/ NOK	11.7709	GBP/ SEK	12.7004	USD/ RUB	79.5
EUR/ CHF	0.9295	GBP/ DKK	8.5798	USD/ INR	88.343
EUR/ AUD	1.7839	GBP/ NOK	13.5254		
EUR/ HKD	9.0375	GBP/ CHF	1.0685	AUD/ USD	0.6511
EUR/ CAD	1.631	GBP/ AUD	2.0497	NZD/ USD	0.5716

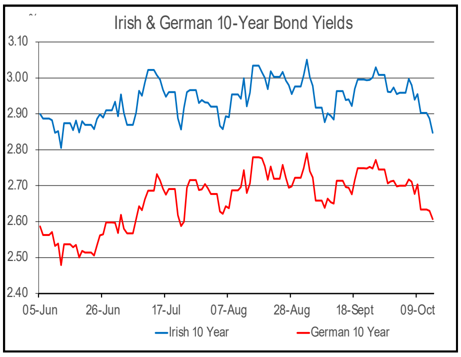












Debt Markets

	Close	Change bps Day	4 Weeks	End 24
10 Year Yield %				
US	4.02	-3	-0	-56
Germany	2.61	-2	-9	+24
UK	4.59	-8	-5	+1
Ireland	2.85	-4	-9	+20
Belgium	3.15	-6	-8	+17
France	3.40	-7	-9	+20
Italy	3.42	-4	-9	-10
Spain	3.13	-4	-12	+7
Portugal	3.00	-4	-11	+15
Greece	3.29	-5	-8	+4
5 Year Swap %				
US	3.54	-1	+6	-75
Eurozone	2.29	-2	-5	+5
UK	3.97	-7	-5	-32
2 Year Swap %				
US	3.50	-4	-2	-83
Eurozone	2.08	-1	-6	-11
UK	3.90	-6	-7	-58
10 Year Government Bond Spreads to Benchmark bps				
Ireland	24	-2	-1	-5
Belgium	54	-4	+1	-7
France	79	-5	-0	-4
Italy	81	-2	-0	-34
Spain	53	-2	-3	-17
Portugal	39	-1	-2	-10
Greece	68	-2	+0	-20

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	62.39	-1.47	-8.88	-16.41
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	4141.5	+0.76	+12.25	+57.84

AIB, 10 Molesworth Street, Dublin 2 Tel: 353-1-6600311