

Morning Comment

AIB Treasury Economic Research Unit



Monday 15 December 2025
07:47 am

Very busy week ahead

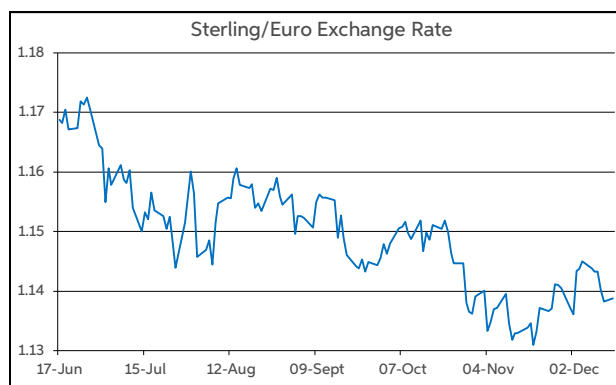
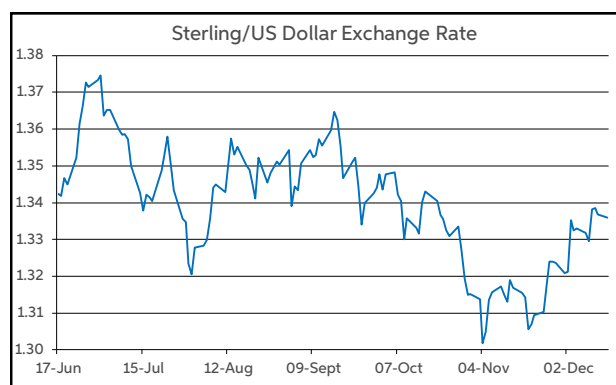
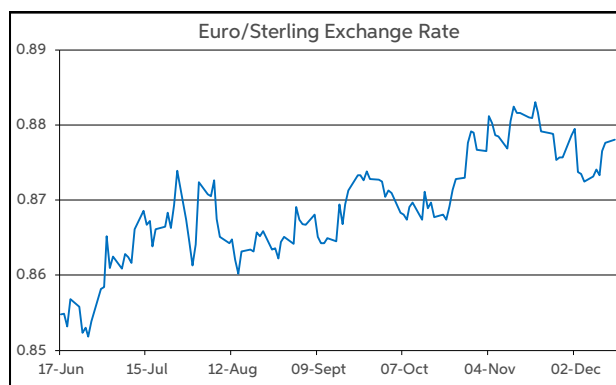
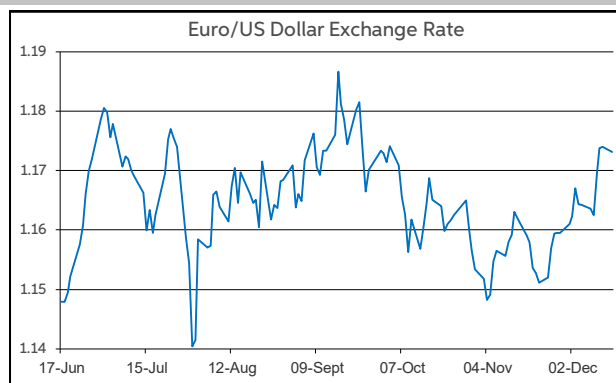
There was a cautious tone to investor sentiment throughout last week. Against this backdrop, the Euro Stoxx 50 edged 0.1% lower, while the S&P 500 fell by 0.6% on the week. In terms of fixed income, German Bund yields rose by 2-5bps along the curve. Meanwhile, both the US Treasury and UK Gilt yield curves steepened, as short-dated yields fell and long-dated yields moved higher. Elsewhere, oil prices declined by circa 4.0%, with Brent crude oil currently down near \$61 per barrel.

The focus last week was on the final Fed policy meeting of the year. As expected, the Fed cut rates by 25bps. However, the FOMC was split on the decision, with three members dissenting, the most in six years. At the press conference, Chair Powell struck a neutral tone. Meanwhile, the median projection in the updated interest rate dotplot remained for just one 25bps rate cut next year. In contrast, the market continues to price in 55bps of rate cuts by the end of 2026.

On the currency front, the dollar was on the defensive following the Fed policy announcement. Meantime, sterling was under some downward pressure near the end of the week, following a slight contraction in GDP in October. As trading gets underway this morning, EUR/USD opens in the bottom half of the \$1.17-1.18 range. GBP/USD is operating above the midpoint of the \$1.33-1.34 band. At the same time, EUR/GBP is changing hands in the top half of 87-88p.

This week, a busy data calendar includes the final policy meetings for the ECB, BoE and the BoJ. The ECB is likely to hold, while market pricing indicates the BoE may cut by 25bps and the BoJ may hike by 25bps, albeit neither outcome is fully priced on. Data-wise, a slew of US updates, including the November labour market report are due. The UK data calendar is also jam-packed, with labour market, inflation and retail sales all due for release. The flash PMIs for December across the main advanced economies will also feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1732	-0.05	13.32
EUR/GBP	0.8781	0.23	6.14
GBP/USD	1.3359	-0.25	6.78
GBP/EUR	1.1386	-0.23	-5.79
USD/JPY	155.27	-0.30	-1.22
EUR/JPY	182.16	-0.36	11.93
* 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	3.63	3.74	3.70	3.47	3.62	3.71
EUR	2.00	1.93	2.08	2.20	2.32	2.59
GBP	4.00	3.78	3.74	3.58	3.78	3.94

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

Euro

EUR/GBP	0.8781
EUR/USD	1.1732
EUR/JPY	182.16
EUR/SEK	10.8647
EUR/DKK	7.469
EUR/NOK	11.882
EUR/CHF	0.9341
EUR/AUD	1.7647
EUR/HKD	9.1291
EUR/CAD	1.6142

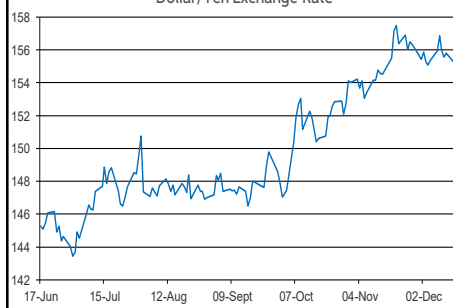
Sterling

GBP/EUR	1.1386
GBP/USD	1.3359
GBP/CAD	1.8423
GBP/NZD	2.3088
GBP/JPY	207.43
GBP/SEK	12.3729
GBP/DKK	8.5032
GBP/NOK	13.525
GBP/CHF	1.0635
GBP/AUD	2.0093

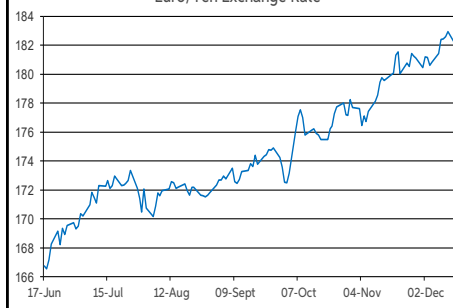
Dollar

USD/JPY	155.27
USD/CAD	1.3761
USD/CHF	0.7961
USD/CNY	7.055
USD/BRL	5.4053
USD/RUB	79.6
USD/INR	90.76
AUD/USD	0.6645
NZD/USD	0.5783

Dollar/Yen Exchange Rate

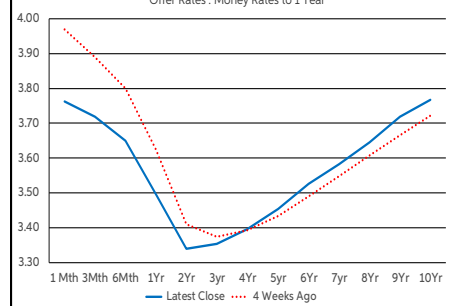


Euro/Yen Exchange Rate



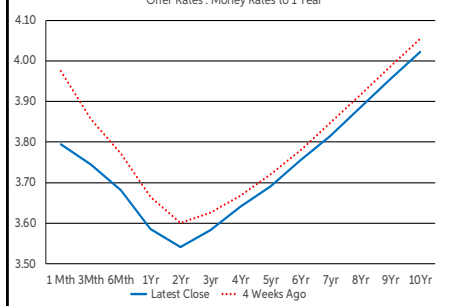
US Swap Curve

Offer Rates : Money Rates to 1 Year



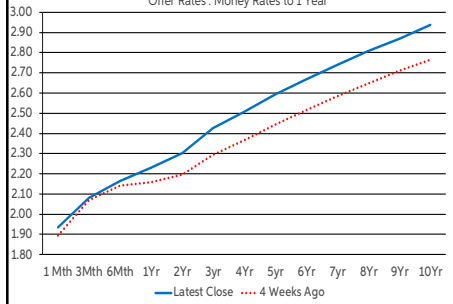
UK Swap Curve

Offer Rates : Money Rates to 1 Year

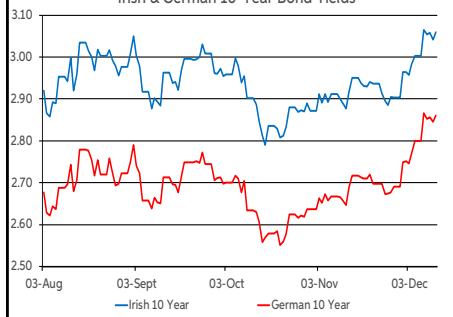


Eurozone Swap Curve

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	4.20	+5	+5	-38
Germany	2.86	+2	+14	+50
UK	4.52	+3	-6	-6
5 Year Swap %				
US	3.69	+0	+3	-60
Eurozone	2.58	+2	+16	+35
UK	3.94	+0	-3	-35
2 Year Swap %				
US	3.61	-1	-4	-73
Eurozone	2.29	-0	+10	+10
UK	3.77	-2	-7	-72
10 Year Government Bond Spreads to Benchmark bps				
Ireland	20	+0	-4	-9
Belgium	50	+1	-3	-12
France	72	+1	-2	-11
Italy	69	+1	-6	-46
Spain	45	-0	-6	-25
Portugal	32	+0	-3	-17
Greece	63	+0	-2	-26

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	61.12	-0.26	-5.08	-18.11
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4302.1	+0.45	+5.46	+63.96

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.