

Morning Comment

AIB Treasury Economic Research Unit



Thursday 23 October 2025
07:50 am

Dollar still edging higher

Overall, investor sentiment has been holding a cautious tone over the past 24 hours. Equity markets moved lower on both sides of the Atlantic amid some disappointing Q3 earnings reports. The Euro Stoxx 50 fell by 0.8%. Meantime, the S&P 500 edged 0.5% lower.

In terms of fixed income, US Treasury and German Bund yields were little changed. In contrast, UK Gilt yields declined by 4-9bps. The move coincided with a softening in market rate expectations, following a weaker than anticipated inflation report for September.

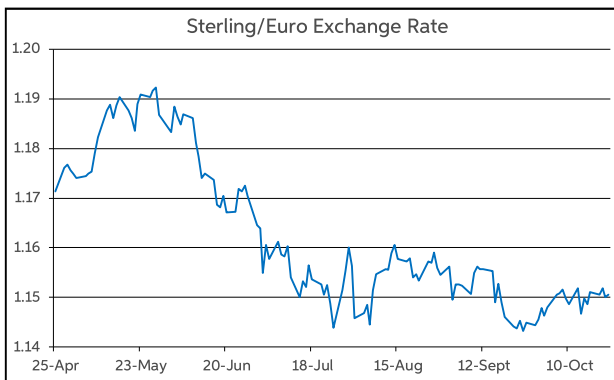
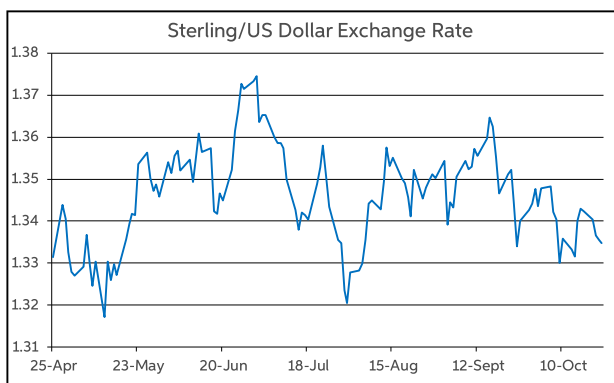
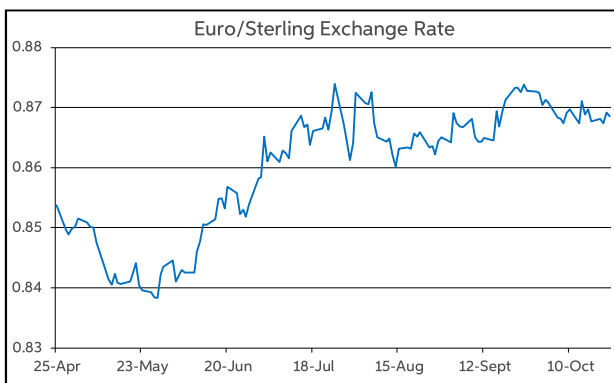
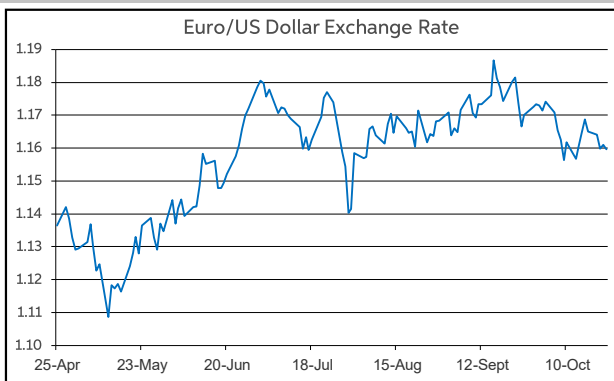
Current pricing indicates the market now sees around a 75% chance of a rate cut by year end (up from 40% previously). In any case, a rate cut is now fully priced-in for February next year (was March) and around 65bps worth of policy easing is anticipated by the end of 2026 (compared to circa 50bps pre-CPI data).

On the currency front, sterling was on the defensive due to the softening in market rate expectations in the aftermath of the CPI release. This was evidenced by EUR/GBP testing above the 87p threshold, while GBP/USD fell to a low near \$1.33. However, as the day progressed the pound recouped some of its losses. At the same time, the dollar was supported by the weaker tone to risk appetite. The yen was also under pressure overnight.

In level terms EUR/USD opens just below the \$1.16 threshold this morning. GBP/USD is at the midpoint of \$1.33-1.34. EUR/GBP is changing hands near the 87p handle. USD/JPY is at the halfway mark of the ¥152-153 corridor.

Turning to the day ahead, the only release of note will be the flash measure of Eurozone consumer confidence for October. A slight deterioration is pencilled in for the month. Barring any major surprises though, the data may not impact the euro today.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1597	-0.09	12.02
EUR/GBP	0.8686	0.13	4.99
GBP/USD	1.3348	-0.22	6.69
GBP/EUR	1.1507	-0.13	-4.75
USD/JPY	152.51	0.50	-2.97
EUR/JPY	176.88	0.40	8.68
* 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	4.13	3.98	3.85	3.45	3.50	3.52
EUR	2.00	1.90	2.04	2.07	2.09	2.29
GBP	4.00	3.91	3.87	3.65	3.78	3.85

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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Opening Levels

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07:51 am



Euro

EUR/GBP	0.8686
EUR/USD	1.1597
EUR/JPY	176.88
EUR/SEK	10.9181
EUR/DKK	7.469
EUR/NOK	11.6045
EUR/CHF	0.9245
EUR/AUD	1.7842
EUR/HKD	9.0134
EUR/CAD	1.6223

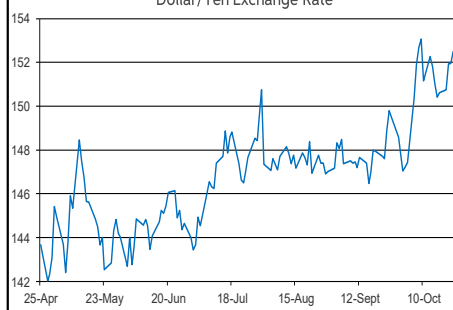
Sterling

GBP/EUR	1.1507
GBP/USD	1.3348
GBP/CAD	1.8672
GBP/NZD	2.3242
GBP/JPY	203.56
GBP/SEK	12.5607
GBP/DKK	8.5944
GBP/NOK	13.351
GBP/CHF	1.0639
GBP/AUD	2.0529

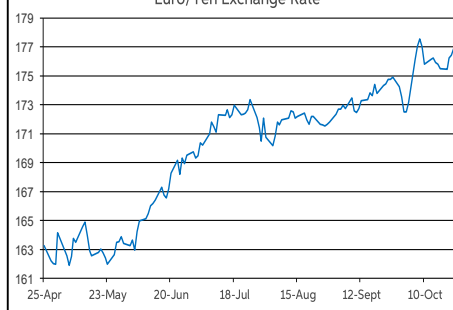
Dollar

USD/JPY	152.51
USD/CAD	1.399
USD/CHF	0.7971
USD/CNY	7.1223
USD/BRL	5.4003
USD/RUB	81.85
USD/INR	87.937
AUD/USD	0.6498
NZD/USD	0.5739

Dollar/Yen Exchange Rate

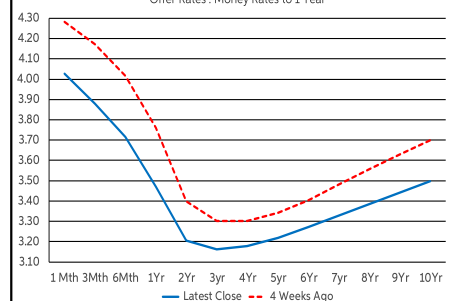


Euro/Yen Exchange Rate



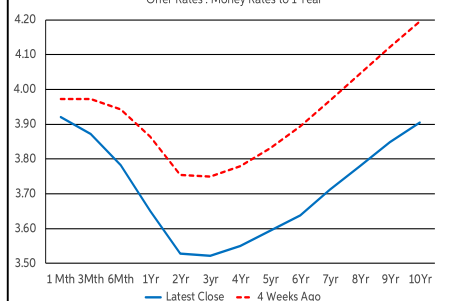
US Swap Curve

Offer Rates : Money Rates to 1 Year



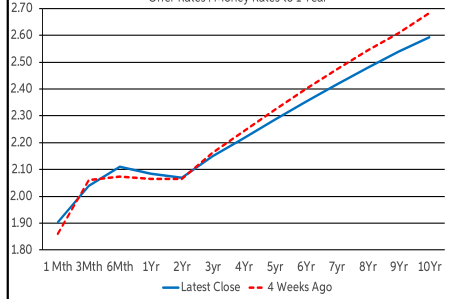
UK Swap Curve

Offer Rates : Money Rates to 1 Year

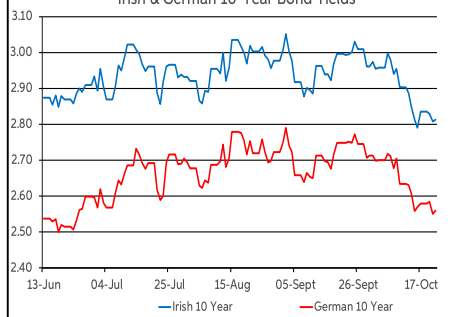


Eurozone Swap Curve

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	3.95	-1	-19	-62
Germany	2.56	+1	-19	+20
UK	4.43	-6	-25	-15
5 Year Swap %				
US	3.48	+1	-13	-81
Eurozone	2.25	+0	-14	+2
UK	3.84	-6	-20	-44
2 Year Swap %				
US	3.46	-1	-17	-88
Eurozone	2.06	-0	-7	-13
UK	3.77	-9	-20	-71
10 Year Government Bond Spreads to Benchmark bps				
Ireland	25	-0	-0	-3
Belgium	56	+0	+1	-6
France	79	+0	-3	-4
Italy	79	-0	-5	-36
Spain	53	+0	-2	-17
Portugal	39	-0	-3	-10
Greece	67	-0	-5	-22

Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	62.59	+2.07	-9.70	-16.14
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4093.8	-0.73	+9.58	+56.02

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