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.

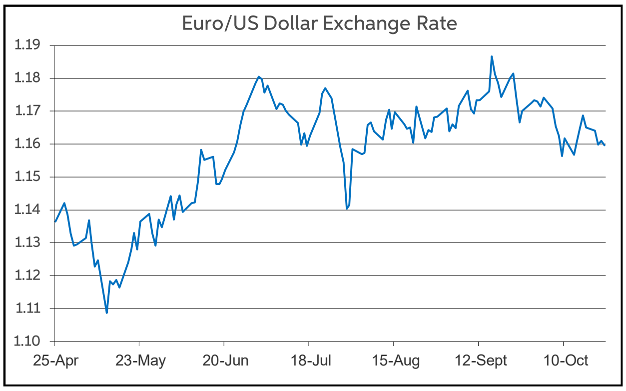
Current pricing indicates the market now sees around a 75% chance of a rate cut by year end (up from 40% previously). In any case, a rate cut is now fully priced-in for February next year (was March) and around 65bps worth of policy easing is anticipated by the end of 2026 (compared to circa 50bps pre-CPI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

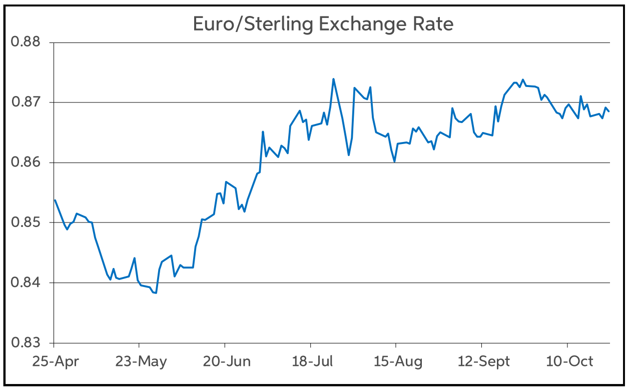
On the currency front, sterling was on the defensive due to the softening in market rate expectations in the aftermath of the CPI release. This was evidenced by EUR/GBP testing above the 87p threshold, while GBP/USD fell to a low near $1.33. However, as the day progressed the pound recouped some of its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

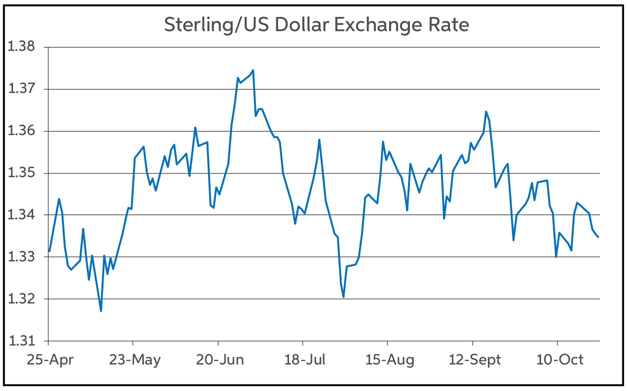
In level terms EUR/USD opens just below the $1.16 threshold this morning. GBP/USD is at the midpoint of $1.33-1.34. EUR/GBP is changing hands near the 87p handle. USD/JPY is at the halfway mark of the ¥152-153 corridor.

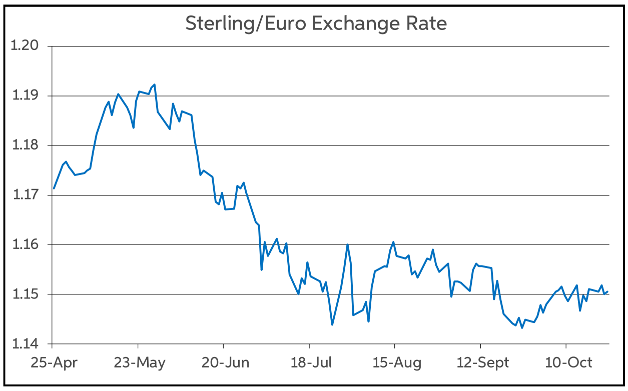
Turning to the day ahead, the only release of note will be the flash measure of Eurozone consumer confidence for October. A slight deterioration is pencilled in for the month. Barring any major surprises though, the data may not impact the euro today.

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

		Money Market		Swap Rates		
	Base Rate	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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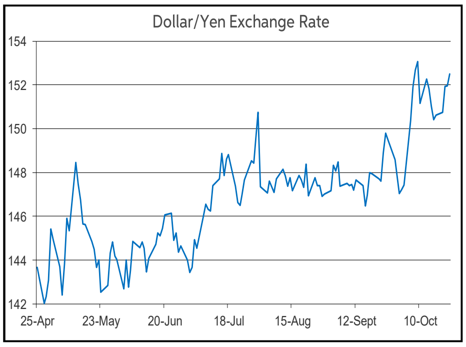
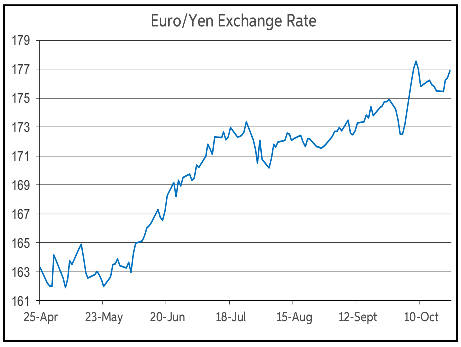
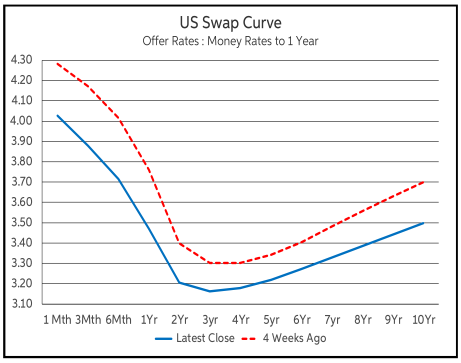
Opening Levels

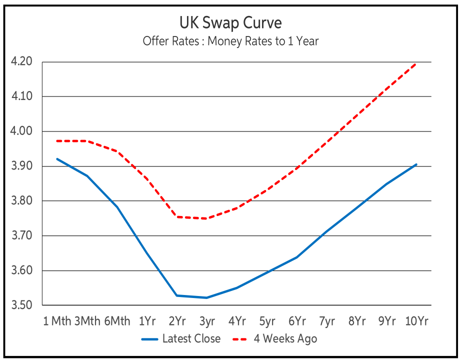
Thursday 23 October 2025
07:51 am

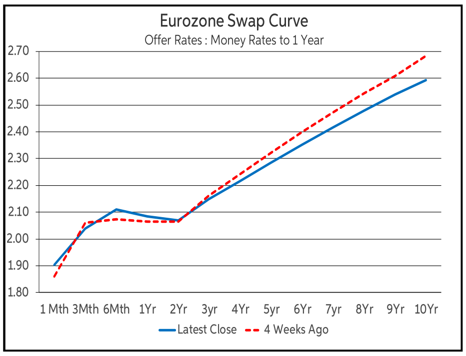
Euro		Sterling		Dollar	
EUR/GBP	0.8686	GBP/EUR	1.1507	USD/JPY	152.51
EUR/USD	1.1597	GBP/USD	1.3348	USD/CAD	1.399
EUR/JPY	176.88	GBP/CAD	1.8672	USD/CHF	0.7971
EUR/SEK	10.9181	GBP/NZD	2.3242	USD/CNY	7.1223
EUR/DKK	7.469	GBP/JPY	203.56	USD/BRL	5.4003
EUR/NOK	11.6045	GBP/SEK	12.5607	USD/RUB	81.85
EUR/CHF	0.9245	GBP/DKK	8.5944	USD/INR	87.937
EUR/AUD	1.7842	GBP/NOK	13.351		
EUR/HKD	9.0134	GBP/CHF	1.0639	AUD/USD	0.6498
EUR/CAD	1.6223	GBP/AUD	2.0529	NZD/USD	0.5739

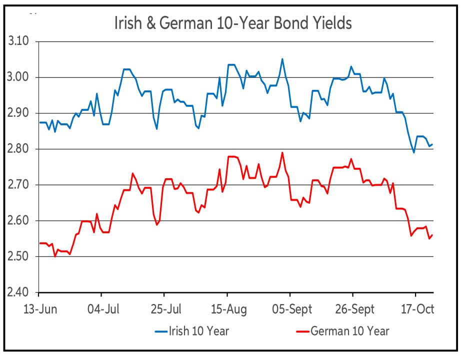












Debt Markets

	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
Ireland	2.81	+0	-19	+16
Belgium	3.12	+1	-18	+13
France	3.35	+1	-21	+16
Italy	3.35	+1	-24	-17
Spain	3.09	+1	-21	+3
Portugal	2.95	+0	-21	+9
Greece	3.23	+1	-24	-2
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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