

Morning Comment

AIB Treasury Economic Research Unit



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07:22 am

Sterling under pressure in early trading

There was a very quiet start to the week on financial markets. A public holiday in the US for President's Day contributed to the muted price action yesterday. Meantime in Europe, the Euro Stoxx 50 inched 0.1% lower on the day. Elsewhere, German Bund and Gilt yields edged 1-2bps lower along the curve.

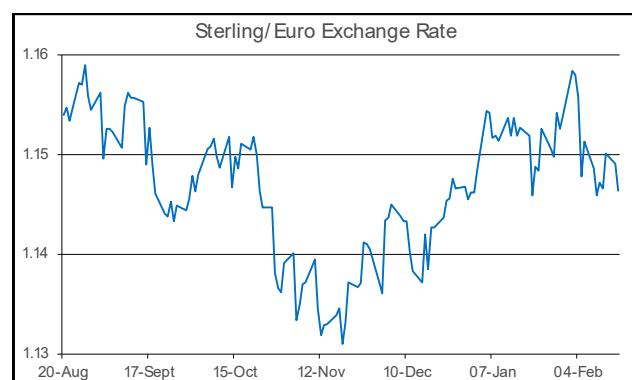
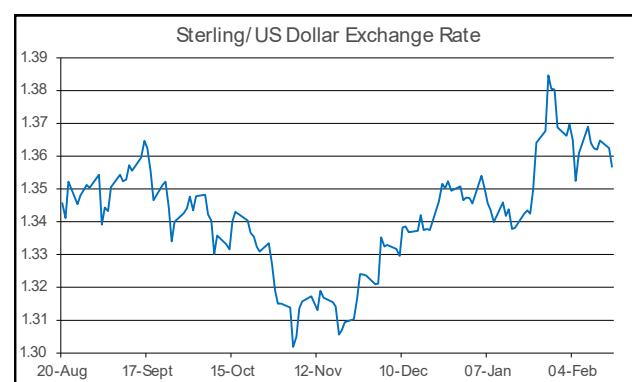
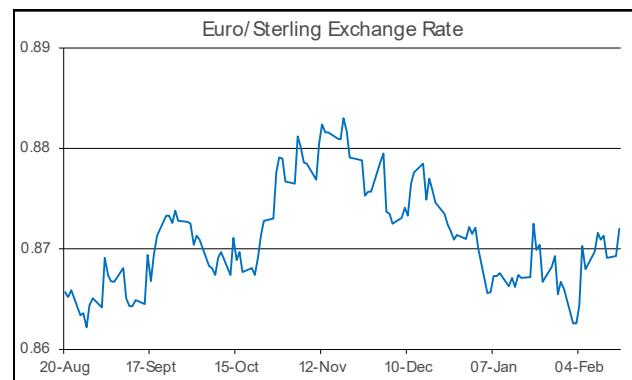
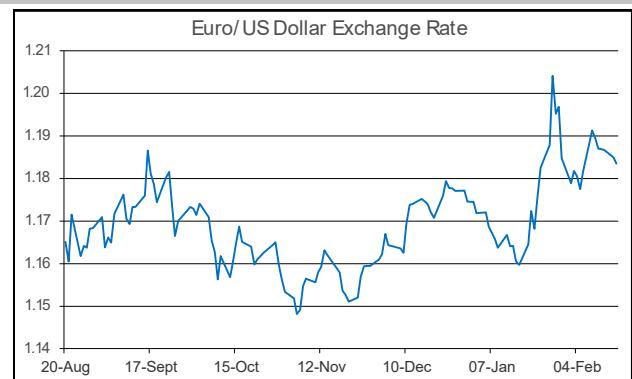
A sparse macro data calendar also contributed to the limited moves across markets. The only release of note was Eurozone industrial production for December. As expected, output faltered at the end of 2025, falling by 1.4% in the month (vs. -1.5% f'cast). However, industrial production rose by 1.5% overall in 2025 compared to 2024. Nevertheless, the data had no discernible impact on the euro.

Against that backdrop, the main FX pairs remained very tightly range bound throughout the European trading session. All of the action in EUR/USD was contained within the top half of the \$1.18-1.19 corridor. Similarly, GBP/USD operated in a narrow \$1.362-1.366 band. Meanwhile, EUR/GBP was confined to an even smaller 86.8-87p range. However, the dollar firmed somewhat overnight, as tensions between the US and Iran moved back into focus. As a result, EUR/USD opens this morning in the bottom half of \$1.18-1.19.

Already today, a raft of UK labour market data have been released. The unemployment rate rose to 5.2% in December, as anticipated. Elsewhere, average earnings growth slowed to +4.2% y/y in Q4 (vs. +4.6% f'cast). Sterling has been on the defensive following the release, with EUR/GBP moving above the 87p mark and GBP/USD dropping below the \$1.36 threshold.

The remainder of today's schedule is limited. In the Eurozone, the main highlight will be the German ZEW reading for February. Meantime, the NY Fed/Empire State index and NAHB Homebuilder sentiment (both February) are due in the US.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
	% Change		
	Day *	End 2025	
EUR/ USD	1.1835	-0.24	0.77
EUR/ GBP	0.872	0.26	0.06
GBP/ USD	1.3568	-0.51	0.71
GBP/ EUR	1.1462	-0.26	-0.06
USD/ JPY	152.89	-0.20	-2.40
EUR/ JPY	180.96	-0.43	-1.65

* 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	3.63	3.66	3.65	3.39	3.49	3.58
EUR	2.00	1.95	2.00	2.14	2.18	2.41
GBP	3.75	3.73	3.61	3.43	3.67	3.87

All rates quoted are indicative market rates

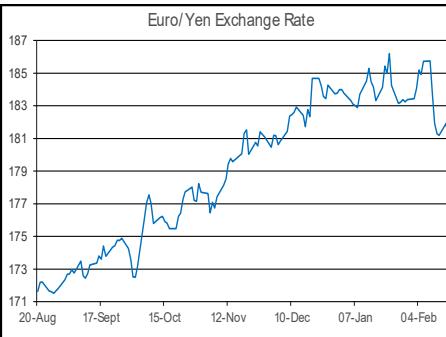
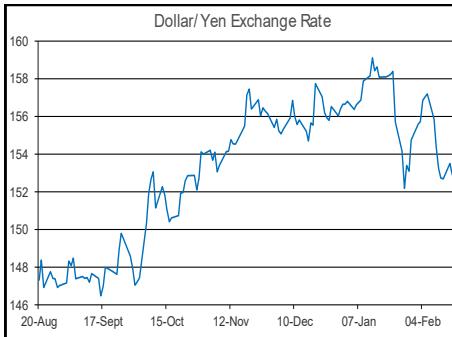
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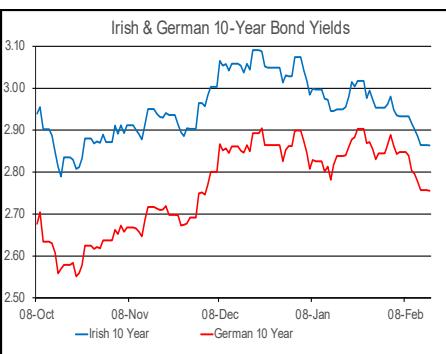
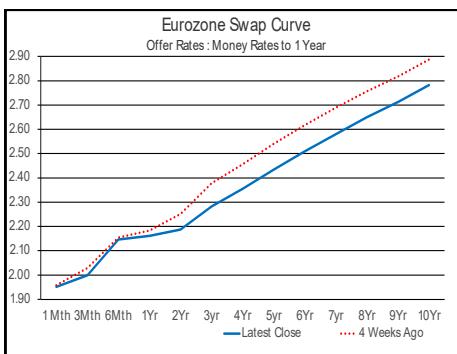
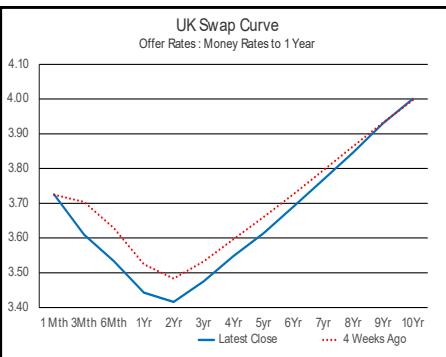
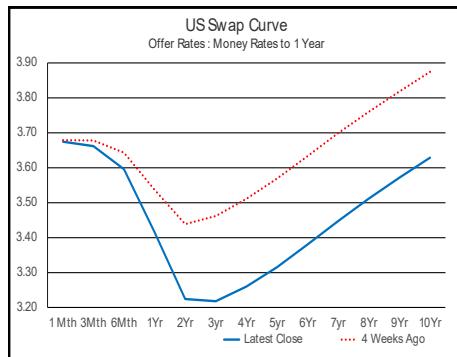
Euro	
EUR/ GBP	0.872
EUR/ USD	1.1835
EUR/ JPY	180.96
EUR/ SEK	10.6117
EUR/ DKK	7.47
EUR/ NOK	11.2633
EUR/ CHF	0.9108
EUR/ AUD	1.6765
EUR/ HKD	9.2514
EUR/ CAD	1.6156

Sterling	
GBP/ EUR	1.1462
GBP/ USD	1.3568
GBP/ CAD	1.8518
GBP/ NZD	2.2488
GBP/ JPY	207.41
GBP/ SEK	12.1627
GBP/ DKK	8.561
GBP/ NOK	12.9206
GBP/ CHF	1.044
GBP/ AUD	1.9215

Dollar	
USD/ JPY	152.89
USD/ CAD	1.365
USD/ CHF	0.7695
USD/ CNY	6.908
USD/ BRL	5.224
USD/ RUB	76.85
USD/ INR	90.748
AUD/ USD	0.7059
NZD/ USD	0.603



	Change bps			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.06	-5	-18	-10
Germany	2.76	-0	-8	-11
UK	4.40	-2	-1	-7
Ireland	2.86	-0	-9	-16
Belgium	3.16	+0	-12	-19
France	3.35	+0	-15	-21
Italy	3.38	+0	-5	-13
Spain	3.20	+6	-3	-10
Portugal	3.13	+0	-10	-3
Greece	3.36	-0	+1	-12
5 Year Swap %				
US	3.58	+0	-24	-14
Eurozone	2.42	-1	-11	-14
UK	3.87	-1	-3	-3
2 Year Swap %				
US	3.49	-0	-19	-8
Eurozone	2.18	+1	-6	-8
UK	3.67	-0	-6	-6
10 Year Government Bond Spreads to Benchmark bps				
Ireland	11	+0	-1	-6
Belgium	40	+0	-3	-8
France	59	+0	-7	-11
Italy	62	+1	+4	-3
Spain	44	+6	+5	+1
Portugal	37	+0	-2	+7
Greece	61	-0	+10	-1



	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	68.65	+1.33	+7.37	+12.82
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4992.1	-0.99	+6.90	+15.72

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