

Morning Comment

AIB Treasury Economic Research Unit



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06:44 am

The cautious mood on markets persists

The cautious tone to investor sentiment continued yesterday. The Euro Stoxx 50 rose by a meagre 0.2%. Meantime, the S&P 500 finished the day down by 0.2%, as mixed quarterly earnings results reported yesterday weighed on the index. Elsewhere, oil prices continued to rise amid the ongoing tensions in Iran, and the potential for US intervention. Brent crude increased by circa 2% yesterday, and is currently above \$65 per barrel.

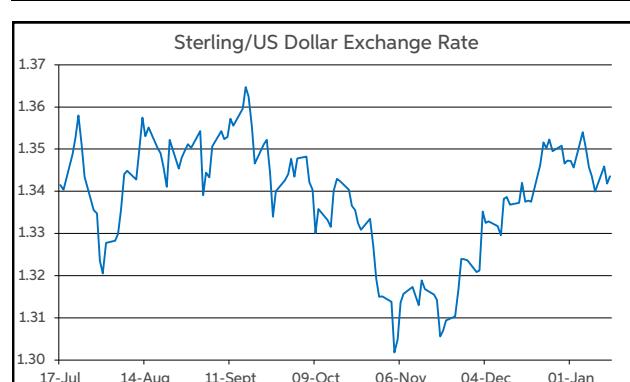
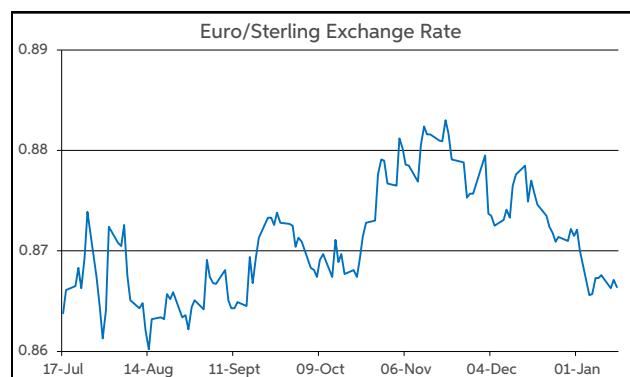
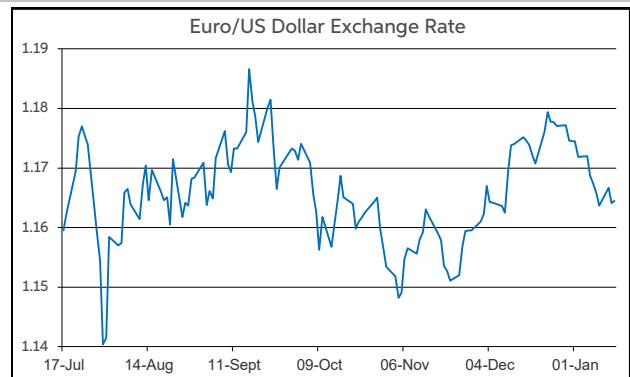
On the data front, US CPI inflation printed broadly in line with the consensus yesterday. The headline rate remained at 2.7% in December, as expected. The core rate was also unchanged at 2.6% (vs. 2.7% f'cast). The former averaged 2.7% and the latter 2.9% last year, down from 3.0% and 3.4%, in 2024.

Currency-wise, the main pairs were relatively range bound. Overall, the dollar was holding a slightly firmer tone, supported by the rise in oil prices and some hawkish remarks from St. Louis Fed President Musalem. At the same time, sterling handed back some of its gains from the day prior.

As trading gets underway this morning, EUR/USD opens just below the midpoint of \$1.16-1.17. GBP/USD is back in the lower end of the \$1.34-1.35 corridor. Meanwhile, EUR/GBP is in the top half of the 86-87p band. USD/JPY is operating above the ¥159 threshold.

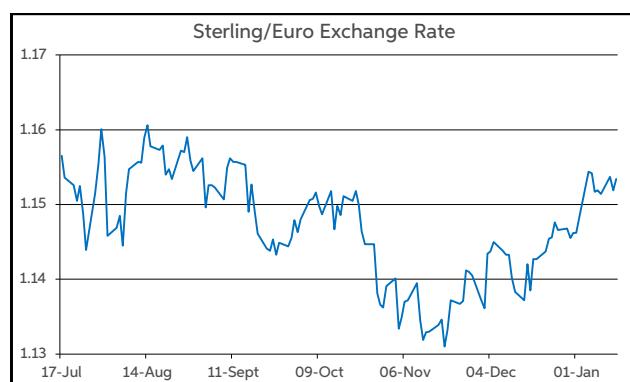
The macro calendar is US centric once again today. US retail sales for November will be released. Both the headline and control group metrics are forecast to rise by 0.4% m/m. Elsewhere in the US, producer price inflation (Nov) is due. Markets will also be paying attention to developments in Iran, as well as two no-confidence motions in the French Prime Minister (he is expected to survive both). The US Supreme Court ruling on the use of emergency powers to apply some tariffs may also be released, and may impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
	% Change		
	Day *	End 2025	
EUR/USD	1.1645	-0.15	-0.85
EUR/GBP	0.8664	0.10	-0.59
GBP/USD	1.3436	-0.25	-0.27
GBP/EUR	1.1536	-0.10	0.59
USD/JPY	159.18	0.25	1.62
EUR/JPY	185.4	0.11	0.77

* 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	3.67	3.67	3.47	3.64	3.75
EUR	2.00	1.99	2.02	2.17	2.25	2.53
GBP	3.75	3.71	3.69	3.50	3.71	3.87

All rates quoted are indicative market rates

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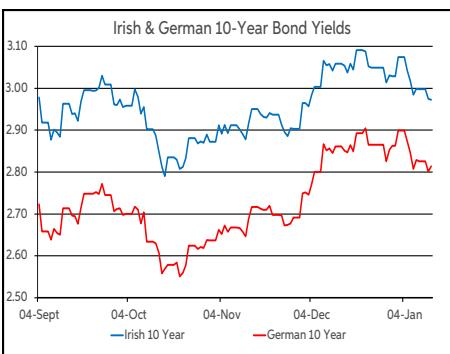
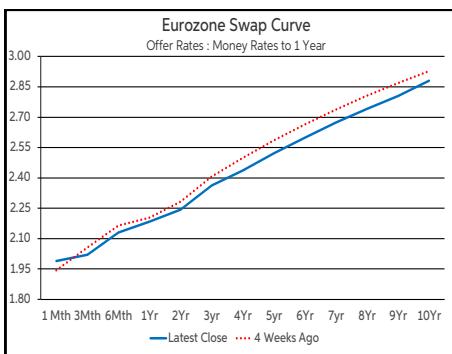
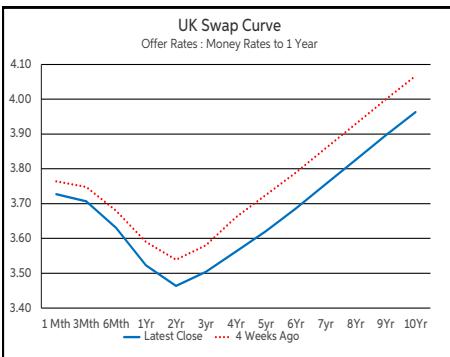
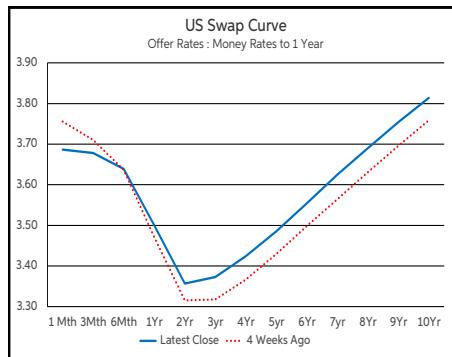
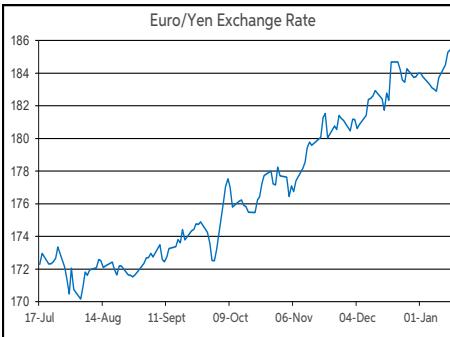
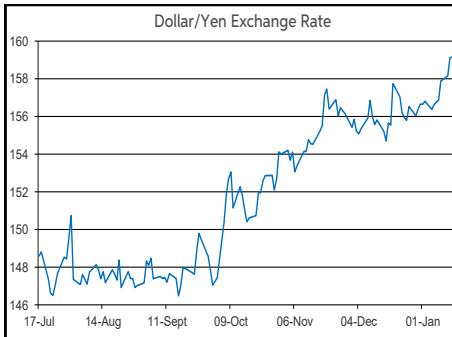
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Euro	
EUR/GBP	0.8664
EUR/USD	1.1645
EUR/JPY	185.4
EUR/SEK	10.6926
EUR/DKK	7.472
EUR/NOK	11.7342
EUR/CHF	0.9328
EUR/AUD	1.7391
EUR/HKD	9.079
EUR/CAD	1.6166

Sterling	
GBP/EUR	1.1536
GBP/USD	1.3436
GBP/CAD	1.8651
GBP/NZD	2.3375
GBP/JPY	213.87
GBP/SEK	12.3757
GBP/DKK	8.6195
GBP/NOK	13.5399
GBP/CHF	1.0762
GBP/AUD	2.0059

Dollar	
USD/JPY	159.18
USD/CAD	1.3882
USD/CHF	0.801
USD/CNY	6.9765
USD/BRL	5.3752
USD/RUB	78.75
USD/INR	90.181
AUD/USD	0.6695
NZD/USD	0.5745



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.17	-2	+2	+2
Germany	2.81	+1	-3	-5
UK	4.40	+3	-12	-8
Ireland	2.97	-0	-6	-6
Belgium	3.31	+3	-3	-4
France	3.52	+2	-3	-4
Italy	3.44	+2	-6	-7
Spain	3.25	+2	-4	-5
Portugal	3.11	+2	-4	-5
Greece	3.37	+2	-10	-11
5 Year Swap %				
US	3.76	-0	+11	+3
Eurozone	2.51	+0	-6	-5
UK	3.86	+2	-8	-3
2 Year Swap %				
US	3.62	-1	+6	+5
Eurozone	2.24	+0	-4	-2
UK	3.70	+0	-8	-3
10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	-1	-3	-1
Belgium	49	+1	+0	+1
France	71	+1	+1	+1
Italy	63	+1	-3	-2
Spain	43	+0	-0	+0
Portugal	30	+1	-1	-0
Greece	55	+0	-6	-6

	Commodities			
	Close	Day	4 Weeks	End 25
Brent Oil	65.47	+2.51	+11.12	+7.59
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4587.4	-0.13	+6.60	+6.33

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