

## BoE meeting provides event risk for sterling

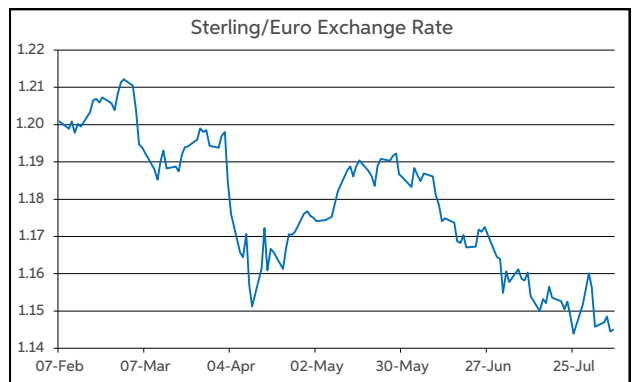
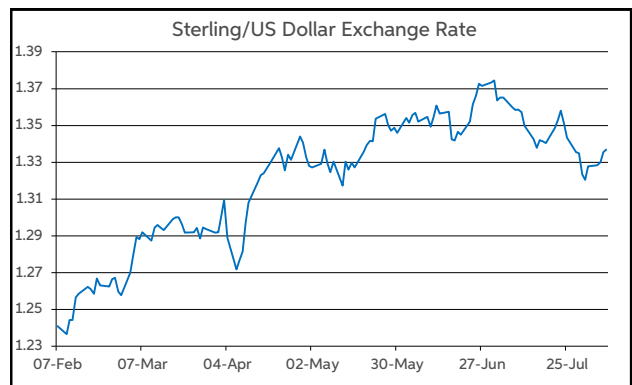
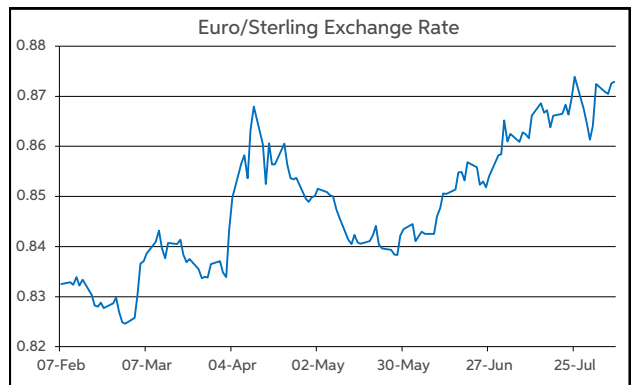
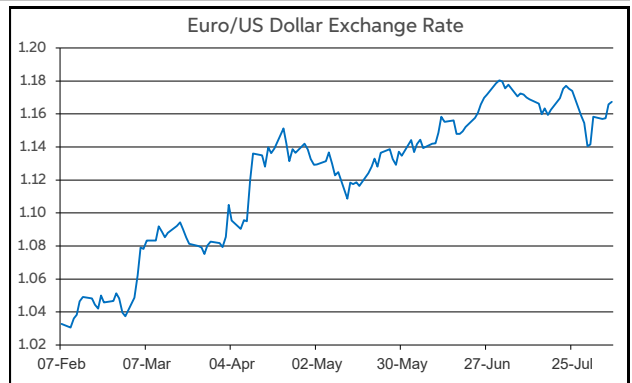
Investor sentiment was holding a positive tone yesterday. This was evident in gains on the main equity indices on both sides of the Atlantic. In Europe, the Euro Stoxx rose by 0.3%. Meantime, at the closing bell last night on Wall Street, the S&P 500 was 0.7% higher. The 'risk-on' tone occurred amid a very sparse data diary. The US macro calendar was blank. Meanwhile, the only highlight from the Eurozone schedule was retail sales for June. Headline sales rose by a less than expected 0.3% in the month (vs. f'cast for 0.4%).

Despite, the very quiet day in terms of data releases, we did get some action on currency markets. The dollar lost ground to the other majors, including the euro and sterling. The greenback was not helped by a challenging 10-year US Treasury auction as well as dovish comments from a number of Fed speakers.

In level terms, the weaker dollar stance over the past 24 hours is reflected in EUR/USD opening this morning in the upper half of \$1.16-1.17 and GBP/USD trading above the midpoint of \$1.33-1.34. At the same time, the euro has registered some gains against sterling in the lead up to today's BoE meeting. EUR/GBP starts the European session up at 87.3p.

Looking ahead to today, the aforementioned BoE policy announcement is in focus. This provides some event risk for sterling. A 25bps rate cut is expected, with the market attaching around a 95% probability to this outcome. This would see the official UK interest rate reduced to 4%. A key point of attention for market participants is what guidance, if any, is forthcoming from the BoE regarding additional rate cuts. In this regard, the updated macro forecasts contained in the Monetary Policy Report, the meeting minutes (including voting breakdown) and Governor Bailey's press conference will be closely scrutinised. Futures contracts are currently pricing-in UK rates falling to 3.75% by year end.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1674	0.79	12.76
EUR/GBP	0.8729	0.34	5.51
GBP/USD	1.3367	0.44	6.84
GBP/EUR	1.1449	-0.34	-5.22
USD/JPY	147.17	-0.11	-6.37
EUR/JPY	171.83	0.69	5.58

\* 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	4.38	4.35	4.22	3.80	3.76	3.71
EUR	2.00	1.91	1.97	2.04	2.06	2.32
GBP	4.25	3.97	3.96	3.56	3.85	3.92

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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# Opening Levels

Thursday 07 August 2025  
07:20 am



## Euro

EUR/GBP	0.8729
EUR/USD	1.1674
EUR/JPY	171.83
EUR/SEK	11.2035
EUR/DKK	7.4625
EUR/NOK	11.8501
EUR/CHF	0.9392
EUR/AUD	1.7892
EUR/HKD	9.1633
EUR/CAD	1.6025

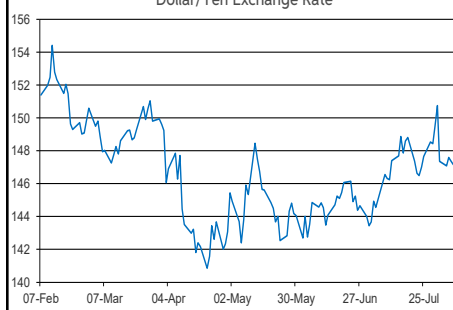
## Sterling

GBP/EUR	1.1449
GBP/USD	1.3367
GBP/CAD	1.8348
GBP/NZD	2.2435
GBP/JPY	196.72
GBP/SEK	12.8292
GBP/DKK	8.5446
GBP/NOK	13.5751
GBP/CHF	1.0757
GBP/AUD	2.0493

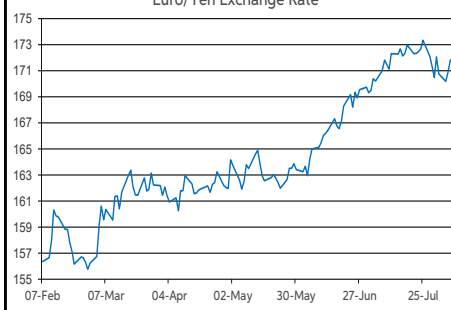
## Dollar

USD/JPY	147.17
USD/CAD	1.3727
USD/CHF	0.8046
USD/CNY	7.1784
USD/BRL	5.4591
USD/RUB	79.95
USD/INR	87.693
AUD/USD	0.652
NZD/USD	0.5955

Dollar/Yen Exchange Rate

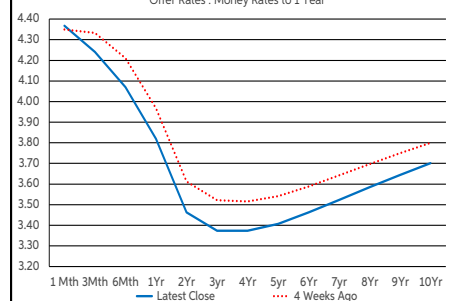


Euro/Yen Exchange Rate



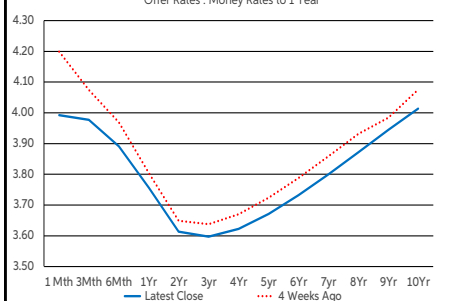
US Swap Curve

Offer Rates : Money Rates to 1 Year



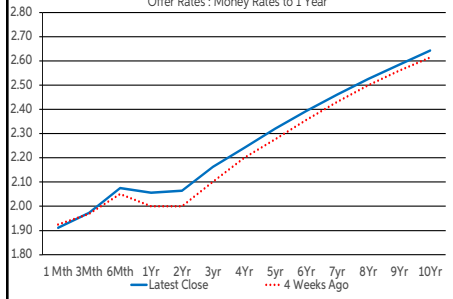
UK Swap Curve

Offer Rates : Money Rates to 1 Year

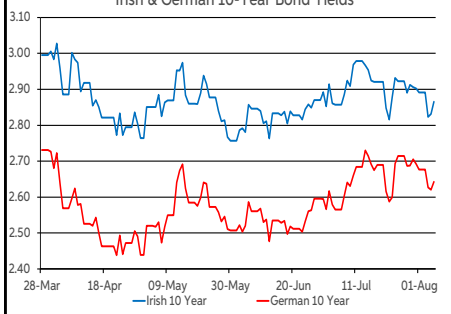


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
<b>10 Year Yield %</b>				
US	4.22	+2	-12	-36
Germany	2.64	+2	+1	+28
UK	4.54	+2	-7	-4
Ireland	2.89	+4	-6	+24
Belgium	3.18	+4	-5	+20
France	3.32	+3	-4	+12
Italy	3.48	+3	-7	-4
Spain	3.23	+3	-6	+17
Portugal	3.06	+2	-6	+21
Greece	3.32	+1	-6	+7
<b>5 Year Swap %</b>				
US	3.67	+0	-10	-62
Eurozone	2.31	+2	+3	+7
UK	3.91	+0	-5	-37
<b>2 Year Swap %</b>				
US	3.73	-1	-12	-61
Eurozone	2.06	+2	+6	-13
UK	3.85	-1	-3	-64
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	25	+1	-7	-4
Belgium	54	+2	-6	-8
France	67	+1	-5	-16
Italy	84	+1	-8	-32
Spain	59	+1	-7	-11
Portugal	42	-0	-7	-7
Greece	67	-1	-7	-21

## Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	66.89	-1.11	-4.70	-10.38
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3368.5	-0.36	+1.66	+28.38

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