

## Sterling gains on less dovish BoE tone

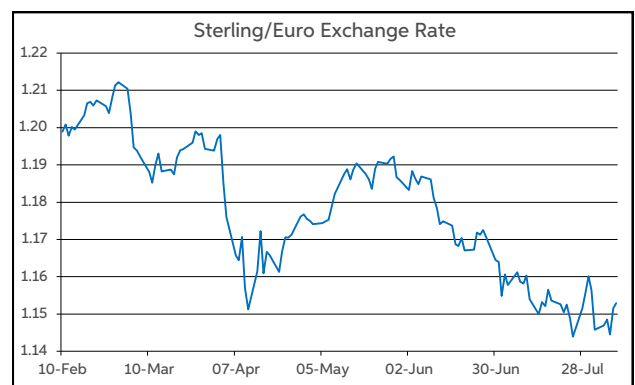
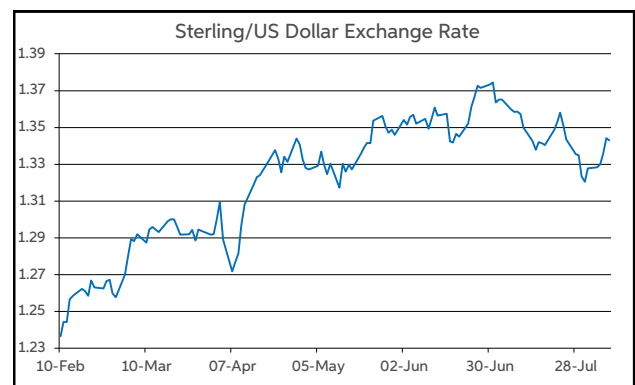
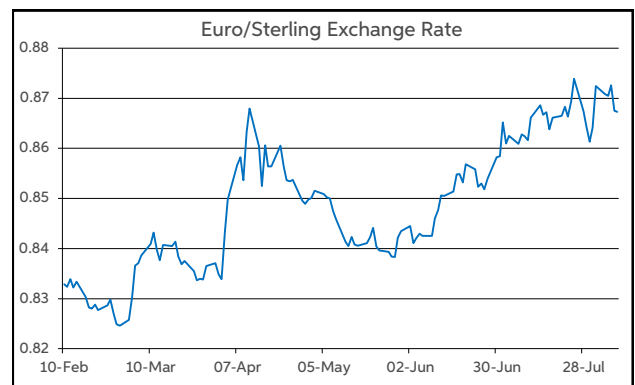
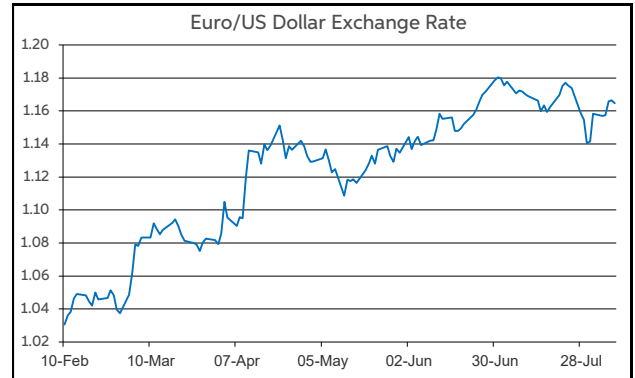
Yesterday's BoE policy announcement for August was a key highlight of the macro diary. As expected, the BoE cut rates by 25bps, to 4%. However, the overall market reaction to the meeting outcome indicated a less dovish tone emanating from the BoE. This was evident in a modest firming in market pricing for UK rate expectations. The timing of the next rate cut was pushed out to early 2026 rather than the end of this year. This backdrop provided some upward support to sterling.

In terms of specifics regarding the 'less dovish' BoE tone, this included the voting breakdown in favour of a rate cut being much closer than expected (5:4 vs. 7:2 f'cast). On top of this, the BoE's updated macro forecasts saw upward revisions to its inflation projections. The central bank also commented that the upside risks to the inflation outlook had "moved slightly higher" since its previous forecasting round in May. Meanwhile, in relation to its forward guidance, the changes to the text and Governor Bailey's comments suggest the BoE may be more patient around the timing of its next rate cut and the extent of further easing may be limited.

From a currency viewpoint, the combination of a firmer sterling and some euro weakness (no obvious driver of this) saw EUR/GBP unable to hold onto the 87p mark. The pair opens this morning at 86.7p. Sterling also made gains versus the dollar, with GBP/USD reclaiming ground up in \$1.34 territory. Elsewhere, the softer euro was evident in EUR/USD edging back down to a low of \$1.162. News that President Trump was nominating Stephen Miran to replace Fed Gov. Kugler did act as somewhat of a drag on the dollar. EUR/USD starts today near the midpoint of \$1.16-1.17.

Today's macro diary is very quiet on both sides of the Atlantic. Therefore, the FX majors may be confined to relatively narrow ranges heading into the weekend.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1648	-0.20	12.51
EUR/GBP	0.8673	-0.63	4.84
GBP/USD	1.343	0.47	7.35
GBP/EUR	1.1528	0.63	-4.61
USD/JPY	147.3	0.00	-6.29
EUR/JPY	171.6	-0.20	5.44

\* 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	3.81	3.78	3.73
EUR	2.00	1.91	1.98	2.04	2.08	2.32
GBP	4.00	3.95	3.95	3.79	3.91	3.95

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

# Opening Levels

Friday 08 August 2025  
07:22 am



## Euro

EUR/GBP	0.8673
EUR/USD	1.1648
EUR/JPY	171.6
EUR/SEK	11.1611
EUR/DKK	7.4632
EUR/NOK	11.9158
EUR/CHF	0.9404
EUR/AUD	1.7851
EUR/HKD	9.1435
EUR/CAD	1.6002

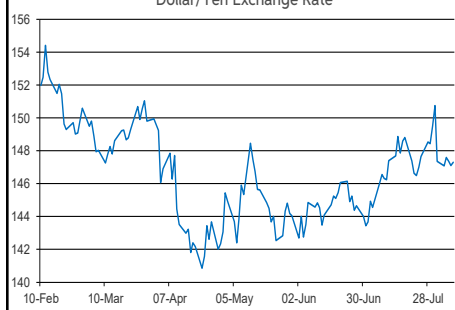
## Sterling

GBP/EUR	1.1528
GBP/USD	1.343
GBP/CAD	1.8448
GBP/NZD	2.2522
GBP/JPY	197.82
GBP/SEK	12.8675
GBP/DKK	8.6009
GBP/NOK	13.7467
GBP/CHF	1.0836
GBP/AUD	2.0577

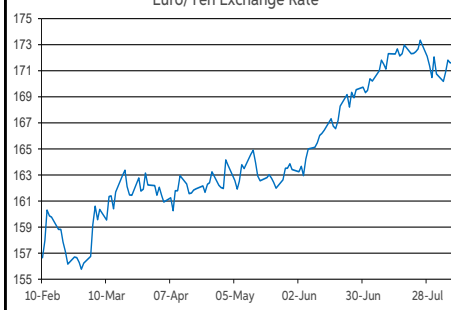
## Dollar

USD/JPY	147.3
USD/CAD	1.3739
USD/CHF	0.807
USD/CNY	7.1824
USD/BRL	5.4156
USD/RUB	79.4
USD/INR	87.6175
AUD/USD	0.6522
NZD/USD	0.5957

Dollar/Yen Exchange Rate

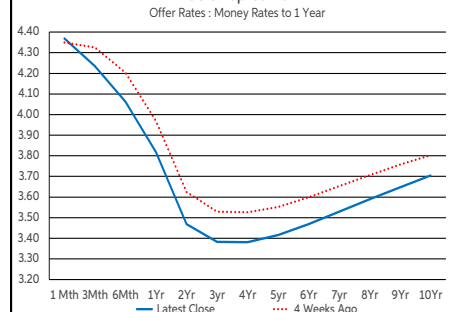


Euro/Yen Exchange Rate



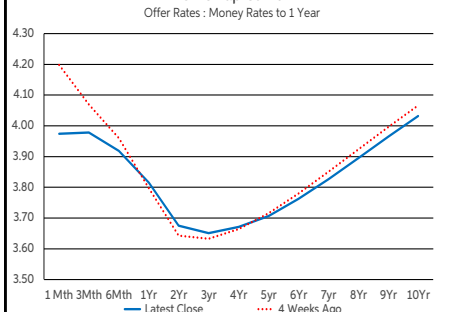
US Swap Curve

Offer Rates : Money Rates to 1 Year



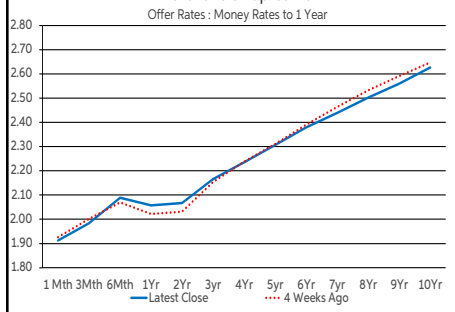
UK Swap Curve

Offer Rates : Money Rates to 1 Year

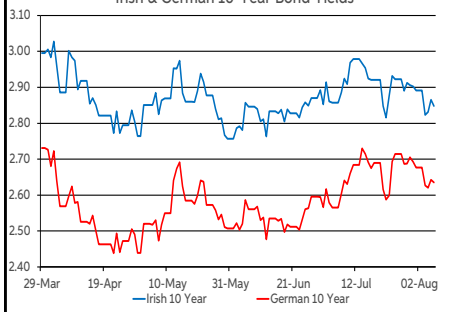


Eurozone Swap Curve

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	4.24	+3	-10	-33
Germany	2.64	-1	-3	+27
UK	4.55	+1	-5	-2
Ireland	2.89	-0	-10	+24
Belgium	3.15	-3	-11	+17
France	3.30	-2	-10	+10
Italy	3.46	-3	-14	-7
Spain	3.20	-3	-12	+14
Portugal	3.04	-2	-10	+19
Greece	3.32	-0	-9	+7
<b>5 Year Swap %</b>				
US	3.69	+1	-11	-61
Eurozone	2.30	-1	-1	+6
UK	3.95	+4	-1	-33
<b>2 Year Swap %</b>				
US	3.73	+1	-13	-60
Eurozone	2.06	+0	+4	-13
UK	3.90	+6	+3	-59
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	25	+0	-7	-3
Belgium	52	-2	-8	-10
France	66	-1	-8	-17
Italy	82	-2	-11	-34
Spain	57	-2	-9	-13
Portugal	41	-1	-7	-8
Greece	68	+1	-7	-21

## Commodities

	Close	% Change		
		Day	4 Weeks	End 24
Brent Oil	66.43	-0.69	-3.22	-11.00
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3397.0	+0.85	+2.24	+29.47

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.