

Dollar volatility

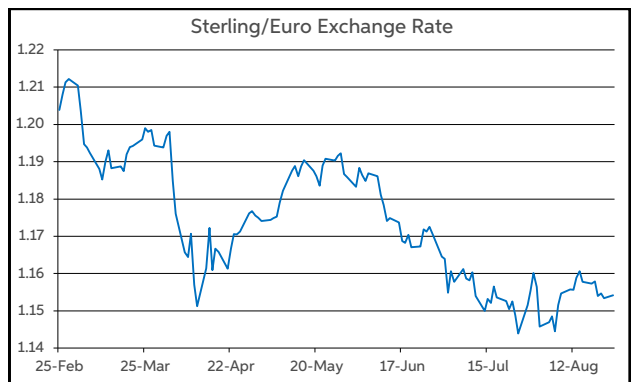
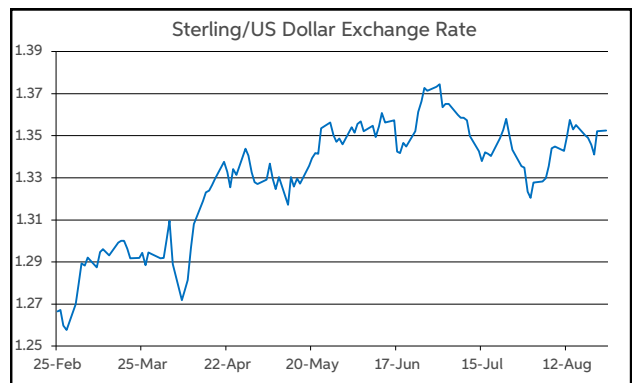
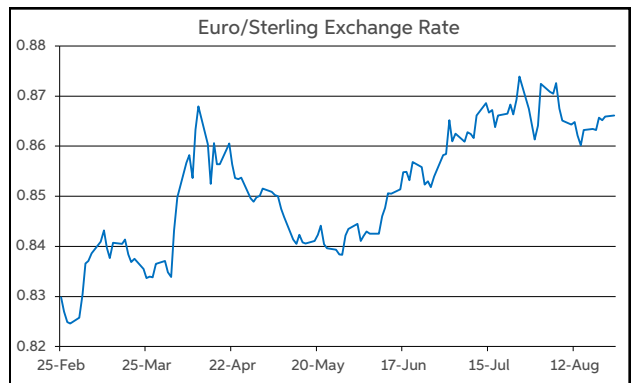
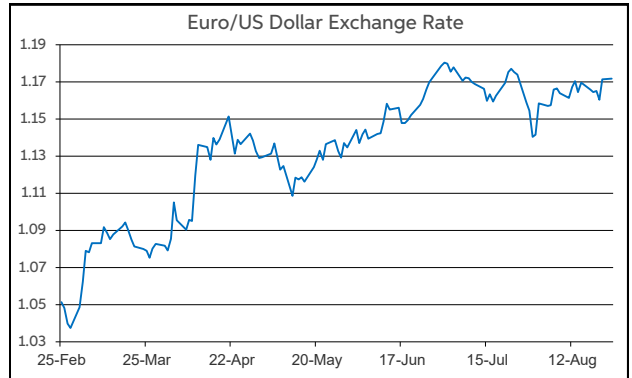
The dollar experienced some volatility last week. The currency generated some upward momentum in the lead up to Friday's much anticipated Jackson Hole speech from Fed Chair Powell. Better than expected US macro data, some less dovish Fed speakers comments and an associated firming in rate expectations provided support to the currency. EUR/USD was operating in and around the \$1.16 threshold, while GBP/USD was trading down at the \$1.34 mark heading into Fed Chair Powell's speech on Friday afternoon.

However, the dollar saw a reversal of fortunes on the back of Chair Powell's remarks. His comments were dovish in tone, and he opened the door to a rate cut at the September FOMC (16th/17th). He stated that the "shifting balance of risks may warrant adjusting our policy stance". The market went from attaching a 'pre-speech' 70% probability to a September cut to around a 90% chance in the immediate aftermath. This in turn put the dollar back on the defensive.

As trading gets underway this morning, EUR/USD starts the week up in \$1.17 territory, GBP/USD is operating back above the \$1.35 threshold, while USD/JPY is down near the ¥147 level. Elsewhere on the currency front, EUR/GBP remains within its narrow 86-86.7p range from last week.

This week, in the context of the Fed's September meeting, the publication of US core-PCE inflation for July is an important release (Friday). It will form a key input into the Fed's deliberations/decision on whether to cut rates. Therefore, the inflation update is a potential source of volatility for the dollar this week. From a euro viewpoint, the main releases of note are the EC economic sentiment indices and the German Ifo (Aug) as well as the flash August readings of inflation from the 'Big 4' economies (Germany, France, Italy and Spain). For sterling, the macro data diary over the coming days is uneventful.

John Fahey, Senior Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1718	1.17	13.18
EUR/GBP	0.8661	0.16	4.69
GBP/USD	1.3523	0.97	8.09
GBP/EUR	1.1538	-0.16	-4.48
USD/JPY	147.15	-1.07	-6.38
EUR/JPY	172.46	0.09	5.97

* 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	4.31	4.19	3.79	3.75	3.70
EUR	2.00	1.89	2.02	2.06	2.09	2.35
GBP	4.00	3.96	3.96	3.85	4.01	4.08

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

Monday 25 August 2025
07:29 am



Euro

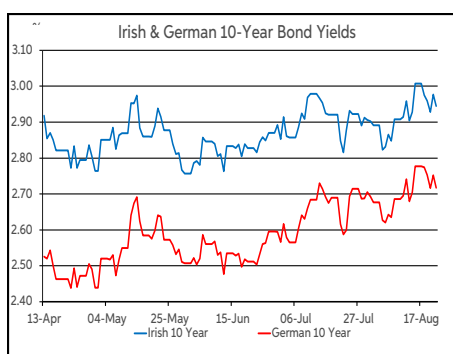
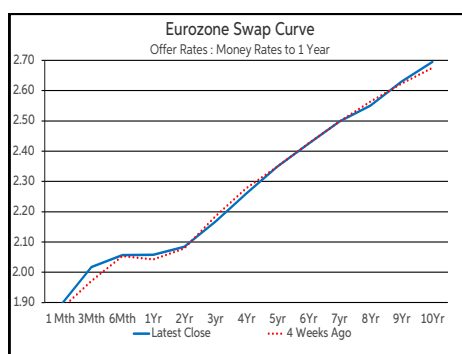
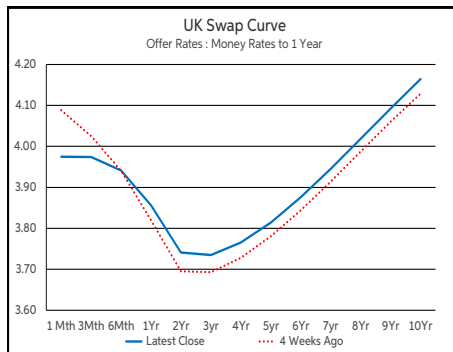
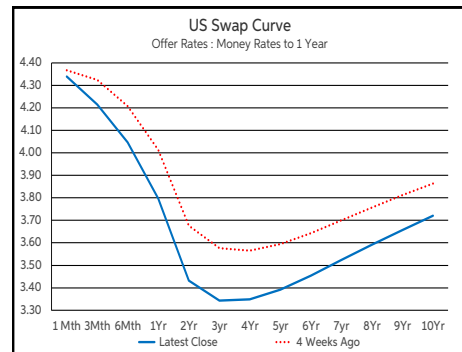
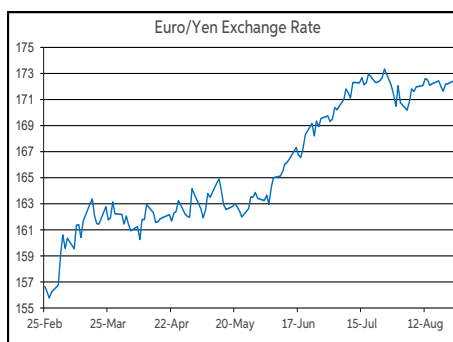
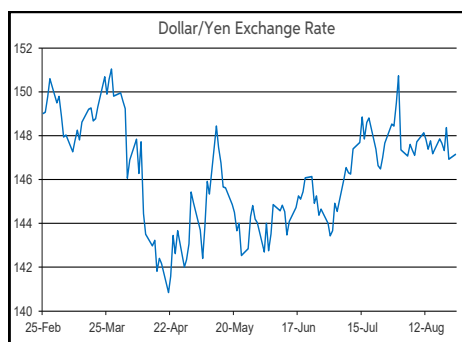
EUR/GBP	0.8661
EUR/USD	1.1718
EUR/JPY	172.46
EUR/SEK	11.1305
EUR/DKK	7.4642
EUR/NOK	11.7828
EUR/CHF	0.9401
EUR/AUD	1.8018
EUR/HKD	9.1471
EUR/CAD	1.6194

Sterling

GBP/EUR	1.1538
GBP/USD	1.3523
GBP/CAD	1.8691
GBP/NZD	2.2999
GBP/JPY	198.99
GBP/SEK	12.8448
GBP/DKK	8.6134
GBP/NOK	13.592
GBP/CHF	1.0851
GBP/AUD	2.0791

Dollar

USD/JPY	147.15
USD/CAD	1.382
USD/CHF	0.8022
USD/CNY	7.1484
USD/BRL	5.4227
USD/RUB	80.75
USD/INR	87.4025
AUD/USD	0.6502
NZD/USD	0.5877



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.26	-7	-13	-32
Germany	2.72	-3	+0	+36
UK	4.69	-4	+6	+12
Ireland	3.00	-2	+4	+35
Belgium	3.26	-6	+1	+27
France	3.42	-5	+3	+22
Italy	3.55	-6	-3	+3
Spain	3.30	-5	-2	+23
Portugal	3.13	-4	-2	+28
Greece	3.43	-2	-1	+18
5 Year Swap %				
US	3.68	-7	-17	-61
Eurozone	2.31	-5	-3	+8
UK	4.03	-4	+2	-25
2 Year Swap %				
US	3.70	-10	-24	-64
Eurozone	2.05	-5	-2	-14
UK	3.97	-2	+5	-52
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	+2	+3	-0
Belgium	54	-2	+0	-8
France	70	-1	+3	-13
Italy	83	-2	-3	-33
Spain	58	-1	-2	-13
Portugal	41	-1	-2	-7
Greece	71	+2	-2	-17

Commodities				
	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	67.73	+0.09	-1.04	-9.26
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3371.7	+0.99	+1.07	+28.50

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