Morning Comment

AIB Treasury Economic Research Unit

Thursday 04 December 2025
07:54 am

Sterling on the front-foot

Investor sentiment was holding a slightly positive tone yesterday. On equity markets, the Euro Stoxx 50 rose by a meagre 0.1%. In contrast though, the S&P 500 gained 0.3%. In terms of fixed income, German Bund and US Treasury yields edged 1-2bps lower along the curve. Meanwhile, UK Gilt yields fell by 2-6bps. The move was most pronounced at the long-end of the curve.

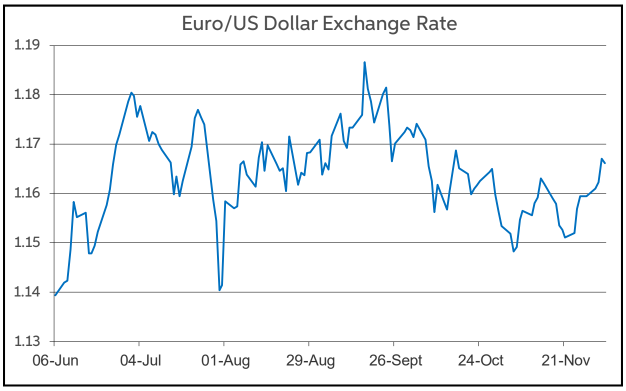
Data-wise, the US ADP employment report indicated that the private sector shed 32k jobs in November, undershooting the consensus for a 10k rise. Elsewhere, US industrial production rose by 0.1% in September (vs. +0.0% f'cast), albeit output in August was revised down to -0.3% from +0.1%. At the same time, both the Eurozone and the UK services PMIs for November printed above the flash estimate, indicating a sharper pace of expansion in the month compared to the initial reading.

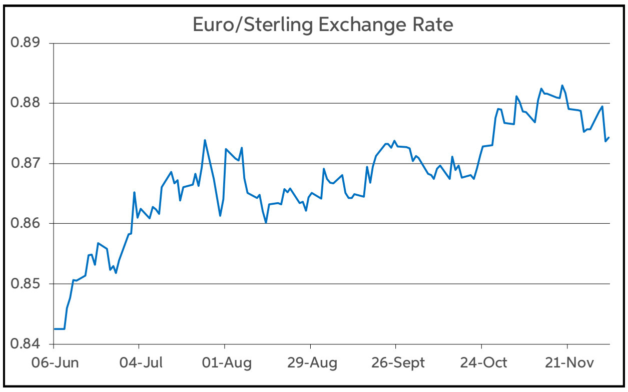
Against this backdrop, the dollar was on the defensive yesterday. Meanwhile, sterling was on the front-foot, having benefitted from the marked revision to the services PMI. Overall, the greenback fell by around 0.2% versus the euro and by 0.7% against the pound.

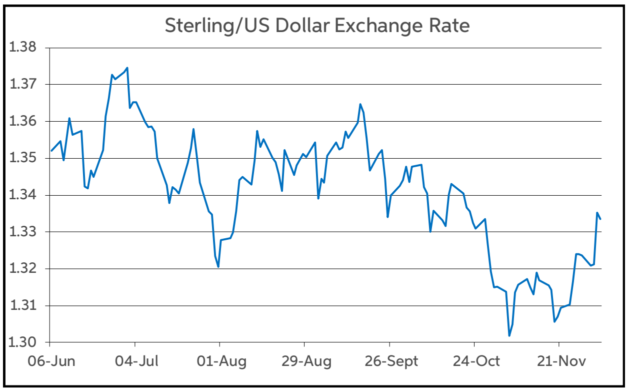
As trading gets underway this morning, the firmer tone to sterling is reflected by EUR/GBP opening just below the midpoint of the 87-88p range. Elsewhere, EUR/USD is in the top half of the $1.16-1.17 corridor. GBP/USD is operating up above the $1.33 threshold. USD/JPY has edged slightly lower, but remains in the ¥155-156 band.

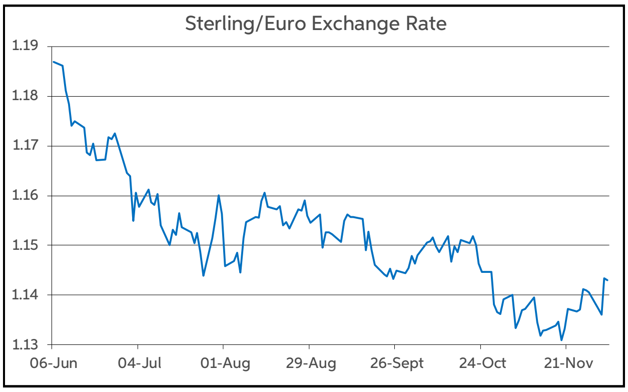
Turning to the day ahead, the macro calendar is quite sparse on both sides of the Atlantic. Of the limited releases to note, Eurozone retail sales are forecast to stagnate in October. Meanwhile, the latest initial jobless claims are forecast to rise slightly to 220k in the last week of November, from 216k previously.

Daniel Noonan, Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1662	0.17	12.64
EUR/GBP	0.8744	-0.56	5.69
GBP/USD	1.3335	0.76	6.59
GBP/EUR	1.1433	0.56	-5.39
USD/JPY	155.24	-0.28	-1.23
EUR/JPY	181.04	-0.12	11.24

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	3.88	3.81	3.73	3.48	3.56	3.62
EUR	2.00	1.90	2.04	2.14	2.20	2.46
GBP	4.00	3.84	3.77	3.57	3.75	3.87

All rates quoted are indicative market rates

See Next Page For More Rates & Charts

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All Data Sourced from Refinitiv

Opening Levels

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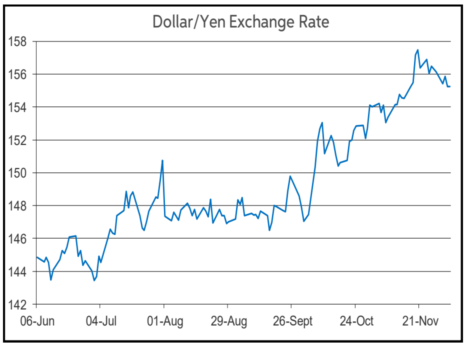
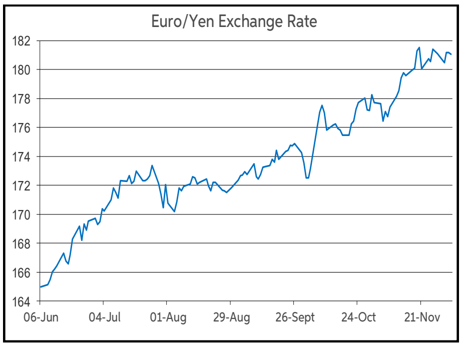
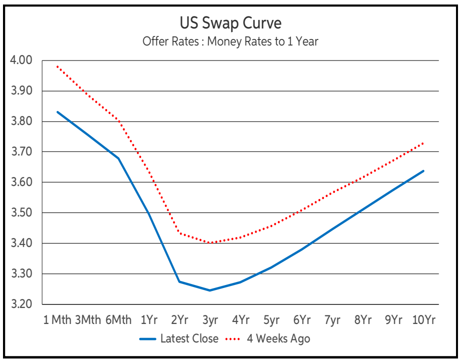
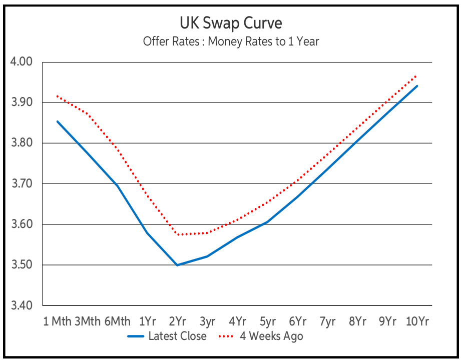
AIB

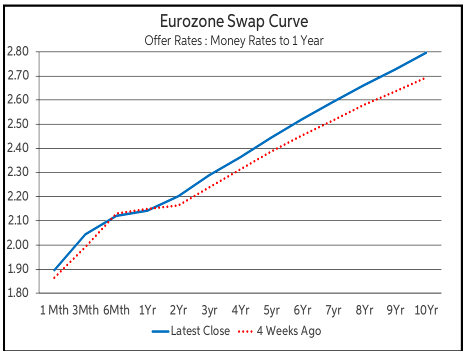
Euro		Sterling		Dollar	
EUR/GBP	0.8744	GBP/EUR	1.1433	USD/JPY	155.24
EUR/USD	1.1662	GBP/USD	1.3335	USD/CAD	1.3965
EUR/JPY	181.04	GBP/CAD	1.8617	USD/CHF	0.8004
EUR/SEK	10.9519	GBP/NZD	2.3091	USD/CNY	7.0676
EUR/DKK	7.4685	GBP/JPY	207.01	USD/BRL	5.3074
EUR/NOK	11.732	GBP/SEK	12.523	USD/RUB	76.9
EUR/CHF	0.9338	GBP/DKK	8.5405	USD/INR	90.059
EUR/AUD	1.7632	GBP/NOK	13.4162		
EUR/HKD	9.0781	GBP/CHF	1.0674	AUD/USD	0.6613
EUR/CAD	1.6284	GBP/AUD	2.0155	NZD/USD	0.5772

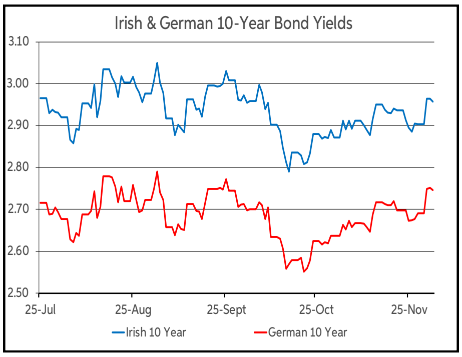












Debt Markets

	Close	Change bps Day	Change bps 4 Weeks	Change bps End 24
10 Year Yield %				
US	4.06	-3	-10	-52
Germany	2.75	-1	+7	+38
UK	4.45	-2	-1	-12
Ireland	2.96	-1	+4	+31
Belgium	3.26	-0	+4	+28
France	3.49	-0	+3	+30
Italy	3.45	-2	+2	-7
Spain	3.22	-1	+4	+16
Portugal	3.08	+1	+5	+23
Greece	3.36	-2	+5	+11
5 Year Swap %				
US	3.56	-3	-14	-73
Eurozone	2.43	-1	+8	+20
UK	3.86	-1	-3	-42
2 Year Swap %				
US	3.54	-1	-14	-79
Eurozone	2.16	-2	+2	-3
UK	3.74	-1	-7	-75
10 Year Government Bond Spreads to Benchmark bps				
Ireland	21	-0	-3	-8
Belgium	51	+0	-3	-10
France	75	+0	-4	-9
Italy	70	-2	-5	-46
Spain	47	-0	-4	-23
Portugal	33	+1	-2	-15
Greece	62	-2	-2	-27

Commodities

	Close	% Change Day	% Change 4 Weeks	% Change End 24
Brent Oil	62.67	+0.35	-1.34	-16.04
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	4206.0	-0.03	+5.61	+60.30

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