

Split Fed cuts rates by 25bps

Trading conditions remained subdued throughout the European session yesterday, as investors kept their powder dry ahead of the Fed policy announcement, due after the close. Against this backdrop, the Euro Stoxx 50 declined by 0.2%, while European sovereign bond yields were little changed.

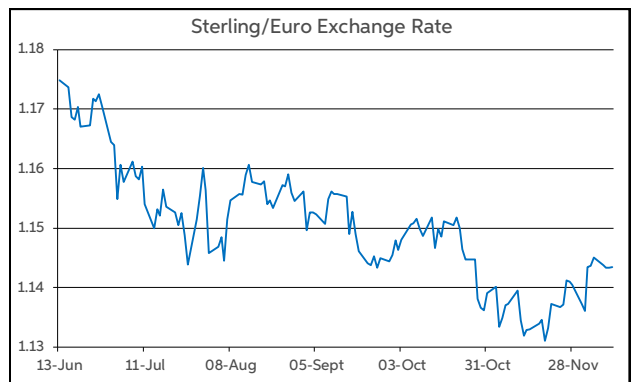
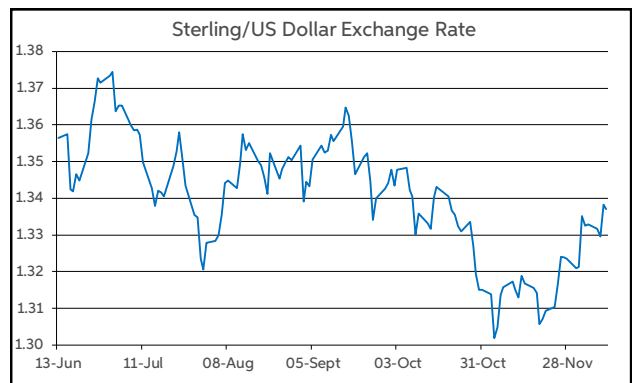
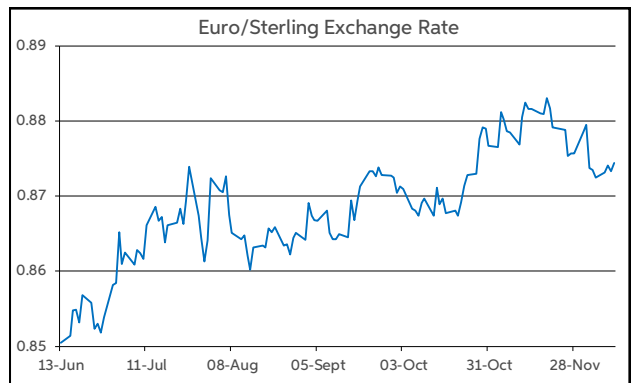
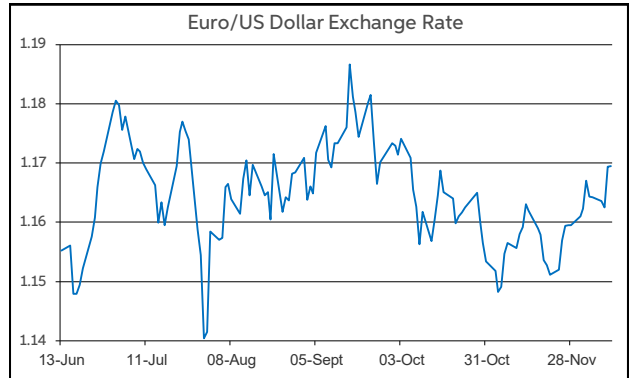
The Fed opted to cut rates by 25bps for a third consecutive meeting, in-line with market expectations. However, once again there was a three-way split on the FOMC. Two members preferred to leave rates unchanged, one favoured a 50bps cut, while nine voted for the 25bps cut. Meantime, the updated interest rate dotplot, included in the Summary of Economic Projections, showed that the median projection is for just one rate cut next year, albeit the range of forecasts is unusually wide. regardless, the market continues to price -in roughly two rate cuts next year (circa 55bps of easing), albeit the next rate cut is not fully priced-in until June 2026.

In the initial aftermath of the Fed policy decision, the S&P 500 rose and US Treasury yields fell. Overall, the S&P 500 finished the day up by 0.7%, while US Treasury yields moved 2-7bps lower. Meanwhile, the dollar was under some downward pressure. The greenback shed circa 0.5% versus the euro, sterling and yen.

As trading gets underway this morning, this sees EUR/USD open up near the \$1.17 mark. GBP/USD is in the top half of the \$1.33-1.34 range. USD/JPY is changing hands just below the ¥156 threshold. Meantime, EUR/GBP is operating close to the midpoint of 87-88p.

Turning to the day ahead, the macro calendar is relatively sparse. The main release of note will be the latest US weekly initial jobless claims data. An increase to 220k from 191k the week of Thanksgiving is forecast. However, barring any major surprises, the data may not impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1695	0.58	12.96
EUR/GBP	0.8744	0.07	5.69
GBP/USD	1.3371	0.50	6.87
GBP/EUR	1.1432	-0.07	-5.39
USD/JPY	155.93	-0.50	-0.80
EUR/JPY	182.37	0.08	12.06

* 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	3.74	3.71	3.49	3.63	3.71
EUR	2.00	1.92	2.09	2.20	2.31	2.60
GBP	4.00	3.79	3.75	3.59	3.80	3.96

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 11 December 2025
07:50 am



Euro

EUR/GBP	0.8744
EUR/USD	1.1695
EUR/JPY	182.37
EUR/SEK	10.8488
EUR/DKK	7.4688
EUR/NOK	11.8183
EUR/CHF	0.9353
EUR/AUD	1.7599
EUR/HKD	9.0988
EUR/CAD	1.6159

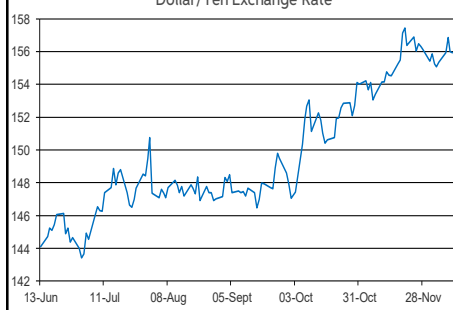
Sterling

GBP/EUR	1.1432
GBP/USD	1.3371
GBP/CAD	1.8475
GBP/NZD	2.3044
GBP/JPY	208.49
GBP/SEK	12.4039
GBP/DKK	8.5376
GBP/NOK	13.511
GBP/CHF	1.0694
GBP/AUD	2.0115

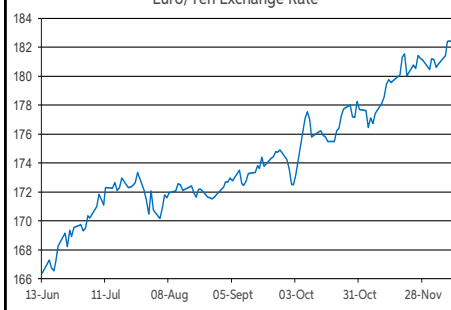
Dollar

USD/JPY	155.93
USD/CAD	1.3821
USD/CHF	0.8
USD/CNY	7.0596
USD/BRL	5.4713
USD/RUB	78.6
USD/INR	90.33
AUD/USD	0.6645
NZD/USD	0.58

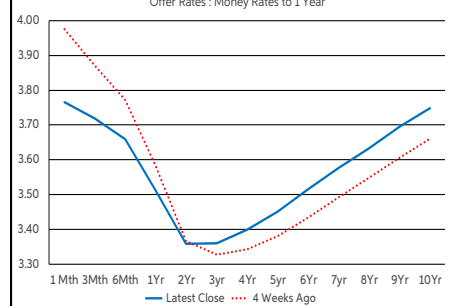
Dollar/Yen Exchange Rate



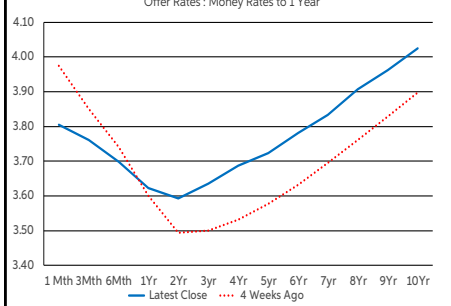
Euro/Yen Exchange Rate



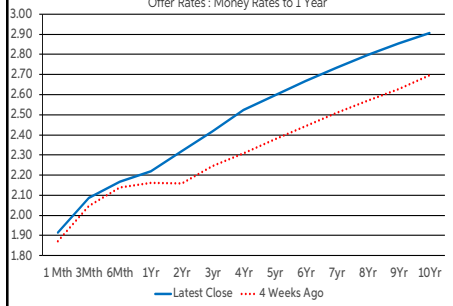
US Swap Curve
Offer Rates : Money Rates to 1 Year



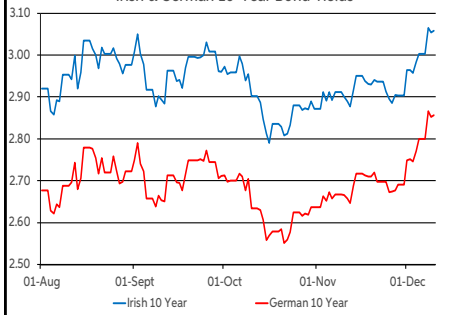
UK Swap Curve
Offer Rates : Money Rates to 1 Year



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
10 Year Yield %				
US	4.16	-2	+10	-41
Germany	2.86	+0	+21	+49
UK	4.51	+0	+11	-7
Ireland	3.06	+0	+18	+41
Belgium	3.37	+2	+21	+38
France	3.58	+2	+20	+38
Italy	3.56	+1	+19	+4
Spain	3.32	+1	+18	+25
Portugal	3.19	+1	+20	+34
Greece	3.50	+1	+22	+25
5 Year Swap %				
US	3.70	-2	+10	-59
Eurozone	2.58	+1	+22	+35
UK	3.97	+1	+15	-31
2 Year Swap %				
US	3.63	-4	+1	-70
Eurozone	2.31	+2	+16	+12
UK	3.82	+1	+9	-66
10 Year Government Bond Spreads to Benchmark bps				
Ireland	20	-0	-3	-8
Belgium	51	+2	-0	-11
France	72	+2	-1	-11
Italy	70	+1	-2	-45
Spain	46	+0	-3	-24
Portugal	33	+1	-1	-15
Greece	64	+0	+1	-24

Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	62.21	+0.44	-0.80	-16.65
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4228.0	+0.44	+0.70	+61.14

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