

Dovish BoE weighs on sterling

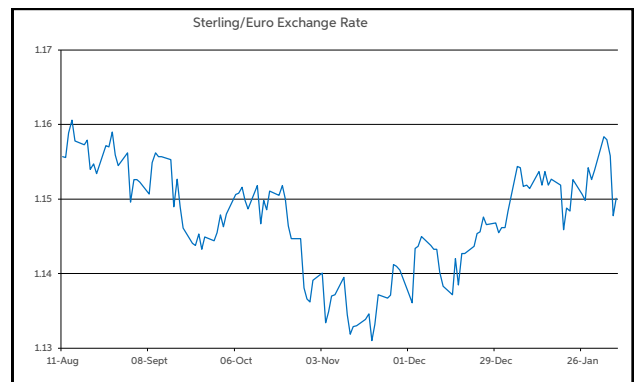
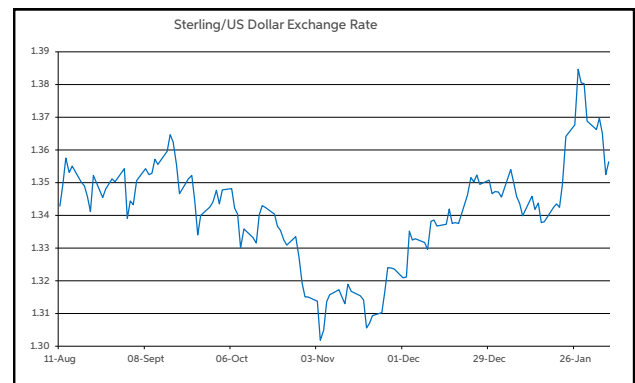
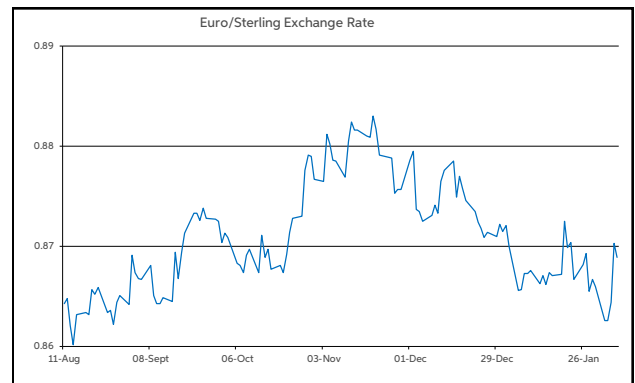
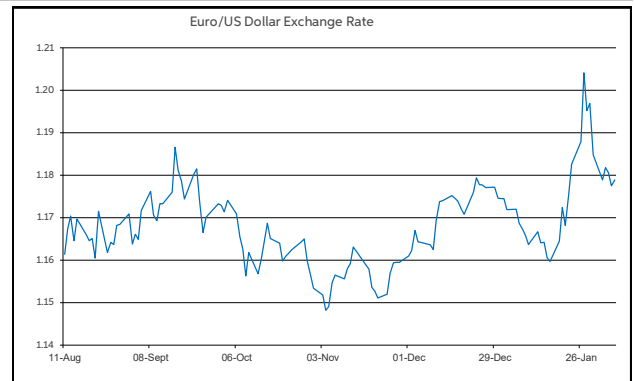
The risk averse tone to investor sentiment continued yesterday. On both sides of the Atlantic, benchmark equity indices moved lower, with the Euro Stoxx 50 and the S&P 500 falling by 0.7% and 1.2%. The ongoing sell-off in the tech-sector and some disappointing corporate earnings reports remained the key drivers of the declines.

On the monetary policy front, both the ECB and the BoE left interest rates unchanged yesterday, as expected. From an ECB perspective, the central bank continued to emphasise that policy was in “good shape”, while President Lagarde offered little in the way of forward guidance. In contrast, the overarching tone from the BoE was more dovish than anticipated. The decision to hold rates steady was by a tight 5:4 vote, and the updated Monetary Policy Report, the meeting minutes, and remarks from Governor Bailey, all suggested that the BoE will cut rates further this year, and perhaps sooner than previously expected. Against this backdrop, UK futures contracts softened. Markets now see around a 90% chance of a rate cut in April, and circa 50bps of policy easing in total this year.

Amid the softening in UK market rate expectations, sterling was under some downward pressure yesterday. Overall, the pound shed 0.4% against the euro, dollar and yen. As trading gets underway this morning, this sees EUR/GBP open up near the 87p mark. GBP/USD is back closer to the midpoint of \$1.35-1.36. Elsewhere, EUR/USD remains in and around the \$1.18 threshold. USD/JPY is in the top half of the ¥156-157 corridor.

Turning to the day ahead, the macro calendar is quite sparse. This is largely due to the postponement until next Wednesday of the US labour market report for January, arising from the partial government shutdown this week. As a result, the only release of note today will be the Michigan measure of US consumer sentiment for February. However, the data are unlikely to impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.1789	0.00	0.37
EUR/GBP	0.8689	0.40	-0.30
GBP/USD	1.3564	-0.41	0.68
GBP/EUR	1.1504	-0.40	0.30
USD/JPY	156.84	-0.09	0.12
EUR/JPY	184.9	-0.10	0.49

* 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	3.66	3.63	3.41	3.58	3.73
EUR	2.00	1.95	2.04	2.16	2.23	2.51
GBP	3.75	3.72	3.64	3.46	3.71	3.98

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

Friday 06 February 2026
07:47 am



Euro

EUR/GBP	0.8689
EUR/USD	1.1789
EUR/JPY	184.9
EUR/SEK	10.6874
EUR/DKK	7.4672
EUR/NOK	11.5252
EUR/CHF	0.9164
EUR/AUD	1.6946
EUR/HKD	9.2095
EUR/CAD	1.6138

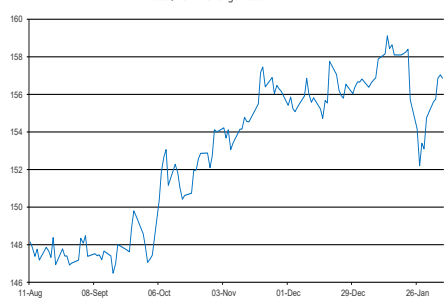
Sterling

GBP/EUR	1.1504
GBP/USD	1.3564
GBP/CAD	1.8568
GBP/NZD	2.2695
GBP/JPY	212.74
GBP/SEK	12.2946
GBP/DKK	8.5904
GBP/NOK	13.2683
GBP/CHF	1.0544
GBP/AUD	1.9499

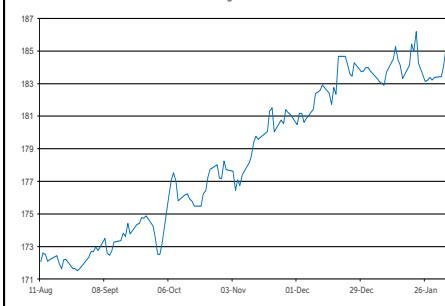
Dollar

USD/JPY	156.84
USD/CAD	1.3691
USD/CHF	0.7774
USD/CNY	6.9402
USD/BRL	5.2711
USD/RUB	77.4
USD/INR	90.7925
AUD/USD	0.6955
NZD/USD	0.5974

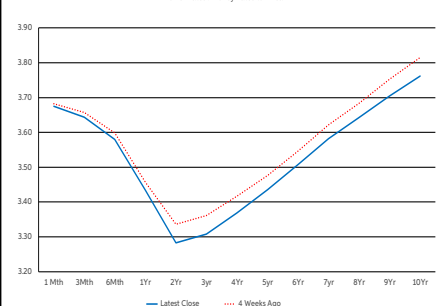
Dollar/Yen Exchange Rate



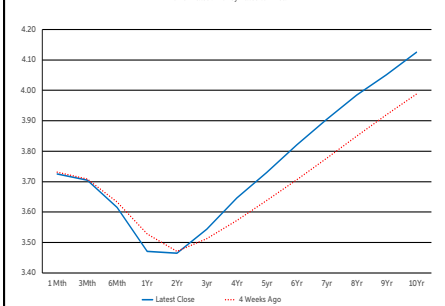
Euro/Yen Exchange Rate



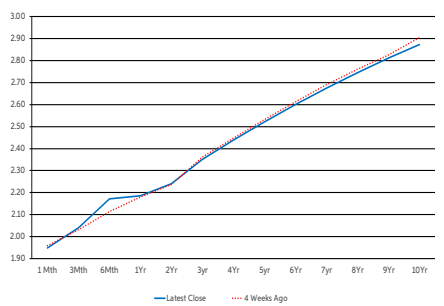
US Swap Curve
Offer Rates - Money Rates to 1 Year



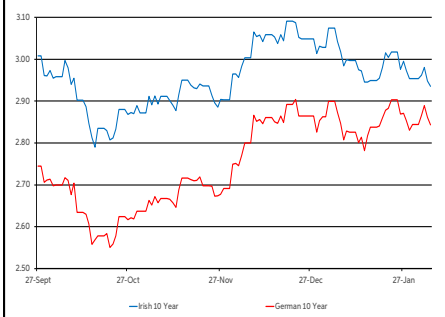
UK Swap Curve
Offer Rates - Money Rates to 1 Year



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 25
10 Year Yield %				
US	4.21	-7	+3	+6
Germany	2.84	-2	+1	-2
UK	4.56	+1	+16	+9
Ireland	2.94	-1	-6	-9
Belgium	3.26	-1	-5	-9
France	3.44	-1	-9	-12
Italy	3.47	-1	+0	-4
Spain	3.22	-1	-4	-7
Portugal	3.21	-1	+9	+5
Greece	3.48	+11	+7	+0
5 Year Swap %				
US	3.71	-10	+2	-2
Eurozone	2.51	-1	-1	-6
UK	3.98	-2	+12	+9
2 Year Swap %				
US	3.55	-10	-4	-2
Eurozone	2.24	-0	+0	-2
UK	3.73	-5	+2	+0
10 Year Government Bond Spreads to Benchmark bps				
Ireland	9	+1	-8	-7
Belgium	41	+1	-7	-7
France	60	+1	-10	-10
Italy	63	+1	-1	-2
Spain	38	+1	-5	-5
Portugal	37	+1	+7	+7
Greece	64	+13	+5	+2

Commodities

	Close	% Change		
		Day	4 Weeks	End 25
Brent Oil	67.55	-2.75	+8.97	+11.01
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4769.9	-3.88	+6.57	+10.56

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