

Morning Comment

AIB Treasury Economic Research Unit



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07:32 am

US labour market report in focus this week

There was a mixed mood on markets throughout last week, as 2025 drew to a close and 2026 got underway. Overall, trading conditions were relatively light, as many market participants continued to enjoy the festive period. A limited data schedule also likely contributed to the limited price action.

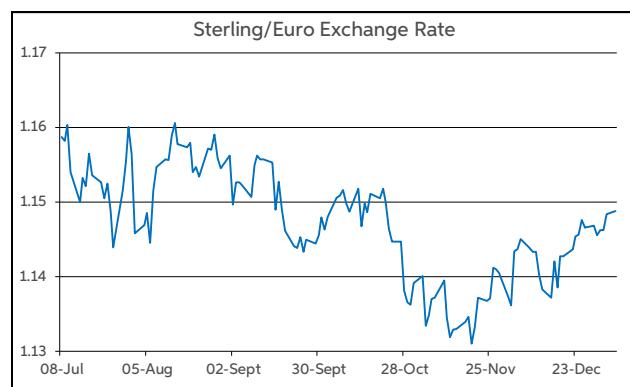
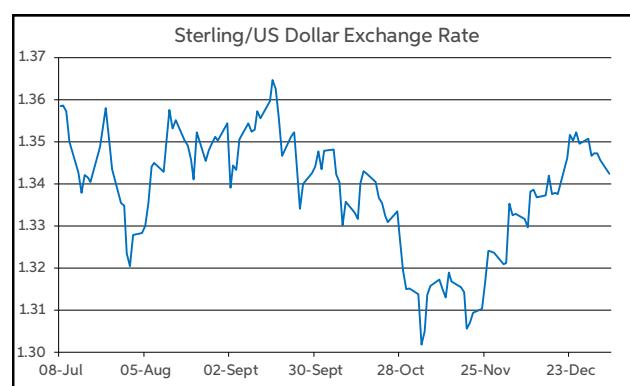
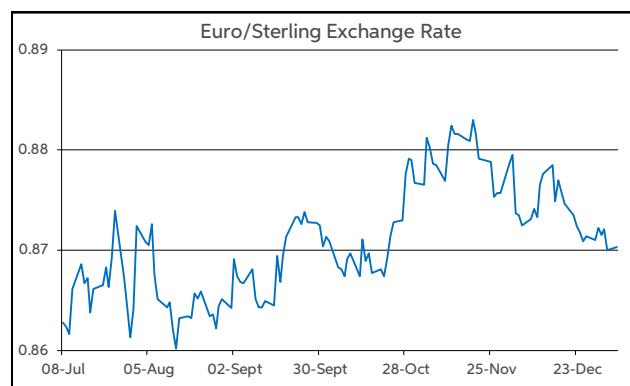
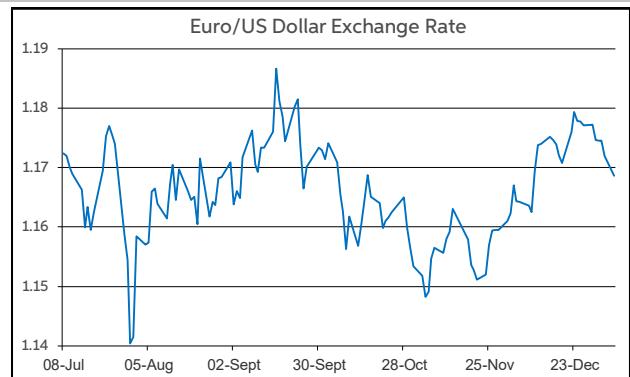
On equity markets, the Euro Stoxx 50 outperformed, rising by 1.8% last week, amid a strong start to the new year. In contrast, the S&P 500 contracted by 1.0%. In terms of fixed income, the US Treasury, UK Gilt and German Bund yield curves all steepened, driven by a slight decline in short-term rates (1-2bps) and a modest move higher in longer-term yields (4-6bps).

Currency-wise, the main pairs remained largely range bound throughout the week. However, in Asia trading overnight, the dollar has been in the ascendancy. The greenback has strengthened by around 0.3-0.5% against the euro and sterling. Meantime, oil prices have fluctuated in early trading also. Overall, Brent crude is down by circa 1.5%, and is currently just above \$60 per barrel.

This sees EUR/USD open back below the \$1.17 threshold. GBP/USD is in the bottom half of the \$1.34-1.35 trading band. EUR/GBP is changing hands at the 87p handle. Elsewhere, USD/JPY is operating just above the ¥157 mark.

Turning our attention to the first full trading week of the year, the main release will be the US labour market report for December. The US manufacturing and non-manufacturing ISMs for December are also due. In the Eurozone, the flash reading of HICP inflation for December and the unemployment rate reading for November will be in focus. Investors will also keep an eye on developments in Venezuela, albeit the market impact following events at the weekend, has been limited thus far.

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Today's Opening FX Rates			
% Change			
	Day *	End 2025	
EUR/USD	1.1686	-0.55	-0.50
EUR/GBP	0.8703	-0.21	-0.14
GBP/USD	1.3424	-0.33	-0.36
GBP/EUR	1.1487	0.21	0.14
USD/JPY	157.04	0.10	0.25
EUR/JPY	183.52	-0.47	-0.26

* 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	3.64	3.42	3.61	3.74
EUR	2.00	1.95	2.03	2.16	2.29	2.61
GBP	3.75	3.72	3.70	3.54	3.75	3.94

All rates quoted are indicative market rates

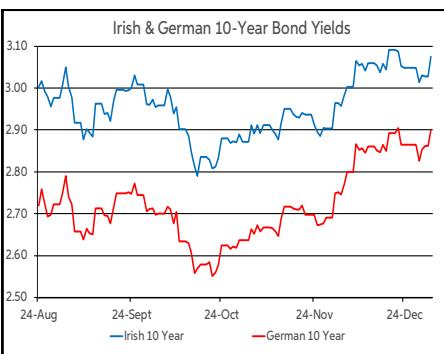
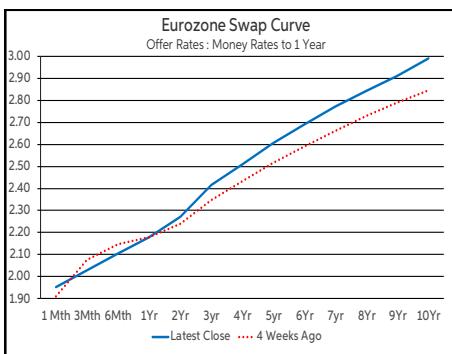
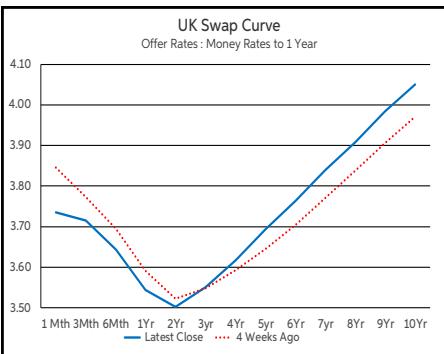
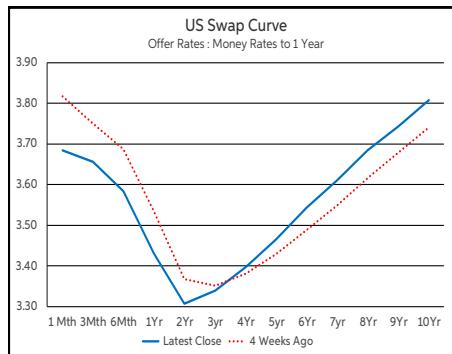
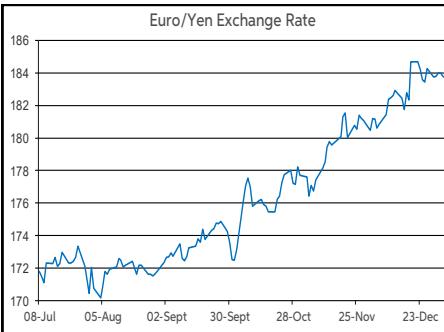
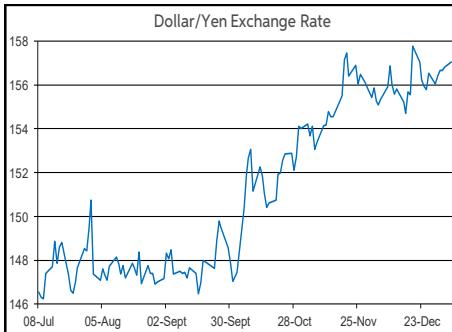
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FX Spot	Karl Cooke Shane Gargan	FX Options	Mark Tuite	Reuters Phone	AIBG.I 00353-1-7724018	Morning Comment	John Fahey john.j.fahey@aib.ie
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Euro	
EUR/GBP	0.8703
EUR/USD	1.1686
EUR/JPY	183.52
EUR/SEK	10.7966
EUR/DKK	7.4698
EUR/NOK	11.8022
EUR/CHF	0.928
EUR/AUD	1.7498
EUR/HKD	9.1011
EUR/CAD	1.6095

Sterling	
GBP/EUR	1.1487
GBP/USD	1.3424
GBP/CAD	1.8489
GBP/NZD	2.3327
GBP/JPY	210.81
GBP/SEK	12.4017
GBP/DKK	8.5791
GBP/NOK	13.562
GBP/CHF	1.0658
GBP/AUD	2.01

Dollar	
USD/JPY	157.04
USD/CAD	1.3774
USD/CHF	0.794
USD/CNY	6.9785
USD/BRL	5.4223
USD/RUB	80.7
USD/INR	90.275
AUD/USD	0.6676
NZD/USD	0.5752



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.19	+4	+5	+4
Germany	2.90	+4	+10	+4
UK	4.54	+6	+6	+6
Ireland	3.07	+5	+7	+5
Belgium	3.41	+7	+11	+7
France	3.61	+5	+8	+5
Italy	3.57	+6	+8	+6
Spain	3.34	+5	+7	+5
Portugal	3.21	+5	+9	+5
Greece	3.51	+3	+11	+3
5 Year Swap %				
US	3.70	-3	+3	-3
Eurozone	2.60	+3	+9	+3
UK	3.94	+4	+2	+4
2 Year Swap %				
US	3.57	-1	-5	-1
Eurozone	2.27	+1	+3	+1
UK	3.75	+2	-2	+2
10 Year Government Bond Spreads to Benchmark bps				
Ireland	18	+1	-3	+1
Belgium	51	+3	+1	+3
France	71	+1	-2	+1
Italy	67	+2	-2	+2
Spain	44	+1	-3	+1
Portugal	31	+1	-1	+1
Greece	61	-1	+1	-1

	Commodities			
	Close	Day	4 Weeks	End 25
Brent Oil	60.21	-1.50	-4.71	-0.16
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4329.9	+0.37	+3.18	+0.37

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