

Morning Comment

AIB Treasury Economic Research Unit



Tuesday 06 January 2026
06:22 am

Firmer tone to sterling

Trading conditions were somewhat choppy yesterday, as investors continued to digest the fallout from the US military action in Venezuela over the weekend. Having initially moved lower, oil prices finished the day up by close to 2%. Brent crude opens this morning in the top half of the \$61-62 range per barrel.

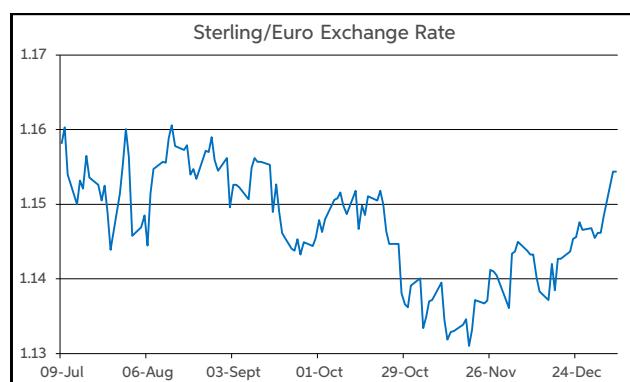
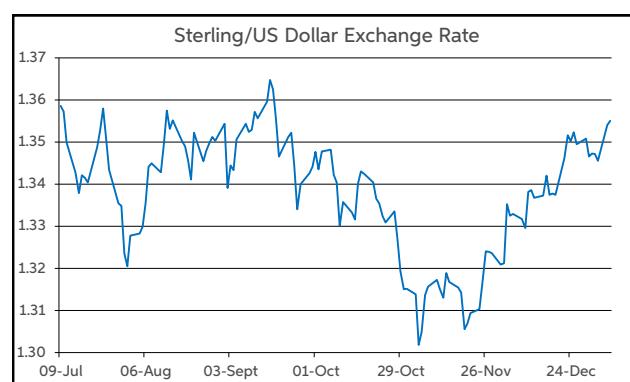
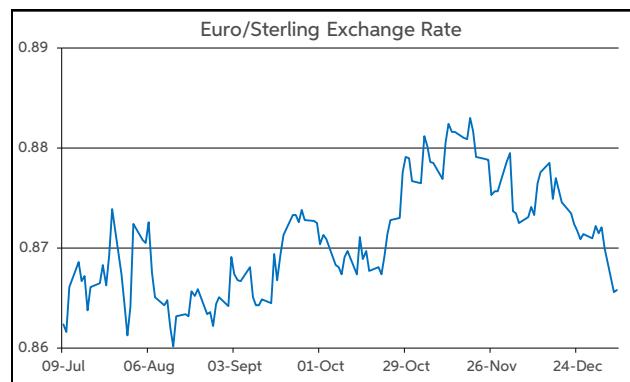
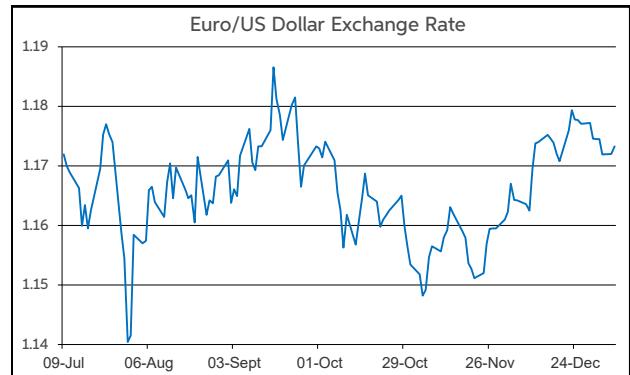
On equity markets, the Euro Stoxx 50 continued to outperform, rising by 1.3% at the start of the first full trading week of the year. At the closing bell on Wall Street, the S&P 500 was up by a more modest 0.6%. In terms of fixed income, US Treasury, UK Gilt and German Bund yields edged 2-4bps lower along the curves.

Data-wise, the main release of note was the US manufacturing ISM for December. The index printed below the consensus, falling to 47.9 (vs. 48.4 fcast), indicating that activity levels in the sector contracted at a slightly faster pace in the month. The survey details also suggested that prices rose more sharply, while employment and new orders declined in December.

On the currency front, there was a firmer tone to sterling, following remarks from PM Starmer, indicating that the UK may move towards aligning more closely with the EU single market (though not the customs union). Elsewhere, the dollar handed back some of its early gains. In level terms, this sees GBP/USD open this morning up at the midpoint of the \$1.35-1.36 corridor. EUR/GBP is back near the halfway mark of 86-87p. EUR/USD is changing hands in the lower half of the \$1.17-1.18 range.

Turning to the day ahead, the macro data calendar is relatively sparse on both sides of the Atlantic. The main releases of note will be the flash estimates of German and French inflation for December. The former is forecast to edge down somewhat to 2.2% while the latter is expected to remain low, at just 0.8%.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
% Change			
	Day *	Day	End 2025
EUR/USD	1.1733	0.41	-0.10
EUR/GBP	0.8658	-0.48	-0.65
GBP/USD	1.355	0.94	0.57
GBP/EUR	1.1548	0.49	0.66
USD/JPY	156.39	-0.50	-0.17
EUR/JPY	183.52	-0.09	-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	3.58	3.73
EUR	2.00	1.95	2.03	2.17	2.27	2.58
GBP	3.75	3.72	3.69	3.53	3.75	3.92

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

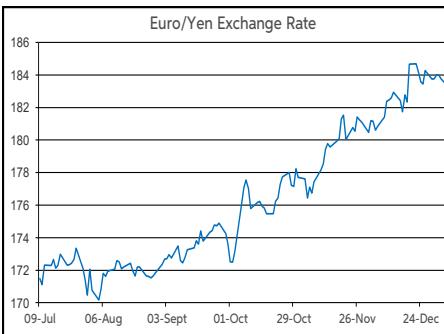
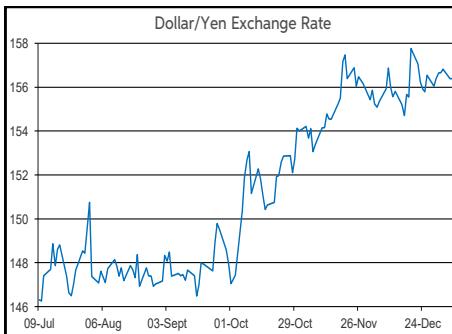
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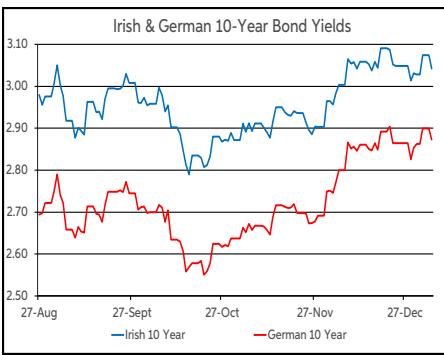
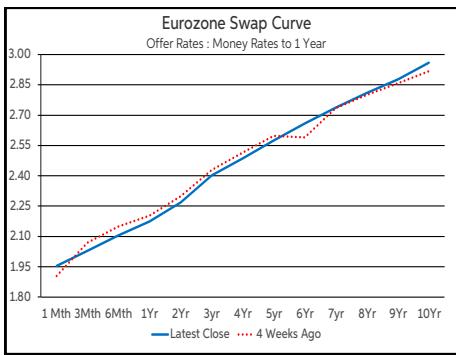
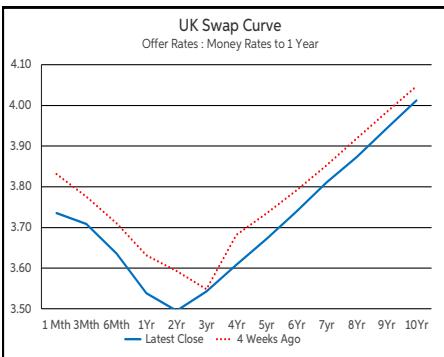
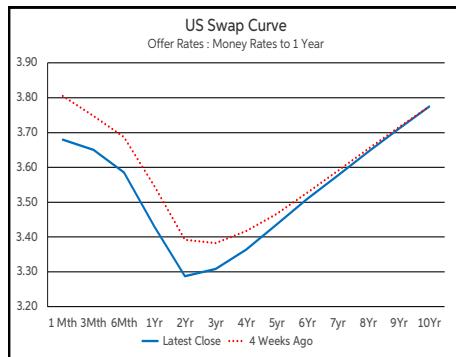
Euro	
EUR/GBP	0.8658
EUR/USD	1.1733
EUR/JPY	183.52
EUR/SEK	10.7491
EUR/DKK	7.4708
EUR/NOK	11.7485
EUR/CHF	0.9281
EUR/AUD	1.7423
EUR/HKD	9.1371
EUR/CAD	1.6145

Sterling	
GBP/EUR	1.1548
GBP/USD	1.355
GBP/CAD	1.8645
GBP/NZD	2.334
GBP/JPY	211.91
GBP/SEK	12.4127
GBP/DKK	8.6259
GBP/NOK	13.5689
GBP/CHF	1.0719
GBP/AUD	2.0121

Dollar	
USD/JPY	156.39
USD/CAD	1.3761
USD/CHF	0.7911
USD/CNY	6.981
USD/BRL	5.4073
USD/RUB	80.9
USD/INR	90.1725
AUD/USD	0.6731
NZD/USD	0.5802



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.16	-3	-1	+1
Germany	2.87	-3	+1	+1
UK	4.51	-3	-2	+3
Ireland	3.04	-3	-2	+1
Belgium	3.37	-4	+0	+2
France	3.57	-4	-1	+1
Italy	3.53	-4	-3	+2
Spain	3.30	-4	-3	+1
Portugal	3.18	-3	-2	+2
Greece	3.48	-3	-0	+0
5 Year Swap %				
US	3.70	+0	+1	-3
Eurozone	2.56	-3	-2	-0
UK	3.92	-2	-5	+2
2 Year Swap %				
US	3.56	-1	-7	-2
Eurozone	2.26	-0	-3	+0
UK	3.74	-1	-9	+1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	17	-1	-3	+0
Belgium	50	-2	-0	+1
France	70	-1	-2	+0
Italy	66	-2	-4	+1
Spain	43	-1	-4	-0
Portugal	30	-1	-2	+1
Greece	61	+0	-1	-1



	% Change			
	Close	Day	4 Weeks	End 25
Brent Oil	61.76	+1.66	-1.17	+1.50
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4448.2	+2.73	+6.20	+3.11

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