

Morning Comment

AIB Treasury Economic Research Unit



Wednesday 07 January 2026
06:53 am

Eurozone flash inflation due today

Investor sentiment was holding a somewhat cautious tone yesterday amid a relatively quiet day on financial markets. Equities moved slightly higher on both sides of Atlantic, with the Euro Stoxx 50 rising by 0.1%. On Wall Street, the S&P rallied late on to register a 0.6% gain. In terms of fixed income, US Treasury, German Bund and UK Gilt yields continued to move in tandem, falling by circa 2-5bps.

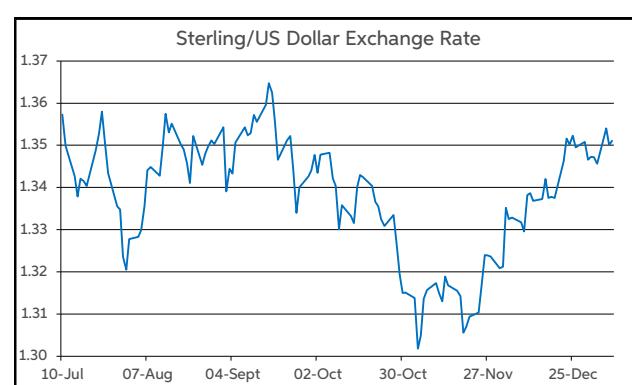
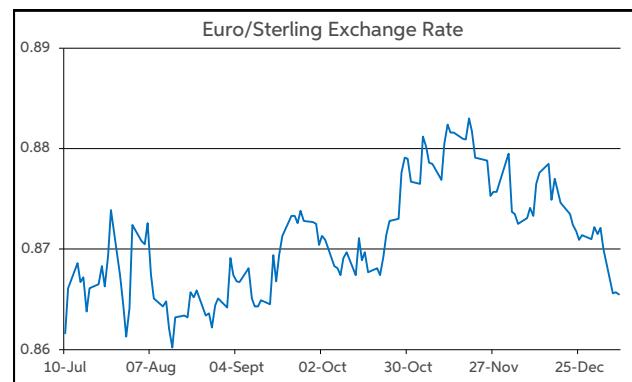
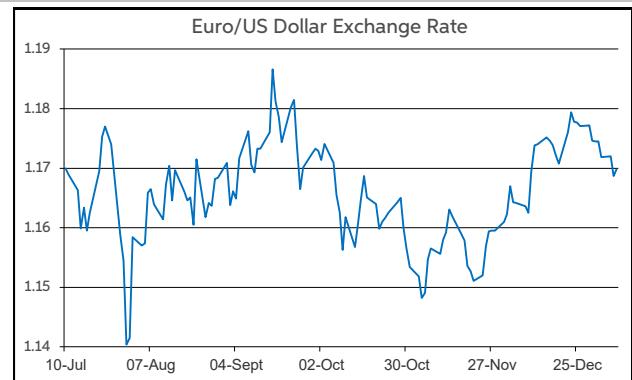
Data-wise, the flash estimates of French and German inflation printed below the consensus in December. The former fell to 0.8% (vs. 0.9% fcast), while the latter dropped to 2.0% (vs. 2.2% fcast). Meanwhile, the final readings of the Eurozone and UK composite and services PMIs for December were revised markedly lower but stayed in expansion mode. The US PMIs were also revised down, albeit by a lesser extent.

On the currency front, the euro was on the defensive in the early part of the day, following the release of the weaker than anticipated inflation data. This saw EUR/GBP dip into the lower half of the 86-87p band for the first time since mid-September. However, the pound erased its gains versus the euro later in the day. At the same time, the dollar assumed the ascendancy heading into the European close. Overall, the greenback gained 0.3% against the euro and sterling.

As trading gets underway this morning, the firmer tone to the dollar is evidenced by EUR/USD open just below the \$1.17 threshold. GBP/USD is operating back near the \$1.35 handle. Meantime, EUR/GBP is just above the midpoint of the 86-87p range.

Today, the main release of note will be the flash reading of Eurozone inflation for December. The forecast is for a 2.0% reading, although the risks are skewed to the downside. In the US, JOLTS job openings (Nov), the ADP employment report, and the non-manufacturing ISM (both Dec) will feature.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
% Change			
	Day *	End 2025	
EUR/USD	1.1698	-0.26	-0.40
EUR/GBP	0.8655	0.00	-0.69
GBP/USD	1.3511	-0.27	0.28
GBP/EUR	1.1548	0.00	0.69
USD/JPY	156.34	-0.05	-0.20
EUR/JPY	182.92	-0.30	-0.58

* 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	3.65	3.42	3.59	3.71
EUR	2.00	1.98	2.03	2.15	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

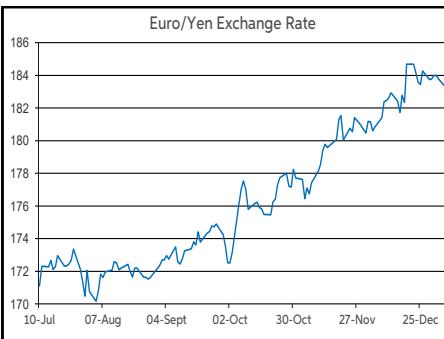
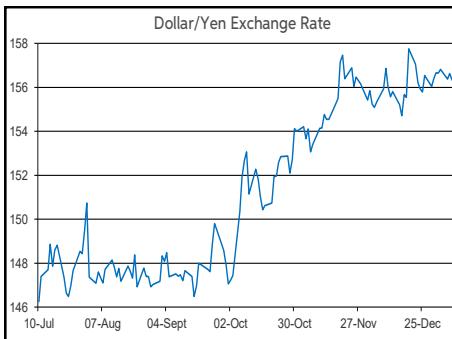
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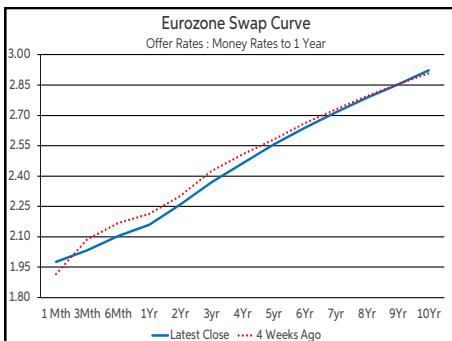
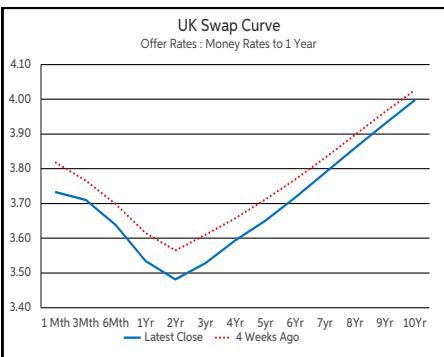
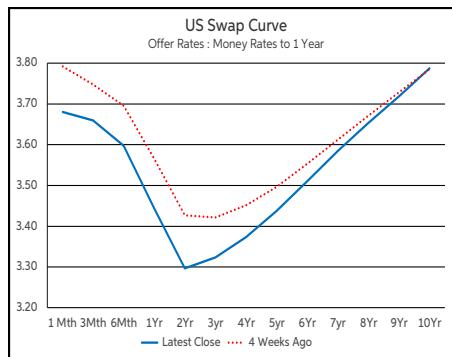
Euro	
EUR/GBP	0.8655
EUR/USD	1.1698
EUR/JPY	182.92
EUR/SEK	10.7591
EUR/DKK	7.4718
EUR/NOK	11.76
EUR/CHF	0.9294
EUR/AUD	1.7324
EUR/HKD	9.1124
EUR/CAD	1.6159

Sterling	
GBP/EUR	1.1548
GBP/USD	1.3511
GBP/CAD	1.866
GBP/NZD	2.3356
GBP/JPY	211.23
GBP/SEK	12.4254
GBP/DKK	8.6305
GBP/NOK	13.5825
GBP/CHF	1.0733
GBP/AUD	2.0009

Dollar	
USD/JPY	156.34
USD/CAD	1.3812
USD/CHF	0.7944
USD/CNY	6.9879
USD/BRL	5.4073
USD/RUB	80.9
USD/INR	89.948
AUD/USD	0.6751
NZD/USD	0.5781



	Change bps			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.16	-3	-2	+1
Germany	2.87	-3	+2	+1
UK	4.51	-3	+0	+3
Ireland	3.04	-3	-1	+1
Belgium	3.37	-4	+3	+2
France	3.57	-4	+1	+1
Italy	3.53	-4	-3	+2
Spain	3.30	-4	-1	+1
Portugal	3.18	-3	+0	+2
Greece	3.48	-3	-2	+0
5 Year Swap %				
US	3.67	+1	-6	-6
Eurozone	2.54	-5	-4	-2
UK	3.91	-1	-5	+1
2 Year Swap %				
US	3.56	+1	-11	-1
Eurozone	2.22	-5	-8	-4
UK	3.73	-1	-8	+0
10 Year Government Bond Spreads to Benchmark bps				
Ireland	17	-1	-3	+0
Belgium	50	-2	+1	+1
France	70	-1	-1	+0
Italy	66	-2	-5	+1
Spain	43	-1	-3	-0
Portugal	30	-1	-2	+1
Greece	61	+0	-4	-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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