

Sterling under modest pressure

The cautious tone to investor sentiment persisted across markets yesterday. On equity markets, the Euro Stoxx 50 registered a marginal 0.1% loss. Meanwhile, on Wall Street, the S&P 500 finished the day down by 0.3%. On bond markets, German Bund and US Treasury yields declined by 1-4bps. UK Gilt yields fell by a more pronounced 3-8bps along the curve.

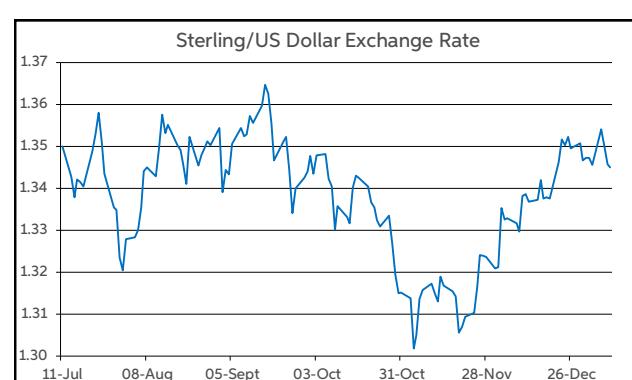
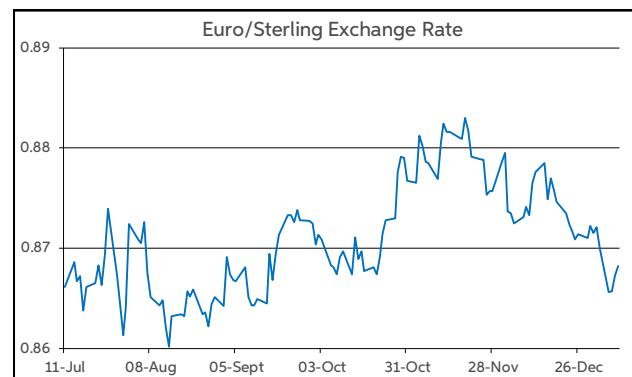
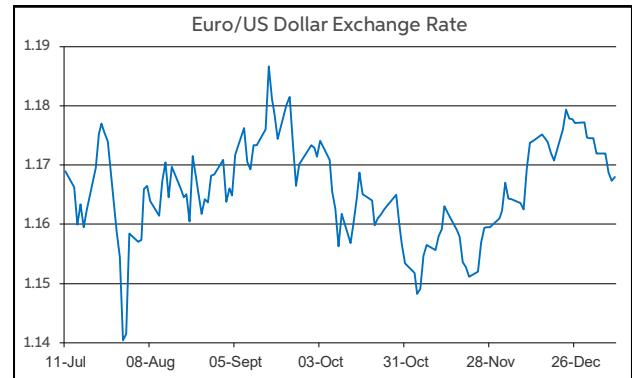
Data-wise, the flash estimate of Eurozone inflation for December printed in line with expectations. Both the headline and the core rate edged a tenth lower to 2.0% and 2.3%, respectively. Meantime in the US, the JOLTS job openings figure moved below 7.2m for the first time since September'24, while the ADP employment report showed that payrolls expanded by just 41k in December (vs. 47k f'cast). Both reports suggest that labour market conditions cooled further at the end of last year. On a more positive note, the US non-manufacturing ISM jumped to 54.4 in December (its highest level since October'24), amid an improvement in new orders and employment in the sector.

Against this backdrop, the main FX pairs operated within quite narrow trading ranges yesterday. Of the limited moves to note, sterling handed back some of its gains from earlier in the week. The pound shed around 0.3-0.4% versus the euro and the dollar.

In level terms, the softer tone to sterling sees EUR/GBP open today in the top half of the 86-87p trading band. GBP/USD is changing hands back at the midpoint of \$1.34-1.35. Meanwhile, EUR/USD remains in the top half of the \$1.16-1.17 corridor.

Turning to the day ahead, the focus will be on the Eurozone unemployment rate for November and the EC sentiment survey results for December. The jobless rate is expected to stay at 6.4%, while sentiment is projected to improve modestly. In the US, the latest weekly initial jobless claims data will garner some attention.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
	% Change		
	Day *	End 2025	
EUR/USD	1.168	-0.10	-0.55
EUR/GBP	0.8682	0.32	-0.38
GBP/USD	1.345	-0.41	-0.17
GBP/EUR	1.1513	-0.32	0.38
USD/JPY	156.5	0.08	-0.10
EUR/JPY	182.82	-0.02	-0.64

* 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	3.67	3.64	3.42	3.58
EUR	2.00	1.94	2.03	2.14	2.22
GBP	3.75	3.72	3.70	3.52	3.70

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

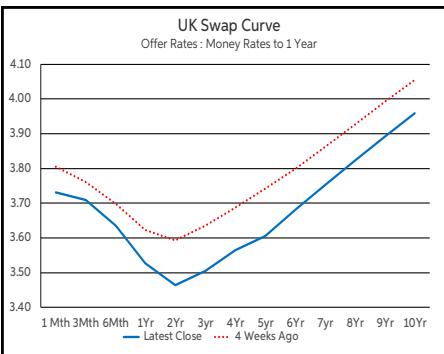
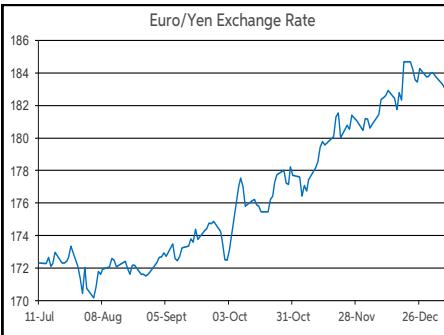
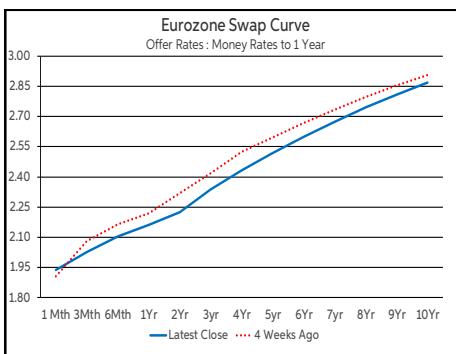
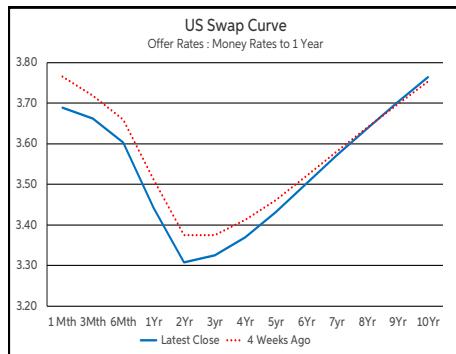
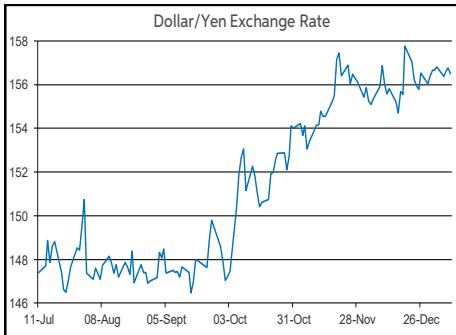
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Euro	
EUR/GBP	0.8682
EUR/USD	1.168
EUR/JPY	182.82
EUR/SEK	10.7493
EUR/DKK	7.4717
EUR/NOK	11.8025
EUR/CHF	0.9314
EUR/AUD	1.7436
EUR/HKD	9.1005
EUR/CAD	1.6206

Sterling	
GBP/EUR	1.1513
GBP/USD	1.345
GBP/CAD	1.8662
GBP/NZD	2.3367
GBP/JPY	210.49
GBP/SEK	12.3802
GBP/DKK	8.6029
GBP/NOK	13.592
GBP/CHF	1.0724
GBP/AUD	2.0075

Dollar	
USD/JPY	156.5
USD/CAD	1.3876
USD/CHF	0.7973
USD/CNY	6.9817
USD/BRL	5.3848
USD/RUB	80.4
USD/INR	89.927
AUD/USD	0.6698
NZD/USD	0.5753



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.14	-4	-3	-1
Germany	2.81	-4	-5	-5
UK	4.42	-7	-9	-6
Ireland	2.98	-3	-7	-4
Belgium	3.30	-5	-7	-5
France	3.52	-4	-6	-4
Italy	3.47	-2	-9	-4
Spain	3.25	-2	-7	-4
Portugal	3.11	-4	-8	-5
Greece	3.41	-7	-9	-7
5 Year Swap %				
US	3.68	+0	-0	-5
Eurozone	2.50	-4	-8	-6
UK	3.86	-4	-11	-3
2 Year Swap %				
US	3.57	+1	-4	+0
Eurozone	2.22	+0	-10	-4
UK	3.70	-3	-12	-3
10 Year Government Bond Spreads to Benchmark bps				
Ireland	18	+1	-2	+1
Belgium	49	-1	-2	+1
France	71	+0	-1	+1
Italy	66	+1	-4	+1
Spain	44	+2	-2	+1
Portugal	31	+0	-3	+1
Greece	60	-3	-4	-1

	Commodities			
	Close	Day	4 Weeks	End 25
Brent Oil	59.96	-1.22	-3.62	-1.46
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4452.8	-0.98	+5.32	+3.21

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