

The cautious mood on markets persists

The cautious tone to investor sentiment continued yesterday. The Euro Stoxx 50 rose by a meagre 0.2%. Meantime, the S&P 500 finished the day down by 0.2%, as mixed quarterly earnings results reported yesterday weighed on the index. Elsewhere, oil prices continued to rise amid the ongoing tensions in Iran, and the potential for US intervention. Brent crude increased by circa 2% yesterday, and is currently above \$65 per barrel.

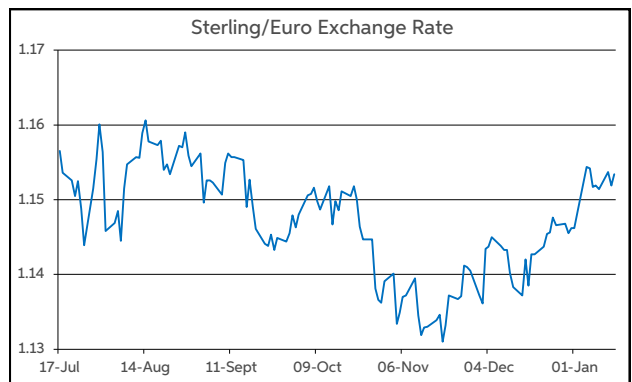
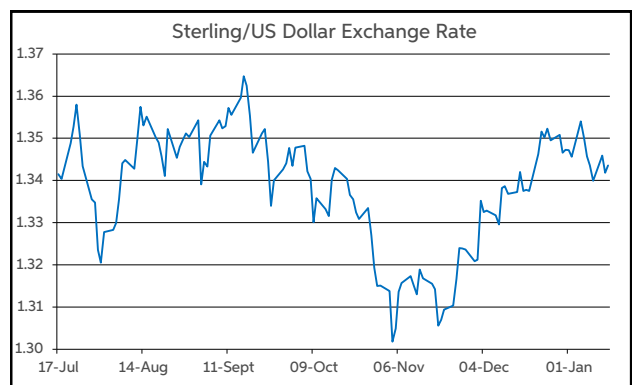
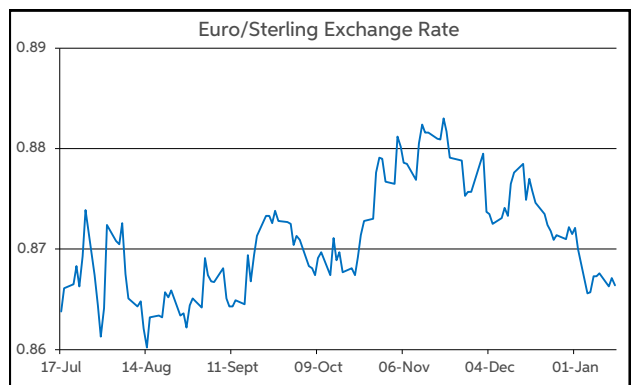
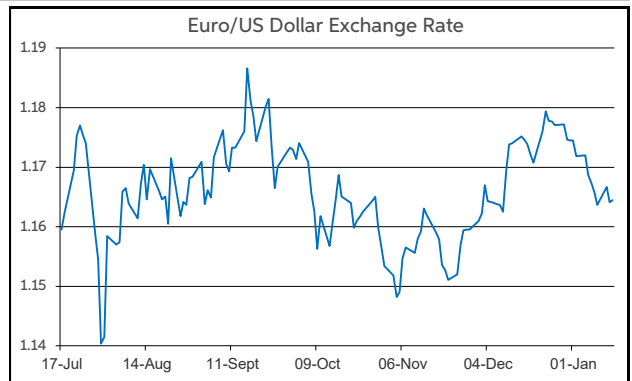
On the data front, US CPI inflation printed broadly in line with the consensus yesterday. The headline rate remained at 2.7% in December, as expected. The core rate was also unchanged at 2.6% (vs. 2.7% f'cast). The former averaged 2.7% and the latter 2.9% last year, down from 3.0% and 3.4%, in 2024.

Currency-wise, the main pairs were relatively range bound. Overall, the dollar was holding a slightly firmer tone, supported by the rise in oil prices and some hawkish remarks from St. Louis Fed President Musalem. At the same time, sterling handed back some of its gains from the day prior.

As trading gets underway this morning, EUR/USD opens just below the midpoint of \$1.16-1.17. GBP/USD is back in the lower end of the \$1.34-1.35 corridor. Meanwhile, EUR/GBP is in the top half of the 86-87p band. USD/JPY is operating above the ¥159 threshold.

The macro calendar is US centric once again today. US retail sales for November will be released. Both the headline and control group metrics are forecast to rise by 0.4% m/m. Elsewhere in the US, producer price inflation (Nov) is due. Markets will also be paying attention to developments in Iran, as well as two no-confidence motions in the French Prime Minister (he is expected to survive both). The US Supreme Court ruling on the use of emergency powers to apply some tariffs may also be released, and may impact the dollar.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.1645	-0.15	-0.85
EUR/GBP	0.8664	0.10	-0.59
GBP/USD	1.3436	-0.25	-0.27
GBP/EUR	1.1536	-0.10	0.59
USD/JPY	159.18	0.25	1.62
EUR/JPY	185.4	0.11	0.77

* 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	3.67	3.47	3.64	3.75
EUR	2.00	1.99	2.02	2.17	2.25	2.53
GBP	3.75	3.71	3.69	3.50	3.71	3.87

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
---------	----------------------------	------------	------------	------------------	---------------------------	-----------------	-----------------------------------

Euro

EUR/GBP	0.8664
EUR/USD	1.1645
EUR/JPY	185.4
EUR/SEK	10.6926
EUR/DKK	7.472
EUR/NOK	11.7342
EUR/CHF	0.9328
EUR/AUD	1.7391
EUR/HKD	9.079
EUR/CAD	1.6166

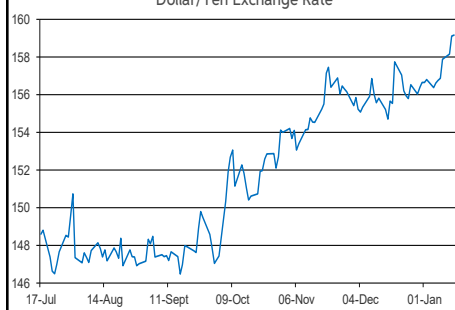
Sterling

GBP/EUR	1.1536
GBP/USD	1.3436
GBP/CAD	1.8651
GBP/NZD	2.3375
GBP/JPY	213.87
GBP/SEK	12.3757
GBP/DKK	8.6195
GBP/NOK	13.5399
GBP/CHF	1.0762
GBP/AUD	2.0059

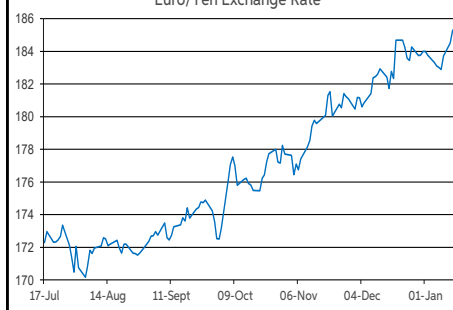
Dollar

USD/JPY	159.18
USD/CAD	1.3882
USD/CHF	0.801
USD/CNY	6.9765
USD/BRL	5.3752
USD/RUB	78.75
USD/INR	90.181
AUD/USD	0.6695
NZD/USD	0.5745

Dollar/Yen Exchange Rate

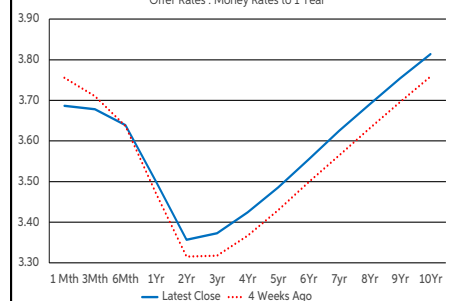


Euro/Yen Exchange Rate



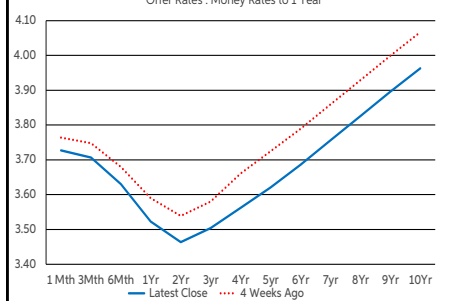
US Swap Curve

Offer Rates : Money Rates to 1 Year



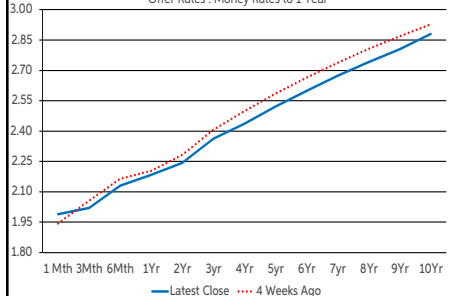
UK Swap Curve

Offer Rates : Money Rates to 1 Year

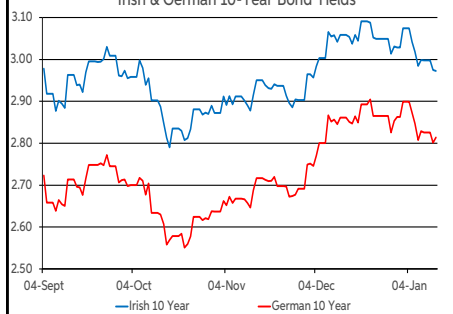


Eurozone Swap Curve

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	4.17	-2	+2	+2
Germany	2.81	+1	-3	-5
UK	4.40	+3	-12	-8
Ireland	2.97	-0	-6	-6
Belgium	3.31	+3	-3	-4
France	3.52	+2	-3	-4
Italy	3.44	+2	-6	-7
Spain	3.25	+2	-4	-5
Portugal	3.11	+2	-4	-5
Greece	3.37	+2	-10	-11
5 Year Swap %				
US	3.76	-0	+11	+3
Eurozone	2.51	+0	-6	-5
UK	3.86	+2	-8	-3
2 Year Swap %				
US	3.62	-1	+6	+5
Eurozone	2.24	+0	-4	-2
UK	3.70	+0	-8	-3
10 Year Government Bond Spreads to Benchmark bps				
Ireland	16	-1	-3	-1
Belgium	49	+1	+0	+1
France	71	+1	+1	+1
Italy	63	+1	-3	-2
Spain	43	+0	-0	+0
Portugal	30	+1	-1	-0
Greece	55	+0	-6	-6

Commodities

	Close	% Change		
		Day	4 Weeks	End 25
Brent Oil	65.47	+2.51	+11.12	+7.59
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4587.4	-0.13	+6.60	+6.33

This publication is for information purposes and is not an invitation to deal. The information is believed to be reliable but is not guaranteed. Any expressions of opinions are subject to change without notice. This publication is not to be reproduced in whole or in part without prior permission. In the Republic of Ireland it is distributed by Allied Irish Banks, p.l.c. In the UK it is distributed by Allied Irish Banks, p.l.c. and Allied Irish Bank (GB). In Northern Ireland it is distributed by Allied Irish Bank (NI). In the United States of America it is distributed by Allied Irish Banks, p.l.c. Allied Irish Banks, p.l.c. is regulated by the Central Bank of Ireland. Allied Irish Bank (GB) and AIB (NI) are trade marks used under licence by AIB Group (UK) p.l.c. (a wholly owned subsidiary of Allied Irish Banks, p.l.c.), incorporated in Northern Ireland. Registered Office 92 Ann Street, Belfast BT1 3HH. Registered Number NI018800. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. In the United States of America, Allied Irish Banks, p.l.c., New York Branch, is a branch licensed by the New York State Department of Financial Services. Deposits and other investment products are not FDIC insured, they are not guaranteed by any bank and they may lose value. Please note that telephone calls may be recorded in line with market practice.