

# Morning Comment

AIB Treasury Economic Research Unit



Tuesday 20 January 2026  
07:04 am

## Dollar and yen under pressure

There was a subdued tone to investor sentiment yesterday. The main focus centred on the escalation in tensions between the US and the EU, following the weekend threat from President Trump to place tariffs on a number of NATO allies. Against this backdrop, the Euro Stoxx 50 fell by 1.7%. However, a market holiday in the US meant that the overall reaction to the weekend newsflow was limited.

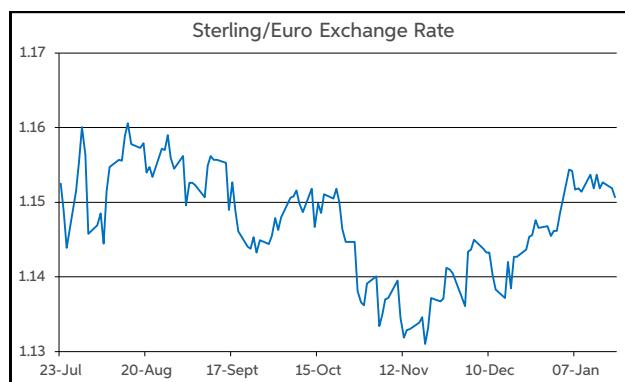
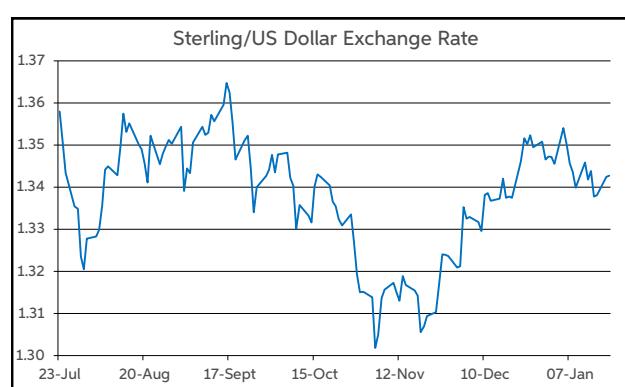
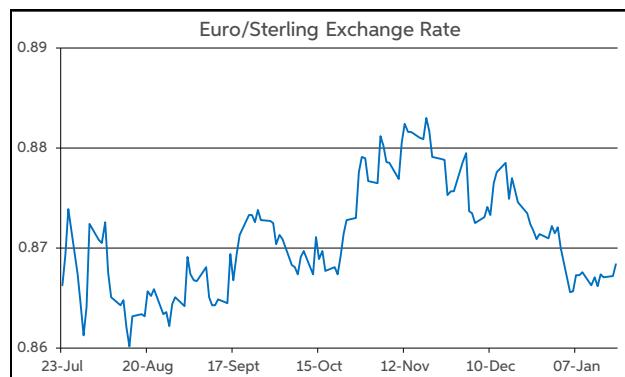
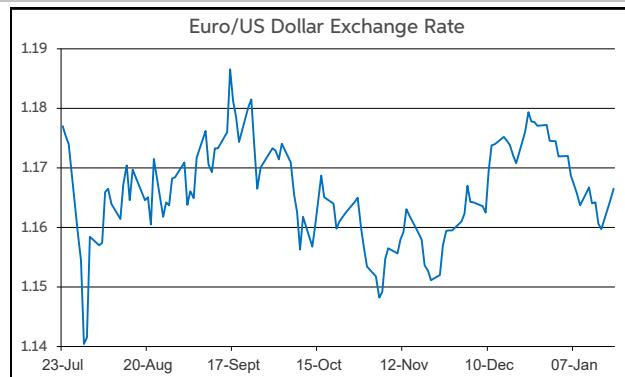
Data-wise, a sparse macro calendar at the start of the week also contributed to the muted price action. The only release of note yesterday was the final reading of Eurozone inflation for December. The headline rate was revised a touch lower than the initial estimate, to 1.9%, while the core rate was confirmed to be 2.3%. It means that Eurozone inflation averaged 2.1% in 2025, which is broadly in line with the ECB target, and down from 2.4% in 2024.

On the currency front, the main pairs were relatively range bound yesterday. Of the minor moves to register, the dollar was under some slight downward pressure. At the same time, the yen was also on the defensive, as PM Takaichi announced that there will be parliamentary elections at the start of February.

As trading gets underway this morning, EUR/USD is operating above the midpoint of the \$1.16-1.17 corridor. GBP/USD is changing hands north of the \$1.34 handle. Meanwhile, EUR/GBP remains in the top half of the 86-87p trading band. USD/JPY is up near the halfway mark of the ¥158-159 range.

Already this morning, UK labour market data for November/December have been released. The unemployment rate remained at 5.1% in November, as expected. Later today, the main highlight will be the German ZEW for January. Elsewhere, investors will be keeping a close eye on remarks pertaining to ongoing tensions between the EU & US regarding Greenland.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
	% Change		
	Day *	End 2025	
EUR/USD	1.1665	0.33	-0.68
EUR/GBP	0.8684	0.05	-0.36
GBP/USD	1.3427	0.25	-0.34
GBP/EUR	1.151	-0.05	0.36
USD/JPY	158.47	0.36	1.16
EUR/JPY	184.88	0.71	0.48

\* 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	3.66	3.50	3.72	3.85
EUR	2.00	1.99	2.03	2.17	2.26	2.56
GBP	3.75	3.73	3.70	3.51	3.74	3.91

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

# Opening Levels

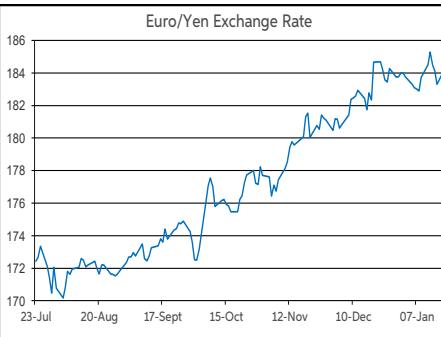
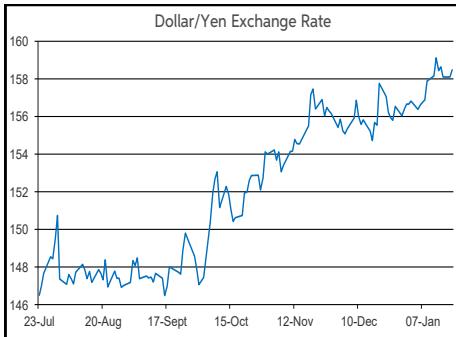
Tuesday 20 January 2026  
07:04 am



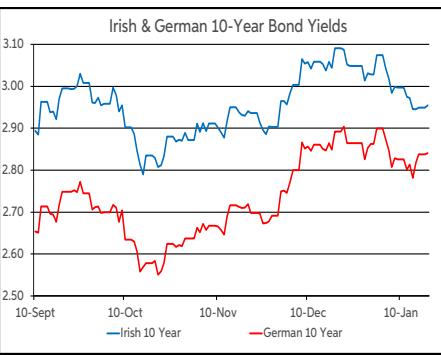
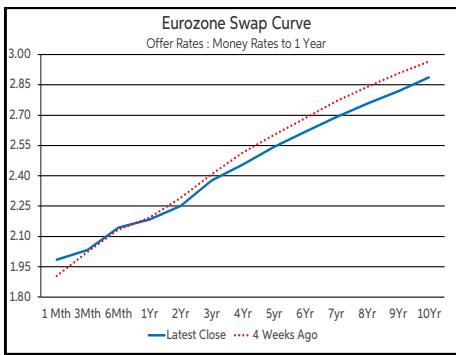
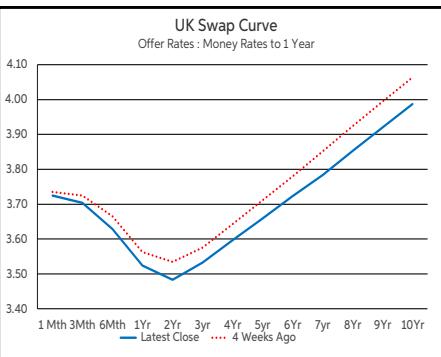
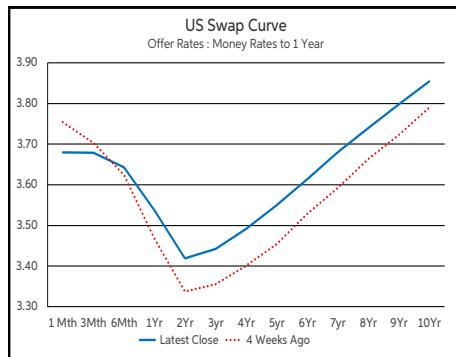
Euro	
EUR/GBP	0.8684
EUR/USD	1.1665
EUR/JPY	184.88
EUR/SEK	10.7249
EUR/DKK	7.471
EUR/NOK	11.716
EUR/CHF	0.9287
EUR/AUD	1.732
EUR/HKD	9.0967
EUR/CAD	1.6159

Sterling	
GBP/EUR	1.151
GBP/USD	1.3427
GBP/CAD	1.86
GBP/NZD	2.3022
GBP/JPY	212.78
GBP/SEK	12.3445
GBP/DKK	8.5981
GBP/NOK	13.4848
GBP/CHF	1.0689
GBP/AUD	1.9937

Dollar	
USD/JPY	158.47
USD/CAD	1.3854
USD/CHF	0.7961
USD/CNY	6.9604
USD/BRL	5.3697
USD/RUB	77.65
USD/INR	91.005
AUD/USD	0.6732
NZD/USD	0.5829



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.23	+7	+6	+8
Germany	2.84	+0	-6	-2
UK	4.42	+2	-12	-6
Ireland	2.95	+1	-13	-7
Belgium	3.28	-1	-12	-7
France	3.50	-2	-13	-6
Italy	3.43	+1	-14	-8
Spain	3.23	+0	-12	-7
Portugal	3.23	+1	+2	+7
Greece	3.35	-0	-17	-13
5 Year Swap %				
US	3.82	-1	+15	+9
Eurozone	2.53	-1	-7	-4
UK	3.90	+1	-5	+1
2 Year Swap %				
US	3.68	-1	+11	+11
Eurozone	2.25	-2	-4	-1
UK	3.72	-1	-4	-1
10 Year Government Bond Spreads to Benchmark bps				
Ireland	11	+0	-7	-5
Belgium	44	-1	-6	-4
France	66	-2	-6	-4
Italy	59	+1	-8	-6
Spain	39	+0	-5	-4
Portugal	39	+0	+8	+9
Greece	51	-1	-11	-11



	Commodities			
	Close	Day	4 Weeks	End 25
Brent Oil	63.94	-0.30	+3.01	+5.08
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4669.7	+1.63	+5.05	+8.24

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.