

Morning Comment

AIB Treasury Economic Research Unit



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07:01 am

Dollar remains under pressure

Investor sentiment was holding a cautious tone throughout last week, amid choppy trading conditions. Attention was focused on tensions between the US and its traditional allies regarding Greenland, which culminated in threats and counter-threats of higher tariffs. However, markets recoup some of their losses, as President Trump ruled out military action in Greenland mid-week.

Overall though, the Euro Stoxx 50 still declined by 1.3% on the week. Similarly, the S&P 500 fell by 0.4% last week. Meanwhile on bond markets, yields moved higher across the board throughout the week albeit, they ended it well of their peaks, led by a rebound in the US. German Bund and UK Gilt yields finished the week 3-12bps higher, whereas US Treasury yields finished broadly were they started.

In contrast, on currency markets the dollar performed poorly. The greenback was under pressure, despite some solid US data and the rebound in other asset classes. Elsewhere, the yen was on the defensive, before strengthening sharply into the US close on Friday, and again in early trading this week, amid speculation of market intervention from Japanese authorities. Overall, the dollar is around 2.5% weaker against the yen, and circa 2% lower versus the euro and sterling, compared to last Monday.

In level terms, EUR/USD opens this morning up at the midpoint of \$1.18-1.19, having started last week in the bottom half of \$1.16-1.17. GBP/USD is changing hands above the halfway mark of the \$1.36-1.37 range. Meantime, EUR/GBP remains in the top half of the 86-87p corridor. USD/JPY is back in the lower region of ¥154-155.

This week, the main focus will be the Fed policy meeting. Interest rates are widely expected to be left unchanged. Data-wise, the main highlight will be the first reading of Eurozone GDP for Q4.

Daniel Noonan, Economist, AIB

Today's Opening FX Rates

		% Change		
		Day *	End 2025	
EUR/USD	1.1851	0.86	0.90	
EUR/GBP	0.8675	-0.32	-0.46	
GBP/USD	1.3656	1.19	1.36	
GBP/EUR	1.152	0.32	0.46	
USD/JPY	154.29	-2.73	-1.51	
EUR/JPY	182.87	-1.89	-0.61	

* v Previous Day's European Open

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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	3.51	3.71	3.84
EUR	2.00	1.96	2.04	2.18	2.30	2.58
GBP	3.75	3.72	3.72	3.55	3.79	4.00

All rates quoted are indicative market rates

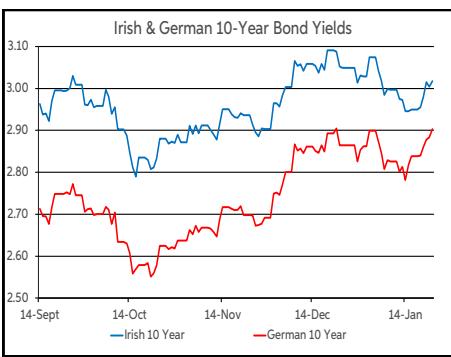
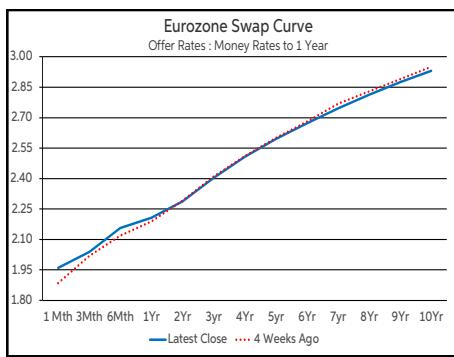
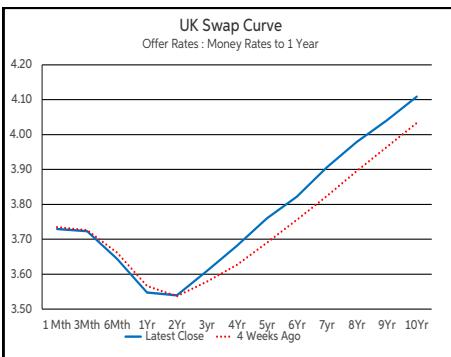
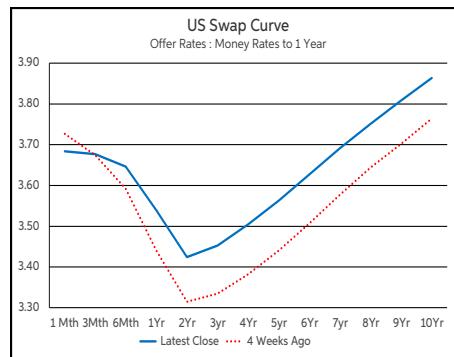
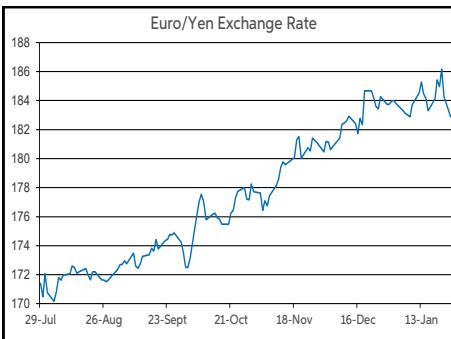
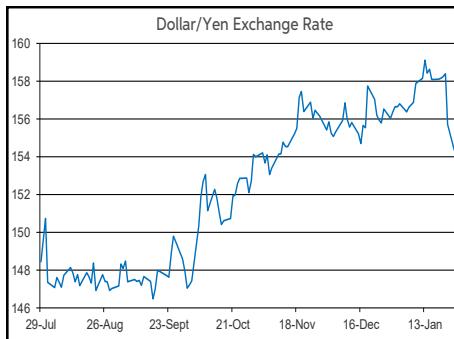
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FX Spot Karl Cooke FX Options Mark Tuite Reuters AIBG.I Morning Comment John Fahey
Shane Gargan Phone 00353-1-7724018 john.j.fahey@aib.ie

Euro	
EUR/GBP	0.8675
EUR/USD	1.1851
EUR/JPY	182.87
EUR/SEK	10.5589
EUR/DKK	7.468
EUR/NOK	11.5467
EUR/CHF	0.9217
EUR/AUD	1.7151
EUR/HKD	9.2393
EUR/CAD	1.6219

Sterling	
GBP/EUR	1.152
GBP/USD	1.3656
GBP/CAD	1.8684
GBP/NZD	2.2928
GBP/JPY	210.7
GBP/SEK	12.1683
GBP/DKK	8.606
GBP/NOK	13.3039
GBP/CHF	1.0619
GBP/AUD	1.9757

Dollar	
USD/JPY	154.29
USD/CAD	1.3683
USD/CHF	0.7776
USD/CNY	6.9579
USD/BRL	5.2895
USD/RUB	75.75
USD/INR	91.534
AUD/USD	0.6907
NZD/USD	0.5952



	Debt Markets			
	Close	Day	4 Weeks	End 25
10 Year Yield %				
US	4.24	-1	+11	+9
Germany	2.90	+2	+4	+4
UK	4.52	+5	+1	+5
Ireland	3.02	+1	-3	-1
Belgium	3.31	-0	-4	-4
France	3.49	-2	-8	-7
Italy	3.52	-0	-0	+1
Spain	3.27	+1	-2	-2
Portugal	3.26	+0	+10	+10
Greece	3.39	-1	-10	-9
5 Year Swap %				
US	3.82	-3	+16	+9
Eurozone	2.58	+3	-1	+2
UK	4.00	+6	+8	+11
2 Year Swap %				
US	3.69	-2	+13	+12
Eurozone	2.28	+2	+0	+2
UK	3.78	+4	+2	+5
10 Year Government Bond Spreads to Benchmark bps				
Ireland	11	-1	-7	-5
Belgium	41	-2	-8	-8
France	59	-4	-11	-11
Italy	61	-2	-4	-4
Spain	37	-1	-6	-6
Portugal	36	-2	+6	+6
Greece	49	-3	-14	-13

	Commodities			
	Close	Day	4 Weeks	End 25
Brent Oil	65.88	+2.84	+8.64	+8.27
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	4982.6	+0.94	+9.94	+15.49

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