

## ECB in a “wait and watch situation”

In line with expectations, the ECB left interest rates unchanged yesterday. It was the first meeting at which rates were not cut since July last year. Furthermore, the bar for any additional easing from the ECB appears to have risen, with President Lagarde emphasising that the central bank is now in a “wait and watch situation”. The ECB also continues to state that it will follow a “data dependent” and “meeting -by-meeting” approach to setting policy.

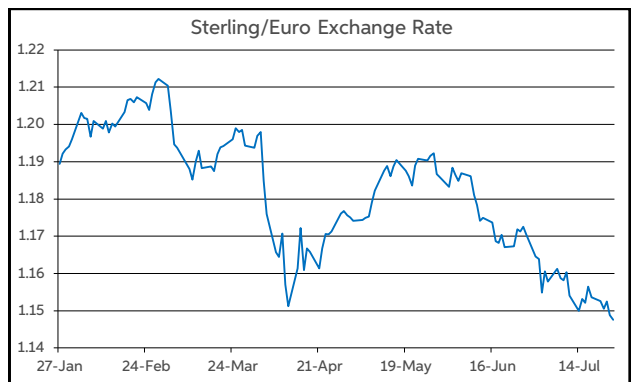
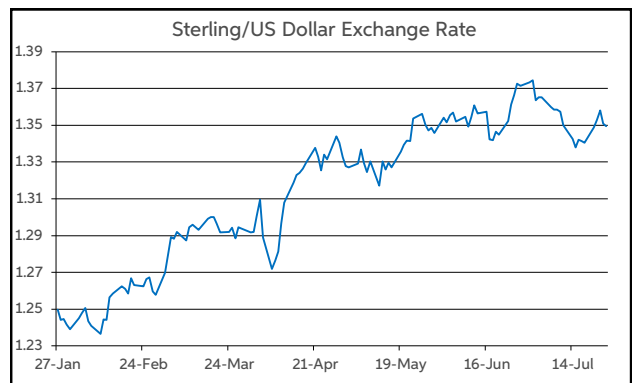
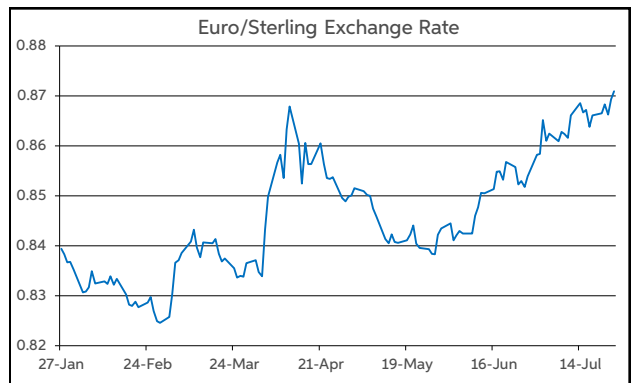
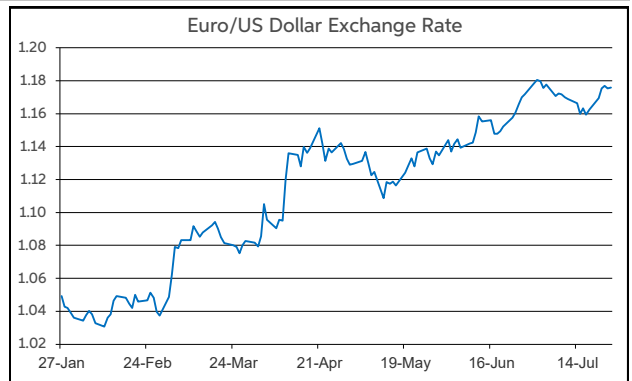
Against this backdrop, Eurozone futures contracts firmed somewhat. Overall, the market is less sure that the ECB will cut rates again. Current pricing suggests the market is attaching a 60% probability to the ECB cutting rates again this year. Futures pricing also indicates that there is roughly an 80% chance that the terminal deposit rate will be 1.75% by mid-2026. An additional rate cut by year end-2025 was fully priced-in before the ECB meeting outcome yesterday.

Amid the firming in Eurozone rates, German Bund yields rose by 3-10bps, led higher by the front-end of the curve. Meanwhile, US Treasury yields edged 1-3bps higher, while UK Gilt yields were little changed yesterday. On the currency front, the euro and dollar were in the ascendancy, buoyed in part by optimism that a trade deal between the two may be agreed soon.

As trading gets underway this morning, this sees EUR/GBP open above the 87p threshold. GBP/USD is back below the \$1.35 mark. Elsewhere, EUR/USD remains in the top half of \$1.17-1.18.

Already this morning, UK retail sales and consumer confidence data have been released. Retail sales printed below the consensus, rebounding by 0.9% in June (vs. +1.2% f'cast), having contracted by a revised 2.8% in May (-2.7% previous estimate). In contrast, consumer confidence deteriorated to -19.0 in July (vs. -20 f'cast). Later today, the main highlight will be the German Ifo for July.

**Daniel Noonan, Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1757	-0.14	13.56
EUR/GBP	0.8709	0.47	5.27
GBP/USD	1.3496	-0.60	7.87
GBP/EUR	1.1477	-0.47	-5.01
USD/JPY	146.94	0.64	-6.51
EUR/JPY	172.76	0.49	6.15

\* 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	4.38	4.35	4.31	4.00	3.96	3.89
EUR	2.00	1.91	1.94	2.03	2.09	2.37
GBP	4.25	4.07	4.00	3.78	3.90	3.99

All rates quoted are indicative market rates

See Next Page For More Rates &

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

Friday 25 July 2025  
07:41 am



## Euro

EUR/GBP	0.8709
EUR/USD	1.1757
EUR/JPY	172.76
EUR/SEK	11.2056
EUR/DKK	7.4644
EUR/NOK	11.9002
EUR/CHF	0.9346
EUR/AUD	1.7863
EUR/HKD	9.2261
EUR/CAD	1.6053

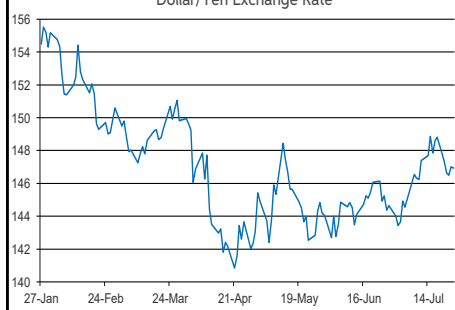
## Sterling

GBP/EUR	1.1477
GBP/USD	1.3496
GBP/CAD	1.8425
GBP/NZD	2.2388
GBP/JPY	198.3
GBP/SEK	12.8621
GBP/DKK	8.5662
GBP/NOK	13.653
GBP/CHF	1.0726
GBP/AUD	2.0504

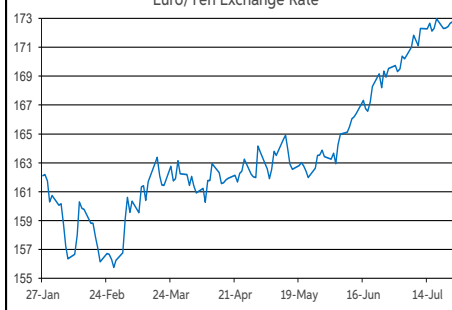
## Dollar

USD/JPY	146.94
USD/CAD	1.3653
USD/CHF	0.7948
USD/CNY	7.1624
USD/BRL	5.521
USD/RUB	79.25
USD/INR	86.502
AUD/USD	0.6579
NZD/USD	0.6024

Dollar/Yen Exchange Rate

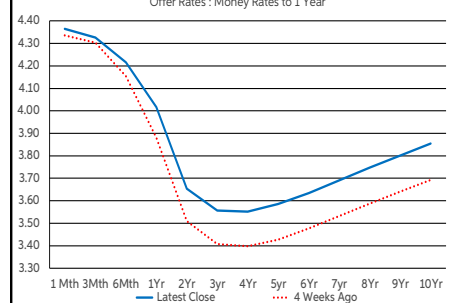


Euro/Yen Exchange Rate



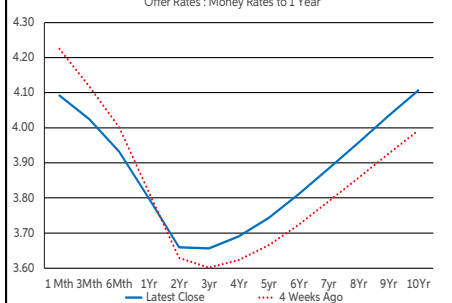
US Swap Curve

Offer Rates : Money Rates to 1 Year



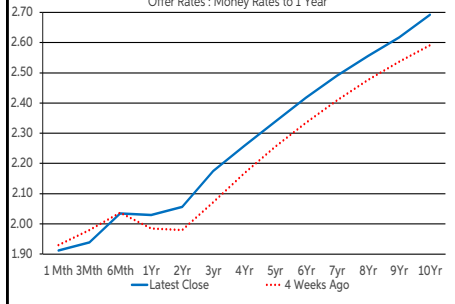
UK Swap Curve

Offer Rates : Money Rates to 1 Year

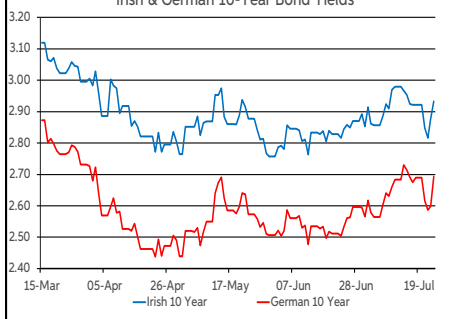


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



## Debt Markets

	Close	Change bps		
		Day	4 Weeks	End 24
10 Year Yield %				
US	4.41	+2	+16	-17
Germany	2.69	+9	+13	+33
UK	4.63	-1	+15	+5
Ireland	2.96	+4	+7	+31
Belgium	3.24	+10	+13	+26
France	3.37	+10	+13	+18
Italy	3.57	+10	+8	+5
Spain	3.30	+10	+9	+24
Portugal	3.13	+9	+9	+28
Greece	3.40	+10	+11	+15
5 Year Swap %				
US	3.85	+4	+18	-44
Eurozone	2.34	+4	+11	+10
UK	3.99	-1	+9	-30
2 Year Swap %				
US	3.92	+5	+17	-41
Eurozone	2.05	+5	+8	-14
UK	3.89	-1	+3	-60
10 Year Government Bond Spreads to Benchmark bps				
Ireland	27	-5	-6	-2
Belgium	55	+1	+0	-7
France	68	+1	-0	-15
Italy	87	+1	-5	-28
Spain	61	+1	-4	-10
Portugal	44	+0	-4	-5
Greece	71	+0	-2	-18

## Commodities

	% Change			
	Close	Day	4 Weeks	End 24
Brent Oil	69.18	+0.98	+2.14	-7.32
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3367.8	-0.58	+1.20	+28.36

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