Morning Comment

AIB Treasury Economic Research Unit

Thursday 05 June 2025
07:26 am

Attention on ECB meeting today

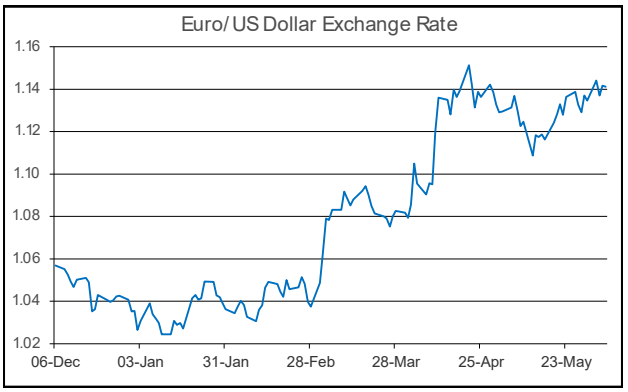
There was a subdued mood to investor sentiment for much of yesterday. At the closing bell on Wall Street last night, the S&P 500 was flat on the day. Data-wise, the macro calendar had some mixed results. There were upward revisions to the final May readings of the composite PMIs for the US, Eurozone and UK. Meanwhile, the US ADP employment report (May) missed to the downside of expectations. However, this metric is not a reliable guide to the more important non-farm payrolls number due on Friday. The US non-manufacturing ISM for May also printed below forecasts.

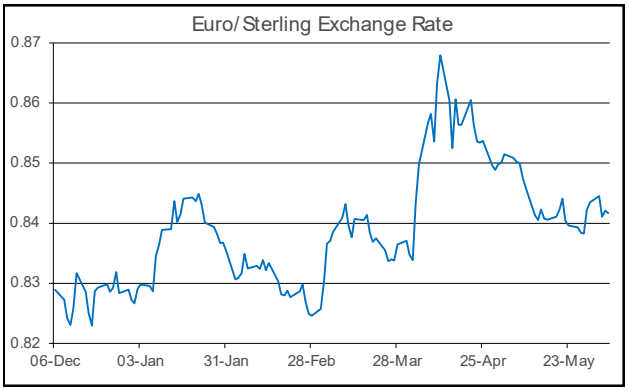
From a currency perspective, the dollar found itself on the back foot yesterday amid the mixed results from the US macro diary and lower US yields. In level terms, the softer dollar is reflected in EUR/USD opening this morning back above the $1.14 threshold and GBP/USD operating at the midpoint of the $1.35-1.36 trading band. Elsewhere, on the currency front, the action in EUR/GBP has remained confined to a very tight range, with the pair changing hands just above the 84p handle.

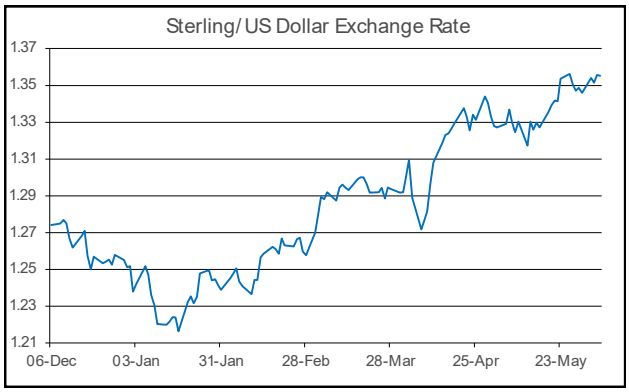
Looking ahead to today, the main scheduled highlight is the ECB policy setting meeting for June. The meeting provides some event risk for the euro. A 25bps rate cut is expected by markets. This would see the Depo rate lowered to 2.0% and represent the fourth consecutive rate cut from the ECB and eighth in total so far since it commenced its easing cycle last June.

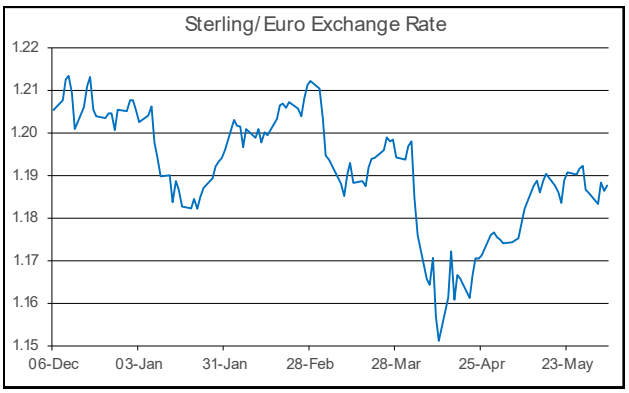
Given that 25bps of easing is priced in by markets, a key point of focus will be what guidance, if any, is forthcoming from the Central Bank regarding the outlook for Eurozone rates. Therefore, the meeting statement, President Lagarde's press conference and updated macro projections will be scrutinized for insight on the potential for further policy easing. Futures contracts indicate that the market is anticipating the Depo rate ending the year near 1.75%.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/ USD	1.1411	0.40	10.22
EUR/ GBP	0.8417	0.08	1.74
GBP/ USD	1.3552	0.31	8.32
GBP/ EUR	1.1875	-0.08	-1.71
USD/ JPY	143.11	-0.79	-8.95
EUR/ JPY	163.32	-0.40	0.35

* v Previous Day's European Open

See Next Page for More Rates

Opening Interest Rates

		Money Market		Swap Rates		
	Base Rate	1-Mth	3-Mth	1-Yr	2-Yr	5-Yr
USD	4.38	4.31	4.30	3.99	3.96	3.89
EUR	2.40	1.95	1.97	1.97	1.95	2.20
GBP	4.25	4.20	4.16	3.95	4.04	4.06

All rates quoted are indicative market rates

See Next Page For More Rates &

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

All Data Sourced from Refinitiv

Opening Levels

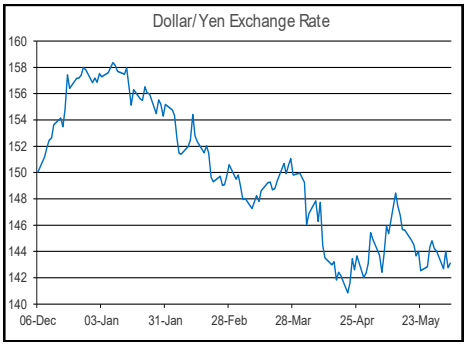
Thursday 05 June 2025
07:26 am

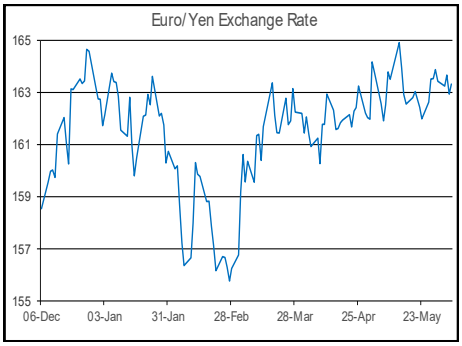
AIB

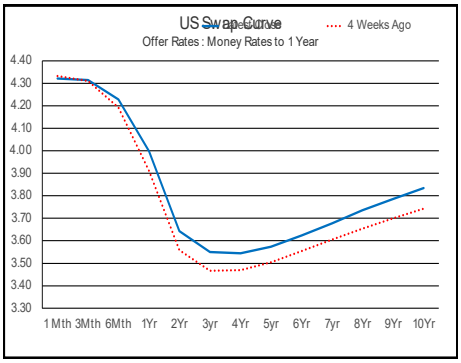
Euro	
EUR/GBP	0.8417
EUR/USD	1.1411
EUR/JPY	163.32
EUR/SEK	10.9564
EUR/DKK	7.4597
EUR/NOK	11.5403
EUR/CHF	0.9346
EUR/AUD	1.7563
EUR/HKD	8.9533
EUR/CAD	1.5596

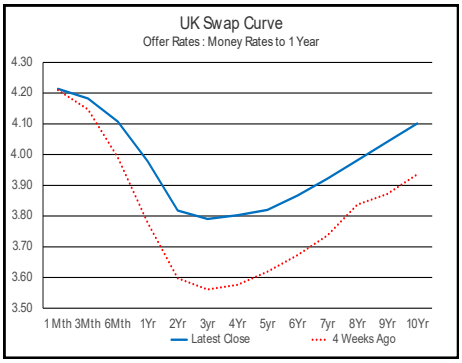
Sterling	
GBP/EUR	1.1875
GBP/USD	1.3552
GBP/CAD	1.8522
GBP/NZD	2.2452
GBP/JPY	193.93
GBP/SEK	13.0112
GBP/DKK	8.8592
GBP/NOK	13.704
GBP/CHF	1.1098
GBP/AUD	2.0856

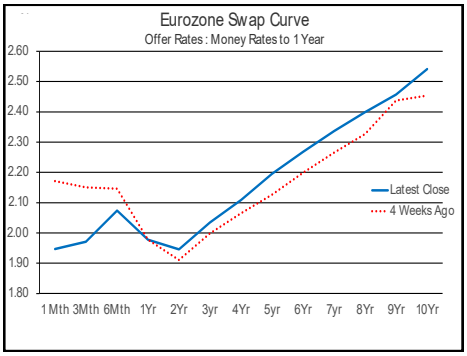
Dollar	
USD/JPY	143.11
USD/CAD	1.3671
USD/CHF	0.819
USD/CNY	7.1827
USD/BRL	5.632
USD/RUB	79.2
USD/INR	85.762
AUD/USD	0.6494
NZD/USD	0.6033

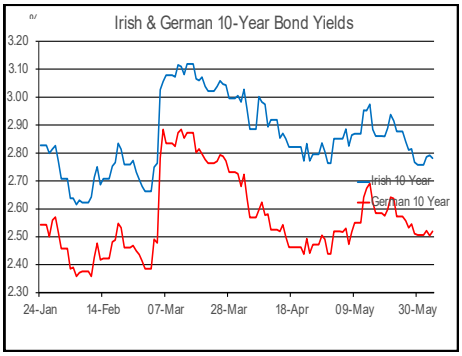












Debt Markets

	Close	Change bps Day	4 Weeks	End 24
10 Year Yield %				
US	4.37	-9	+9	-21
Germany	2.52	+2	+5	+16
UK	4.60	-5	+14	+3
Ireland	2.83	+1	-3	+18
Belgium	3.06	+2	-1	+8
France	3.21	+2	+1	+1
Italy	3.51	+1	-5	-1
Spain	3.12	+2	-1	+6
Portugal	3.01	+2	-1	+16
Greece	3.29	+3	-4	+4
5 Year Swap %				
US	3.83	-9	+9	-46
Eurozone	2.19	+2	+7	-5
UK	4.06	-3	+19	-23
2 Year Swap %				
US	3.92	-6	+12	-41
Eurozone	1.94	+1	+4	-25
UK	4.03	-2	+19	-46
10 Year Government Bond Spreads to Benchmark bps				
Ireland	31	-1	-8	+2
Belgium	54	+0	-5	-8
France	68	-0	-4	-15
Italy	99	-1	-10	-17
Spain	60	-0	-6	-10
Portugal	48	+0	-5	-0
Greece	77	+1	-9	-11

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	64.86	-1.17	+6.12	-13.10
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	3375.4	+0.70	+0.33	+28.65

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.

AIB, 10 Molesworth Street, Dublin 2 Tel: 353-1-6600311