

Inflation concerns intensify

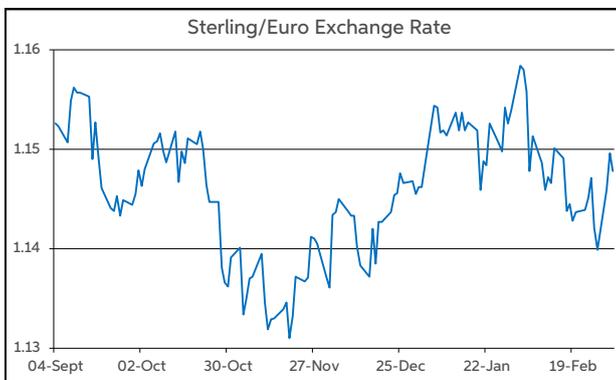
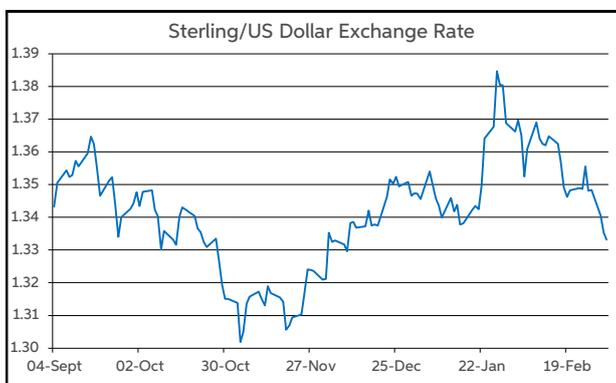
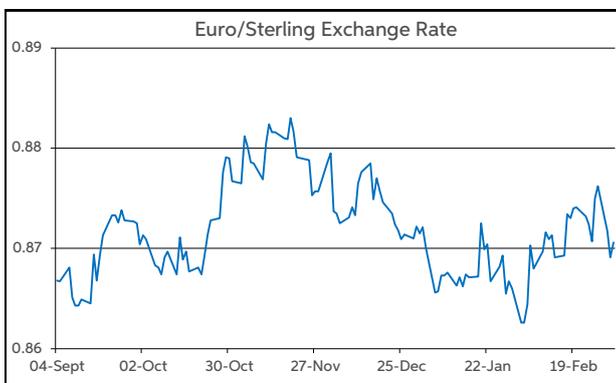
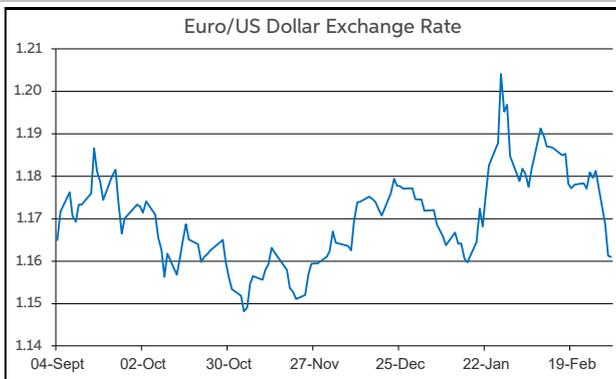
The “risk-off” mood on markets gathered further momentum yesterday, as the conflict in the Middle East showed no signs of de-escalating. Fears of a protracted regional war, which could contribute to a resurgence in global inflationary pressures intensified. Brent crude gained a further 4.5% (albeit, it is off its peak), in volatile trading conditions, meaning it is currently near to \$84 per barrel. European natural gas prices also rose sharply.

Data-wise, stronger than anticipated price pressures in the Eurozone also added to investors concerns. The flash reading of HICP inflation printed above the consensus in February, with both the headline and core rates rising to 1.9% and 2.3% (vs. 1.7% & 2.2% f'cast). Against this backdrop, market rate expectations firmed across the board yesterday. Current pricing indicates that the market now sees around a 20% chance the ECB hikes rates in 2026. Meantime, a rate cut in the US and the UK is now not priced-in until September, with just one cut currently expected in the UK this year.

Amid the risk averse tone to investor sentiment and the hardening in interest rate futures, equity markets moved sharply lower. The Euro Stoxx 50 nosedived by 3.6%, the FTSE 100 fell by 2.7%. Elsewhere, the dollar remained in the ascendancy on currency markets. This saw EUR/USD register a fresh year-to-date low of \$1.1531 yesterday. However, the dollar handed back some of its gains, amid a slight rebound in risk appetite, as President Trump indicated that the US would provide guarantees for shipping through the Strait of Hormuz. The S&P 500 declined by 0.9%, having been lower earlier in the day.

As trading gets underway today, EUR/USD is back above \$1.16. GBP/USD is in the lower half \$1.33-1.34. EUR/GBP is just north of the 87p mark. Today, the focus will stay firmly on the conflict in the Middle East. The macro data calendar is relatively quiet. Equity futures are somewhat mixed before the European open.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.161	-0.48	-1.15
EUR/GBP	0.8706	-0.26	-0.10
GBP/USD	1.3332	-0.22	-1.05
GBP/EUR	1.1481	0.26	0.10
USD/JPY	157.42	0.02	0.49
EUR/JPY	182.79	-0.45	-0.65

* 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	3.66	3.51	3.62	3.63
EUR	2.00	1.94	2.03	2.23	2.32	2.51
GBP	3.75	3.68	3.65	3.56	3.82	3.95

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
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Opening Levels

Wednesday 04 March 2026
06:59 am



Euro

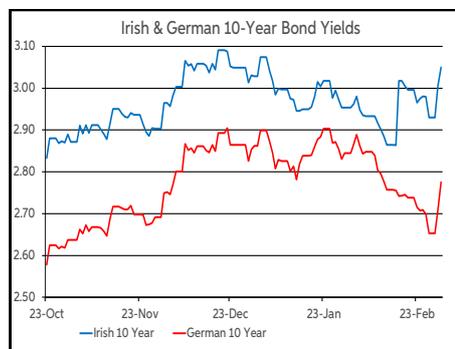
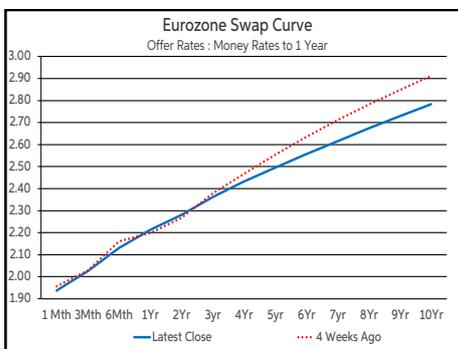
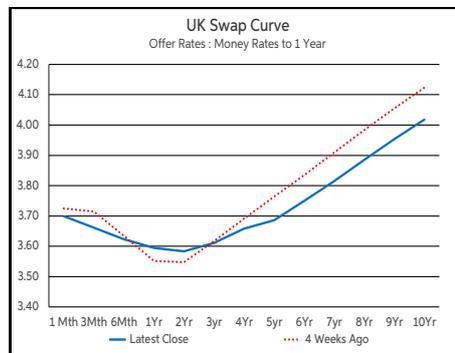
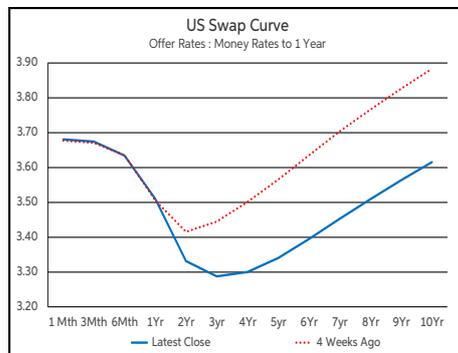
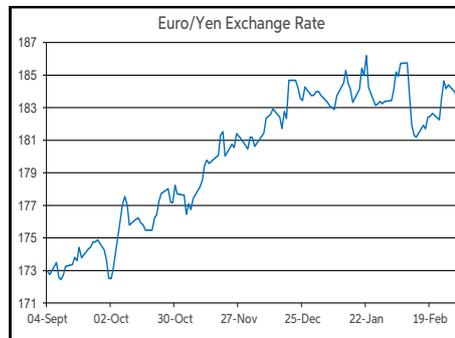
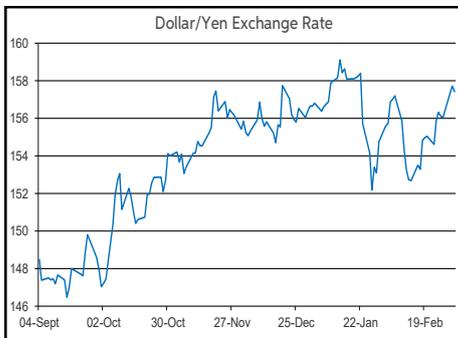
EUR/GBP	0.8706
EUR/USD	1.161
EUR/JPY	182.79
EUR/SEK	10.761
EUR/DKK	7.4714
EUR/NOK	11.2208
EUR/CHF	0.9059
EUR/AUD	1.6534
EUR/HKD	9.0719
EUR/CAD	1.5872

Sterling

GBP/EUR	1.1481
GBP/USD	1.3332
GBP/CAD	1.8225
GBP/NZD	2.2585
GBP/JPY	209.87
GBP/SEK	12.3541
GBP/DKK	8.5769
GBP/NOK	12.8847
GBP/CHF	1.0403
GBP/AUD	1.8985

Dollar

USD/JPY	157.42
USD/CAD	1.3672
USD/CHF	0.7803
USD/CNY	6.916
USD/BRL	5.281
USD/RUB	77.5
USD/INR	92.244
AUD/USD	0.702
NZD/USD	0.5899



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 25
10 Year Yield %				
US	4.06	+1	-22	-10
Germany	2.78	+7	-11	-9
UK	4.46	+9	-5	-1
5 Year Swap %				
US	3.61	+3	-20	-12
Eurozone	2.48	+6	-6	-8
UK	3.94	+8	-6	+4
2 Year Swap %				
US	3.59	+4	-8	+2
Eurozone	2.28	+5	+3	+2
UK	3.81	+8	+2	+8
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	-2	+18	+11
Belgium	43	+3	+3	-5
France	61	+2	+3	-9
Italy	70	+4	+9	+5
Spain	44	+0	+7	+1
Portugal	41	+4	+5	+11
Greece	71	+9	+21	+10

Commodities				
	Close	% Change		
		Day	4 Weeks	End 25
Brent Oil	83.79	+4.45	+20.90	+33.77
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	5086.5	-4.51	+3.00	+17.90

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