

## Volatile trading conditions persist amid Middle East risks

Market movements have continued to be reactive to the conflict in the Middle East over the past 24 hours, especially in relation to the impact on oil. In this regard, on the one hand, we had the announcement from the IEA that it would release a record 400m barrels of oil from its strategic reserve. On the other hand, there were reports of a number of ships/tankers being attacked in the region.

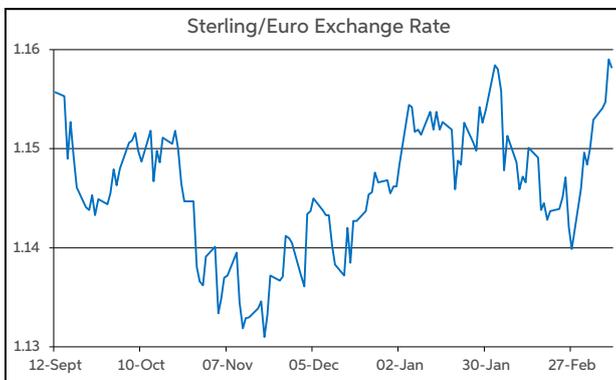
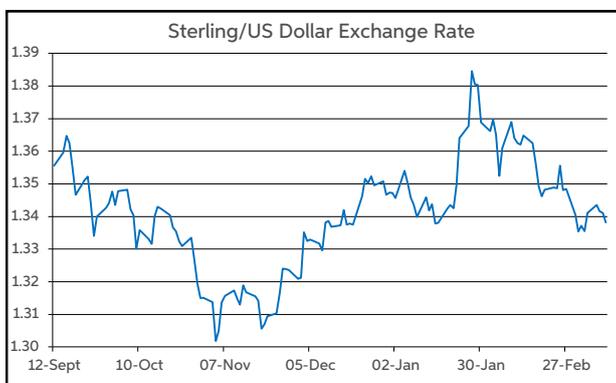
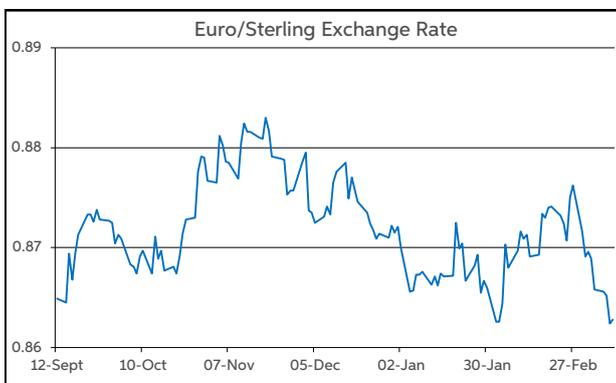
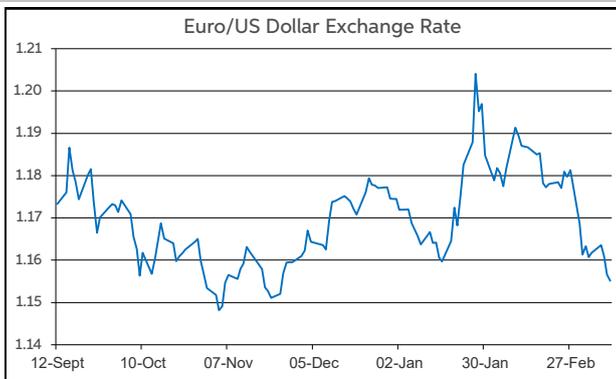
Not surprisingly against this backdrop, there has been volatile trading conditions on oil markets. Overall, oil prices have seen renewed upward pressure. Brent crude has moved back up nearer to \$100 per barrel.

This in turn has weighed on risk appetite as investors contemplate the impact of a prolonged war on inflation and in turn, economic growth. In Europe, the Euro Stoxx 50 fell by 0.7% yesterday. Meanwhile, on Wall Street the losses were more modest, with the S&P 500 closing 0.1% lower last night. However, in overnight trading, the Japanese Nikkei has fallen by 1%.

On the currency front, the dollar has been holding a firmer tone against the other majors over the past 24 hours. The greenback has benefitted from its safe-haven appeal amid the risk averse tone to market sentiment. In level terms, this is evident in EUR/USD falling back below the \$1.16 threshold and GBP/USD trading back under the \$1.34 handle. Elsewhere, the euro has edged lower versus sterling, with EUR/GBP changing hands this morning in the lower end of the 86-87p trading range.

Looking ahead to today, once again developments in the Middle East will remain front and centre of the market's attention and therefore the main potential source of direction. From a data viewpoint, the macro diary is very quiet.

**John Fahey, Senior Economist, AIB**



Today's Opening FX Rates			
		% Change	
		Day *	End 2025
EUR/USD	1.1551	-0.70	-1.65
EUR/GBP	0.8628	-0.25	-1.00
GBP/USD	1.3382	-0.48	-0.68
GBP/EUR	1.1583	0.25	1.01
USD/JPY	158.82	0.41	1.39
EUR/JPY	183.48	-0.28	-0.28

\* 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	3.58	3.74	3.76	
EUR	2.00	1.95	2.45	2.60	2.75	
GBP	3.75	3.73	3.82	4.12	4.23	

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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## Euro

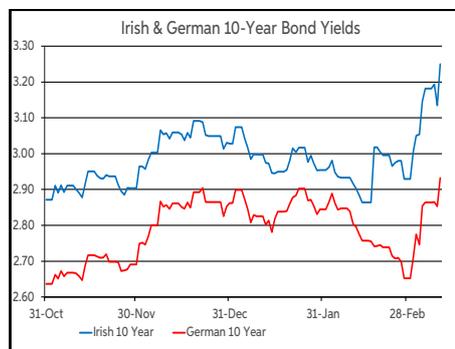
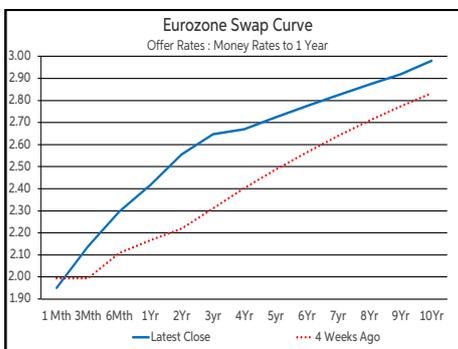
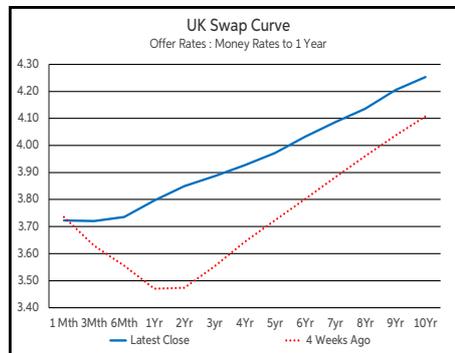
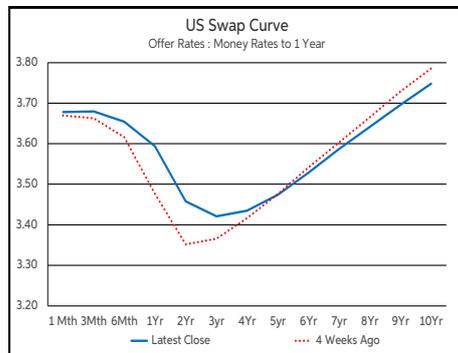
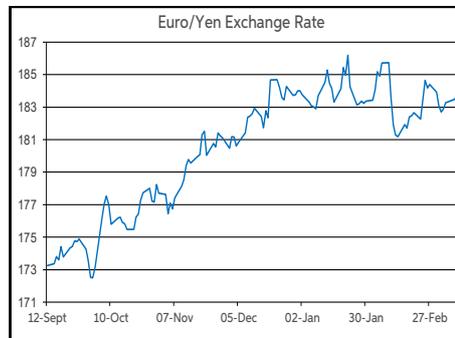
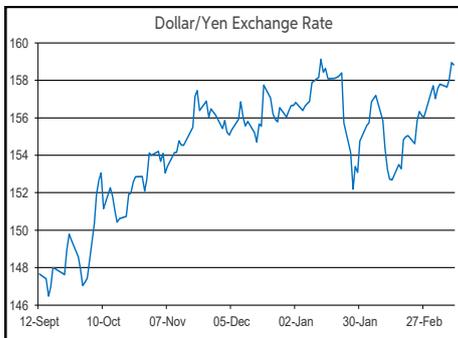
EUR/GBP	0.8628
EUR/USD	1.1551
EUR/JPY	183.48
EUR/SEK	10.6819
EUR/DKK	7.4718
EUR/NOK	11.1685
EUR/CHF	0.9026
EUR/AUD	1.6198
EUR/HKD	9.0397
EUR/CAD	1.5685

## Sterling

GBP/EUR	1.1583
GBP/USD	1.3382
GBP/CAD	1.8174
GBP/NZD	2.2665
GBP/JPY	212.53
GBP/SEK	12.3776
GBP/DKK	8.6553
GBP/NOK	12.9374
GBP/CHF	1.0458
GBP/AUD	1.8769

## Dollar

USD/JPY	158.82
USD/CAD	1.3581
USD/CHF	0.7814
USD/CNY	6.8751
USD/BRL	5.157
USD/RUB	79.15
USD/INR	92.32
AUD/USD	0.7128
NZD/USD	0.5902



Debt Markets				
	Close	Change bps		
		Day	4 Weeks	End 25
<b>10 Year Yield %</b>				
US	4.21	+7	+3	+5
Germany	2.93	+8	+14	+7
UK	4.68	+13	+21	+21
<b>5 Year Swap %</b>				
US	3.74	+4	+3	+2
Eurozone	2.70	+11	+25	+13
UK	4.22	+16	+28	+33
<b>2 Year Swap %</b>				
US	3.71	+4	+12	+14
Eurozone	2.53	+13	+35	+27
UK	4.11	+19	+40	+38
<b>10 Year Government Bond Spreads to Benchmark bps</b>				
Ireland	32	+4	+21	+15
Belgium	43	+4	+3	-5
France	63	+2	+5	-7
Italy	71	+5	+10	+7
Spain	46	+0	+9	+3
Portugal	41	+3	+5	+12
Greece	70	+2	+8	+8

Commodities				
	Close	% Change		
		Day	4 Weeks	End 25
Brent Oil	91.98	+4.76	+32.54	+51.16
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	5175.5	-0.31	+1.91	+19.97

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