Morning Comment

AIB Treasury Economic Research Unit

Monday 12 May 2025
07:27 am

Busy US and UK data diaries this week

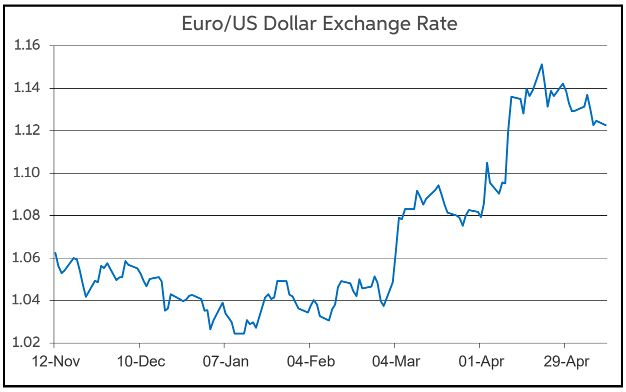
Investor sentiment held a cautious tone last week. In terms of newsflow, there were further signs of an easing in tensions between the US and its key trading partners. This included the announcement of a UK/US trade agreement, as well as more conciliatory tones from the White House in relation to its tariffs/negotiations on Chinese goods. However, with a large degree of uncertainty remaining in relation to US trade policy, investors still retained a somewhat guarded approach to proceedings. At the close on Wall Street on Friday, the S&P 500 was down marginally (-0.5%) on the week.

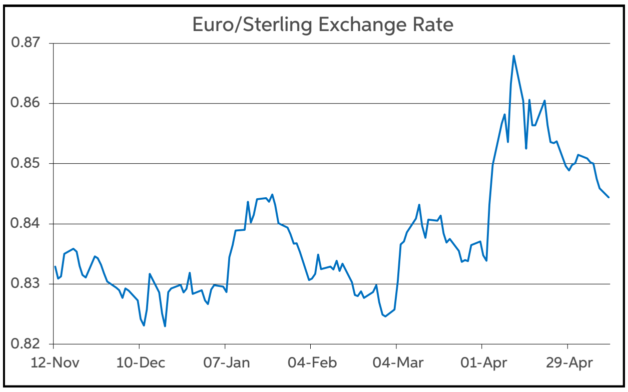
The “uncertainty” theme was also evident in the policy deliberations/ decisions from some of the main central banks. Both the Fed and BoE referenced the difficulty in assessing the outlook amid the unpredictable path of US trade policy. While, the BoE cut rates, it continued to emphasise a gradual approach to any further easing. Meantime, the Fed gave no indication that rate cuts in the US were imminent.

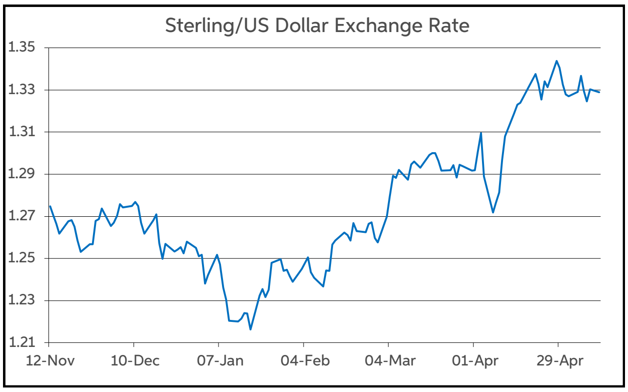
On the currency front, the dollar got some support from the more positive US trade policy news. At the same time, the euro was holding a softer tone. In level terms EUR/USD starts this week in the lower half of $1.12-1.13, GBP/USD is trading in and around the $1.33 handle, while USD/JPY is hovering up near ¥146 territory. Elsewhere, EUR/GBP commences this week, around 1% lower from where it was last Monday, operating just below the midpoint of 84-85p.

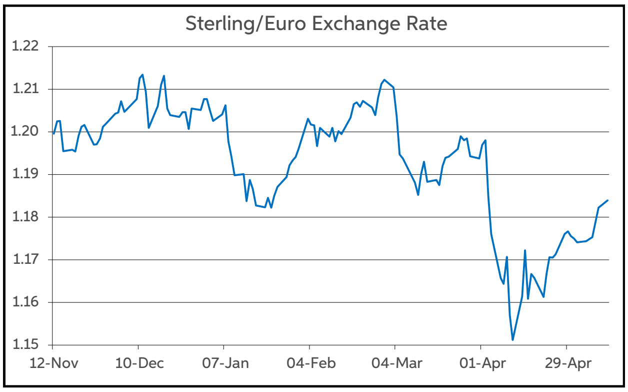
For the week ahead, attention turns back to the data calendar, with a busy schedule of releases, especially in the US and UK. This includes US retail sales, industrial production and CPI (all April) as well as UK labour market metrics and GDP for Q1. A quieter Eurozone diary features industrial production (March). Meanwhile, trade policy related news/developments remain a potential source of direction for markets.

John Fahey, Senior Economist, AIB









Today's Opening FX Rates

		% Change	
		Day *	End 2024
EUR/USD	1.1226	-0.01	8.43
EUR/GBP	0.8444	-0.42	2.07
GBP/USD	1.3289	0.42	6.22
GBP/EUR	1.1835	0.43	-2.03
USD/JPY	146.02	0.36	-7.10
EUR/JPY	163.96	0.37	0.74

* 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	4.32	4.31	4.01	4.01	3.98
EUR	2.40	2.11	2.12	2.01	1.99	2.24
GBP	4.25	4.20	4.19	3.90	3.97	3.98

All rates quoted are indicative market rates

See Next Page For More Rates &

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Opening Levels

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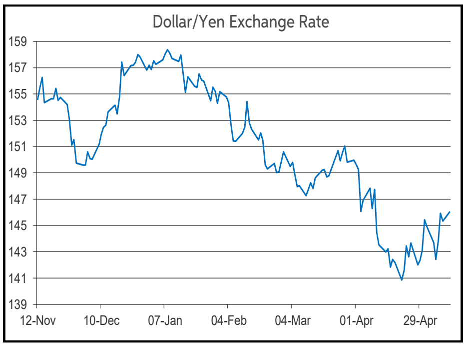
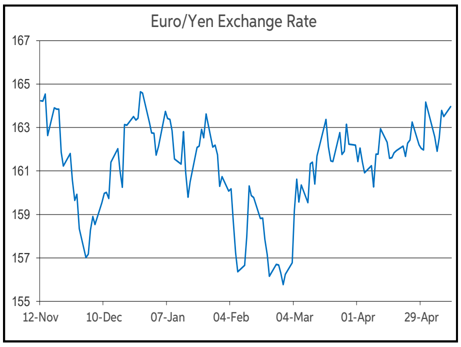
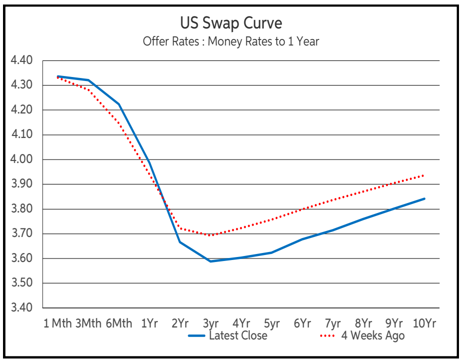
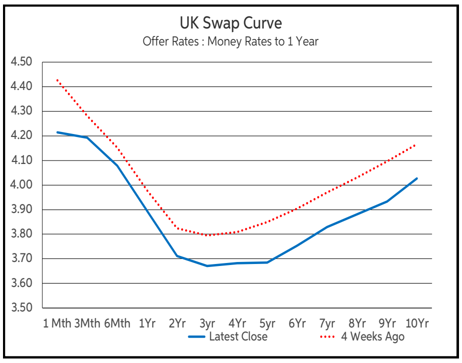
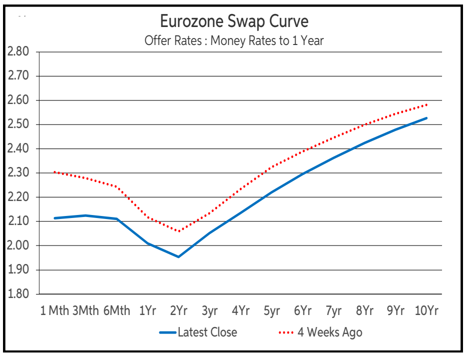
Euro		Sterling		Dollar	
EUR/GBP	0.8444	GBP/EUR	1.1835	USD/JPY	146.02
EUR/USD	1.1226	GBP/USD	1.3289	USD/CAD	1.3918
EUR/JPY	163.96	GBP/CAD	1.8492	USD/CHF	0.8338
EUR/SEK	10.9088	GBP/NZD	2.2402	USD/CNY	7.221
EUR/DKK	7.4603	GBP/JPY	194.05	USD/BRL	5.6493
EUR/NOK	11.6257	GBP/SEK	12.9162	USD/RUB	82.2
EUR/CHF	0.9361	GBP/DKK	8.8297	USD/INR	84.648
EUR/AUD	1.744	GBP/NOK	13.7628		
EUR/HKD	8.7463	GBP/CHF	1.1079	AUD/USD	0.6435
EUR/CAD	1.5622	GBP/AUD	2.0636	NZD/USD	0.5927

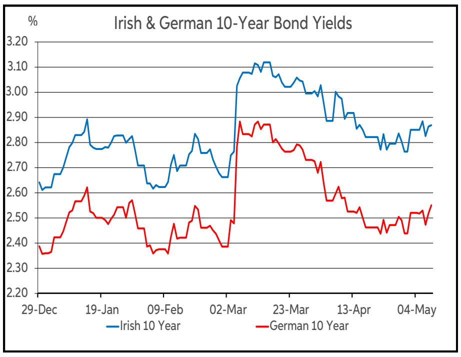












Debt Markets

	Close	Change bps Day	4 Weeks	End 24
10 Year Yield %				
US	4.38	+0	-12	-20
Germany	2.55	+3	+2	+19
UK	4.57	+2	-18	-1
Ireland	2.91	+2	-4	+26
Belgium	3.13	+3	-5	+15
France	3.27	+3	-8	+7
Italy	3.63	+4	-18	+10
Spain	3.21	+4	-9	+14
Portugal	3.08	+4	-10	+23
Greece	3.39	+4	-13	+14
5 Year Swap %				
US	3.90	+0	-11	-39
Eurozone	2.20	-1	-12	-4
UK	3.94	-3	-16	-34
2 Year Swap %				
US	3.95	+5	-2	-39
Eurozone	1.95	-1	-11	-24
UK	3.94	-3	-12	-55
10 Year Government Bond Spreads to Benchmark bps				
Ireland	36	-1	-6	+7
Belgium	58	-0	-7	-4
France	71	+0	-10	-12
Italy	107	+0	-21	-8
Spain	66	+1	-11	-4
Portugal	53	+1	-12	+4
Greece	83	+1	-16	-5

Commodities

	Close	% Change Day	4 Weeks	End 24
Brent Oil	63.91	+1.70	-1.31	-14.38
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold $	3324.2	+0.57	+2.72	+26.69

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