

French political turmoil weighs on the euro

There was a mixed tone to investor sentiment at the start of the week on markets. Political turmoil re-emerged in France, as PM Lecornu became the fifth prime minister to step-down in less than two years. Against this backdrop, European equities underperformed, with the Euro Stoxx 50 declining by 0.4%. In contrast, the S&P 500 edged 0.4% higher. Meantime, German Bund yields were little changed. However, the spread between 10-year French and German yields widened by 4bps to 85bps (having peaked at 89bps).

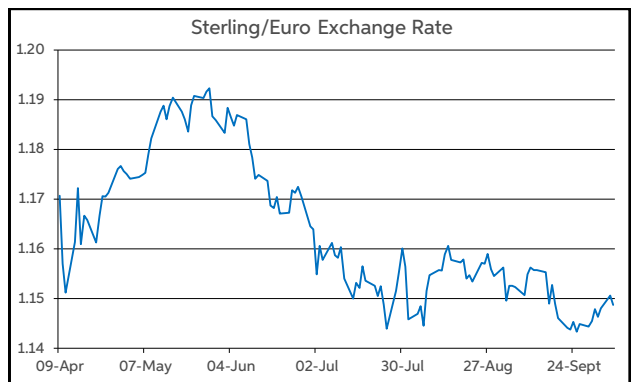
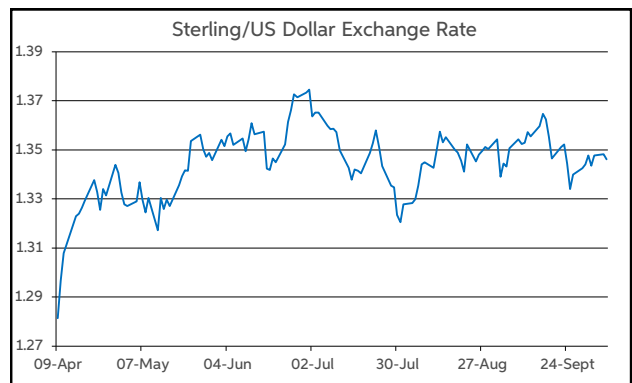
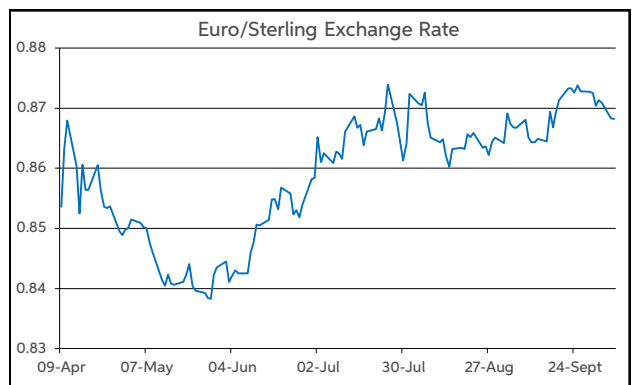
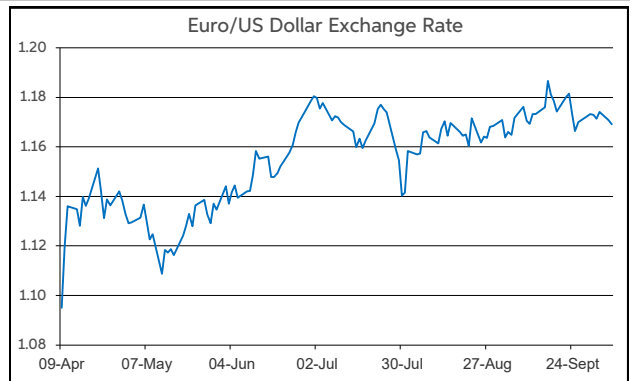
Data-wise, the ongoing government shutdown in the US meant there was no new major release from that side of the Atlantic. Meantime in the Eurozone, retail sales printed in-line with the consensus, rising by 0.1% in August. In terms of more timely data, the EU Sentix improved to -5.4 in October (vs. -8.5 f'cast).

On the currency front, the euro was under some downward pressure, owing to the political turbulence in France. This saw EUR/USD fall to a low of \$1.1652 yesterday. However, the single currency recouped some of its losses in the aftermath of the Eurozone data releases. At the same time, the yen recovered some ground, having started the week on the defensive. Elsewhere, sterling was a touch firmer, amid a marginal hardening in UK market rate expectations.

In level terms, EUR/USD opens today below the \$1.17 threshold. GBP/USD is in the upper half of the \$1.34-1.35 range. Elsewhere, EUR/GBP is down in the 86-87p corridor. USD/JPY is at the midpoint of the ¥150-151 trading band.

Today, French politics will remain front and centre once again. President Macron has tasked Lecornu with making a last ditch effort to agree a budget for 2026 with other parties, setting a deadline for Wednesday. Elsewhere, remarks from a slew of Fed officials and any efforts to end the US government shutdown will also be of interest.

Daniel Noonan, Economist, AIB



Today's Opening FX Rates			
		% Change	
		Day *	End 2024
EUR/USD	1.1691	-0.24	12.92
EUR/GBP	0.8682	-0.36	4.94
GBP/USD	1.3463	0.13	7.61
GBP/EUR	1.1515	0.36	-4.71
USD/JPY	150.48	0.11	-4.26
EUR/JPY	175.94	-0.13	8.10

* 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	4.13	4.07	3.93	3.59	3.64	3.65
EUR	2.00	1.94	2.02	2.12	2.15	2.40
GBP	4.00	3.96	3.95	3.84	4.01	4.09

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

Tuesday 07 October 2025
06:18 am



Euro

EUR/GBP	0.8682
EUR/USD	1.1691
EUR/JPY	175.94
EUR/SEK	10.978
EUR/DKK	7.4646
EUR/NOK	11.6096
EUR/CHF	0.9304
EUR/AUD	1.7691
EUR/HKD	9.0987
EUR/CAD	1.6309

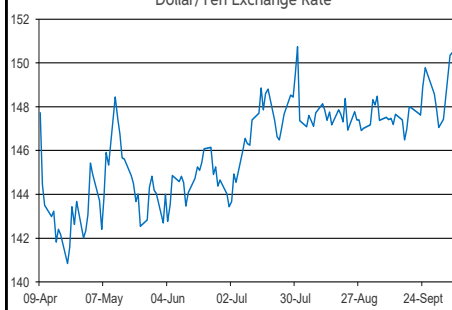
Sterling

GBP/EUR	1.1515
GBP/USD	1.3463
GBP/CAD	1.8774
GBP/NZD	2.3108
GBP/JPY	202.6
GBP/SEK	12.6393
GBP/DKK	8.5941
GBP/NOK	13.3628
GBP/CHF	1.0713
GBP/AUD	2.0369

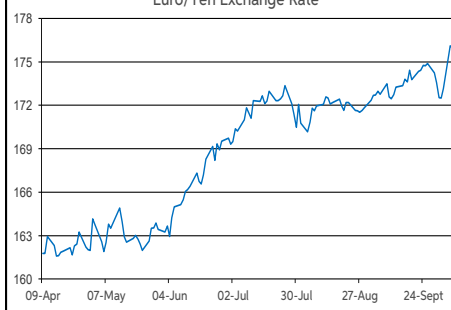
Dollar

USD/JPY	150.48
USD/CAD	1.395
USD/CHF	0.796
USD/CNY	7.119
USD/BRL	5.3112
USD/RUB	82.9955
USD/INR	88.732
AUD/USD	0.6607
NZD/USD	0.5821

Dollar/Yen Exchange Rate

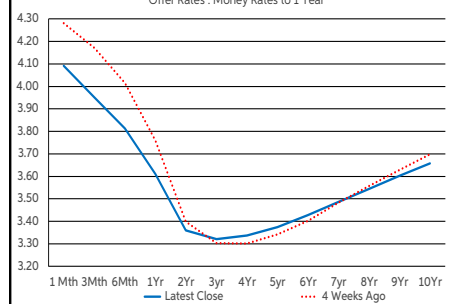


Euro/Yen Exchange Rate



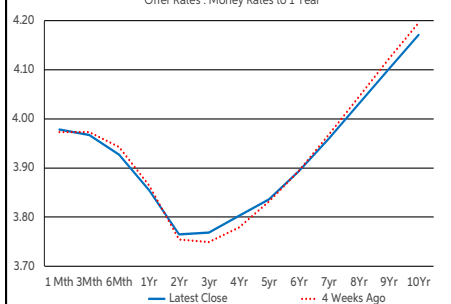
US Swap Curve

Offer Rates : Money Rates to 1 Year



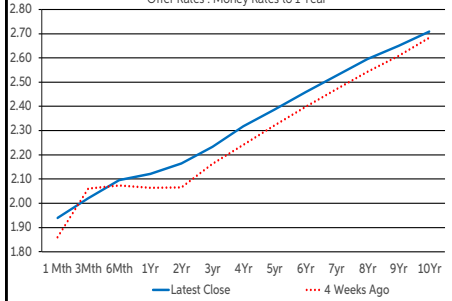
UK Swap Curve

Offer Rates : Money Rates to 1 Year

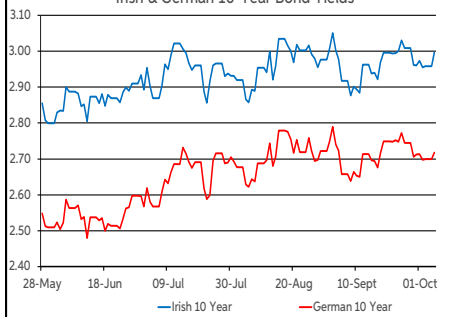


Eurozone Swap Curve

Offer Rates : Money Rates to 1 Year



Irish & German 10-Year Bond Yields



Debt Markets

	Close	Day	4 Weeks	End 24
10 Year Yield %				
US	4.16	+4	+12	-42
Germany	2.72	+2	+8	+35
UK	4.74	+4	+13	+16
Ireland	3.00	+4	+12	+35
Belgium	3.28	+4	+7	+30
France	3.57	+6	+16	+38
Italy	3.57	+3	+7	+5
Spain	3.26	+2	+3	+19
Portugal	3.12	+2	+6	+27
Greece	3.41	+3	+8	+16
5 Year Swap %				
US	3.64	+2	+19	-65
Eurozone	2.38	+0	+10	+15
UK	4.08	+3	+10	-20
2 Year Swap %				
US	3.60	-1	+10	-73
Eurozone	2.13	-0	+8	-6
UK	4.00	+2	+7	-48
10 Year Government Bond Spreads to Benchmark bps				
Ireland	28	+2	+4	-1
Belgium	57	+3	-1	-5
France	85	+4	+8	+2
Italy	85	+1	-1	-30
Spain	54	+0	-5	-16
Portugal	40	+0	-2	-8
Greece	69	+1	-0	-19

Commodities

	Close	Day	4 Weeks	End 24
Brent Oil				
Brent Oil	65.47	+1.46	-0.83	-12.29
West Texas Oil	71.65	-0.17	-1.90	-1.27
Gold \$	3960.4	+1.92	+8.94	+50.94

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